Resolution Plan pursuant to 12 C.F.R. Part 243 – Public Section

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Unique identifier of top-tier company

Caisse Fédérale de Crédit Mutuel
RSSD-ID 2916860

To the Board of Governors of the Federal Reserve System ("Board") and the Federal Deposit Insurance Corporation ("FDIC"):

Introduction

Crédit Industriel et Commercial ("CIC") is a bank organized under the laws of France that maintains a state-licensed branch in New York. Banque Fédérative du Crédit Mutuel ("BFCM") is a company organized under the laws of France and owns 93 percent of the voting shares of CIC. Caisse Fédérale de Crédit Mutuel ("CFCM") is a company organized under the laws of France and owns 93 percent of the voting shares of BFCM. CIC, BFCM and CFCM are each foreign banking organizations that are treated as bank holding companies ("BHCs") under section 8(a) of the International Banking Act of 1978.

Pursuant to 12 C.F.R. § 243.3(a)(1)(iii), Board Regulation QQ,[1] CFCM is required to file a resolution plan with the Board and the FDIC. Additionally, 12 C.F.R. § 243.3(a)(3) requires a covered company to annually submit a resolution plan on or before each anniversary of its initial submission date. This resolution plan constitutes CFCM's third annual submission under 12 C.F.R. § 243.3(a)(3) following its initial submission in 2013, and must be filed by no later than December 31, 2016.

On April 1, 2016, CFCM filed with the Board and the FDIC notice of its intention to file a tailored resolution plan pursuant to 12 C.F.R. § 243.4(a)(3)(iii). On June 10, 2016, the Board and the FDIC approved the notice. Also on June 10, 2016, the Board and the FDIC provided additional guidance to CFCM regarding the informational content required of its 2016, 2017 and 2018 resolution plans. This filing constitutes the 2016 resolution plan required of CFCM pursuant to that guidance. The filing is divided into two parts: this section is the

[1] For ease of reference, CFCM will refer to the Board's version of the joint regulation on resolution plans issued by the Board and the FDIC.

public section. The other document is separately marked as confidential, and confidential treatment is requested for the information contained therein.

Executive Summary

CFCM is a French headquartered banking network of approximately 4,600 local banks and mutual organizations, organized across different networks including Credit Mutuel and CIC. CFCM is one of the largest banking entities in France. As of December 31, 2015, CFCM had approximately 24 million customers and approximately €570 billion of assets. CFCM's main lines of business include retail banking, mortgage lending, consumer finance, insurance and commercial banking. An audited financial statement of CFCM as of December 31, 2015 is attached as Attachment A.

CFCM and its subsidiaries have few assets or business operations in the United States. As of December 31, 2015, CIC, BFCM and CFCM each had far less than $100 billion in total U.S. nonbank assets. The consolidated U.S. operations represented approximately 1.8 percent of CFCM's consolidated, global assets.

CFCM and BFCM had no U.S. assets other than those held through CIC. CIC's only U.S. nonbank assets consisted of 85.12 percent of the voting shares of GSN North America Inc. ("GSN") (f/k/a ESN North America, Inc.), a registered broker-dealer with one office in New York City. As of December 31, 2015, GSN's total assets were $1.810 million. A copy of GSN's audited consolidated balance sheet as of December 31, 2015 is attached as Attachment B.

CIC has no U.S. insured depository institution assets. CIC's sole U.S. banking operations consists of those of its New York branch ("New York Branch"). The New York Branch is licensed by the New York State Department of Financial Services ("NYSDFS"). As of December 31, 2015, the assets of the New York Branch were $10.252 billion, of which $3.613 billion represented cash deposited at the Federal Reserve Bank of New York ("FRBNY"). The New York Branch manages the Grand Cayman branch of CIC pursuant to Federal Reserve Regulation K, 12 C.F.R. § 211.24(g).

CFCM is also the indirect parent of Banque Transatlantique, a bank organized under the laws of France that operates a licensed representative office in New York ("Representative Office"). The Representative Office is licensed by the NYSDFS and has no assets. Banque Transatlantique owns 100 per cent of Transatlantique Private Wealth LLC (TPW). This company is a registered investment advisor and has no assets under custody.

Overview of Resolution Plan

CFCM is an entity organized in France and is treated as a BHC under the Bank Holding Company Act of 1956, as amended. As noted, CFCM engages indirectly in financial activities in the United States *solely* through the New York Branch, through GSN, and through TPW.

CFCM's resolution plan provides the Board and the FDIC a plan for the rapid and orderly resolution of CFCM's indirect material U.S. operations in the event of material financial distress. The resolution plan provides information as required by Board Regulation QQ on CFCM's indirect material U.S. operations that are conducted in the U.S. Pursuant to the New York Banking Law ("NYBL"), the NYSDFS would be the receiver of the New York Branch should it become insolvent.

Material Entities

12 C.F.R. § 243.2(l) defines a *Material entity* as a "subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line."

CFCM has four U.S. entities: (i) the New York Branch, (ii) GSN (iii) the Representative Office and (iv) TPW. The New York Branch is a legal and operational extension of CIC and thus is not a separate legal entity. The New York Branch primarily conducts wholesale banking activities with U.S. clients on behalf of CIC. We believe that the New York Branch is a material entity as defined in Regulation QQ.

GSN is a registered broker-dealer with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act. GSN is a direct subsidiary of CIC. GSN facilitates equity transactions in the European markets for U.S. based institutional clients and handles U.S. equity execution for French based clients. We do not believe that GSN is a material entity as defined in Regulation QQ. The Representative Office has two employees and no assets. TPW also has two employees and has no assets under custody. We do not believe that the Representative Office or TPW are material entities as defined in Regulation QQ.

Core Business Lines

12 C.F.R. § 243.2(d) defines *Core business lines* to include "those business lines…that … upon failure would result in a material loss of revenue, profit or franchise value". CFCM does not have any direct or indirect business lines in the United States that meet the definition of *core business lines*.

The primary business lines of the New York Branch include commercial banking, investment and financing activities. The significant business lines of GSN include engaging as an agent in the purchase and sale of equity securities and equity products, and earning advisory fees for investment and research related services.

None of these business lines meets the definition of a *core business line*, as the failure of those business lines would not cause to CFCM a material loss of revenue, profit or franchise value.

Material Supervisory Authorities

As CFCM is treated as a BHC by the Board due to the New York Branch, the Board has general oversight over CFCM and all of its direct and indirect U.S. entities. The primary supervisory authority for the New York Branch and the Representative Office is the NYSDFS, and the primary supervisory authority for GSN is the SEC. TPW is registered and supervised by the State of New York – Office of the Attorney General. GSN is a member of the Financial Industry Regulatory Authority.

Principal Officers

The principal officers of the New York Branch are as follows:

Stephen Francis	Executive Vice President and General Manager
Yves Pire	First Vice President and Senior Auditor
Dora Hyduk	First Vice President and Senior Credit Officer, Corporate Credit Management
Philip Chappo	First Vice President, Finance and Tax
Mary Ginnane	First Vice President, Head of Administration and Human Resources
Andre Marcantetti	Senior Managing Director and Group Head, Treasury Group
Mark Fileccia	Vice President, Compliance
Neal Zephyrin	Vice President, Risk Management

The principal officers of GSN are as follows:

Alex Englese	Chief Executive Officer
David Benichou	Senior Vice President, Global Equity Sales

The principal officer of the Representative Office and TPW is as follows:

Pascal Le Coz	Managing Director

Resolution Planning Corporate Governance Structure and Related Processes

CFCM's U.S. resolution planning is managed by Stephen Francis, with regard to the New York Branch, and by Alex Englese, with regard to GSN. Mr. Francis and Mr. Englese have gathered information and advice from their U.S. colleagues responsible for the specific matters discussed in this resolution plan.

As described above, CFCM has one *material entity*, the New York Branch, and no *core business lines* in the U.S. Thus, the primary function of CFCM and its direct and indirect executives under U.S. law is to ensure compliance with the requirement to file this resolution plan, to plan for the rapid and orderly resolution of the New York Branch, and to monitor future requirements under U.S. law or under non-U.S. law relating to CFCM's U.S. operations.

Primary Contact Person

Mr. Stephen Francis is the senior management person at CFCM's U.S. operations that is the responsible contact person for the Board. His contact information is below.

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520 Madison Avenue
New York, NY 10022
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Summary of Resolution Strategy

Should they require resolution, both the New York Branch and GSN would be resolved under well-known and well-established statutory regimes that would minimize or eliminate any adverse effects on U.S. financial stability. Given the relatively small size of CFCM's U.S. operations as compared to the relevant U.S. markets, the failure of CFCM's U.S. operations would not have any adverse effects on U.S. financial stability.

Should the New York Branch become insolvent, or otherwise meet the relevant criteria under the NYBL, the Superintendent of the NYSDFS would seize the New York Branch and commence liquidation pursuant to the terms of the NYBL.

Should GSN become insolvent, it would be wound down after the initiation of a proceeding by a trustee appointed by the Securities Investor Protection Corporation pursuant to the Securities Investor Protection Act ("SIPA"). The trustee would transfer any customer accounts to a solvent broker-dealer, and then liquidate the remainder of GSN's business pursuant to SIPA. As noted above, we do not believe that GSN is a *material entity* as defined in Regulation QQ.

Interconnections and Interdependencies

There are few interconnections or interdependencies among CFCM and its U.S. operations. None of these connections are material or even significant.

CIC manages funding for its global operations at its head office in Paris, as described more fully below. CIC presently guarantees the capital requirements of GSN.

Funding and Liquidity

Except for very short-term maturities, funding for the New York Branch is primarily centralized at the CM-CIC Group level. BFCM and CIC head office provide funding to the New York Branch. The New York Branch has dedicated caps on funding from various sources, including limits on head office borrowings.

The New York Branch balance sheet is essentially made of three components: (i) corporate loans, (ii) securities and (iii) excess reserves deposited with the FRBNY.

Liabilities include funding received from CIC head office and additional third party funding. Third party funding from third parties as of December 31, 2015 largely came from certificates of deposit counterparties (approximately 94 percent of third party funding) and cash counterparties (approximately 6 percent).

GSN receives liquidity from CIC. As GSN engages in no principal trading or investment activities, it has little ongoing liquidity needs.

Counterparty Exposure

The New York Branch has two main sources of counterparty exposure: treasury activities and corporate activities. The New York Branch balance sheet exposure has mainly two components: securities and loans. For both securities and loan products, the New York Branch has specified counterparty, rating and product limits. Other more limited areas of counterparty exposure for the New York Branch include letters of credit, undrawn committed lines, interest rate derivatives and repurchase agreements.

GSN does not have significant principal counterparties, as it acts as agent, broker or advisor for all of its activities. It acts as introducing broker for Convergex Clearing Corp. pursuant to a fully disclosed clearing agreement.

Membership in Clearing, Payment and Settlement Systems

The New York Branch is a member of the FRBNY Fedline Advantage: Wire Transfer System and the FRBNY Check 21 program. The New York Branch is a participant in the Clearing House Interbank Payment System ("CHIPS") and a member of Clearstream Banking.

GSN has no memberships in any clearing, payment or settlement systems.

Caisse Fédérale de Crédit Mutuel

By: ALAIN FRADIN

Name of authorized signatory: Alain Fradin

Date: November 16 . 2016

ATTACHMENT A

Groupe CM11

Crédit Mutuel

2015 REGISTRATION DOCUMENT

CM11 Group

BANQUE FÉDÉRATIVE

Crédit Mutuel

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This registration document was filed with the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) on April 29, 2016 pursuant to Article 212-13 of the AMF's General Regulation. 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.

INTRODUCTION

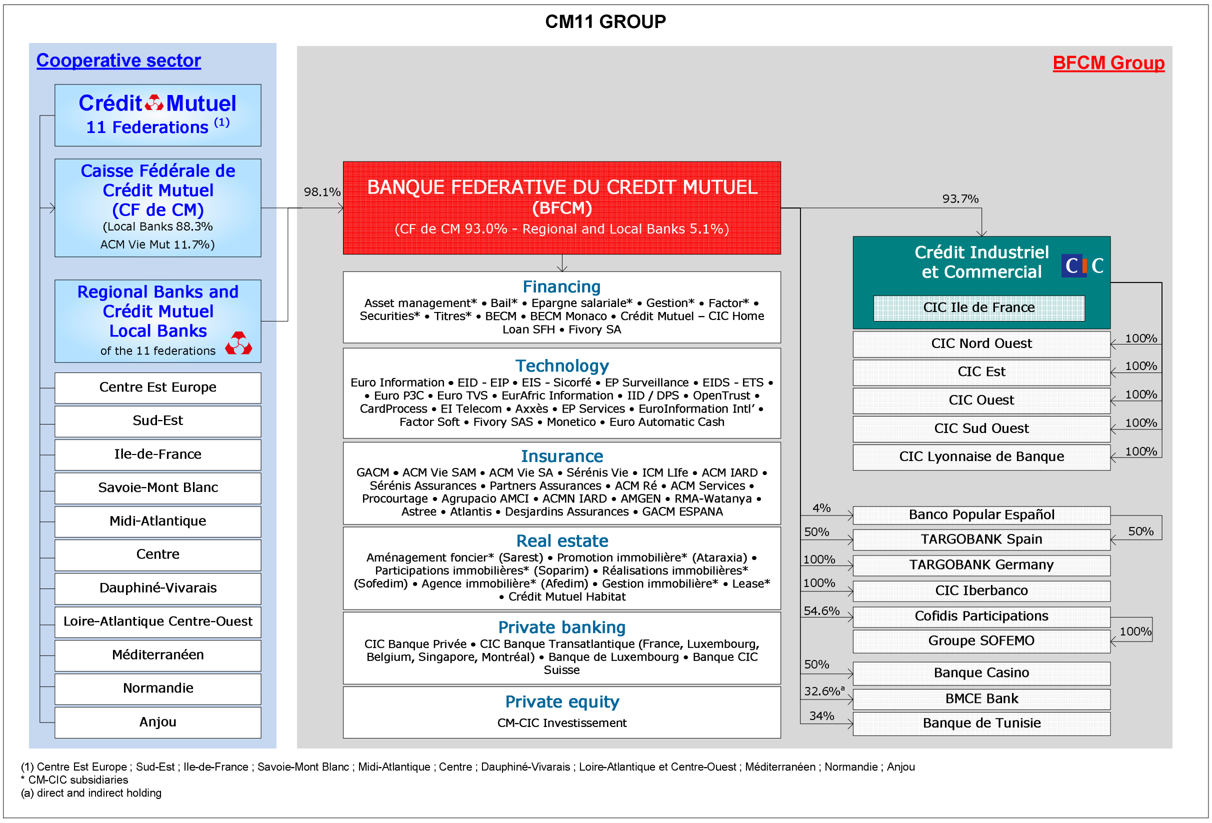
As it extends its investor base and establishes itself in several markets, Banque Fédérative du Crédit Mutuel ("BFCM") has decided to prepare a document to present the Group as a whole to meet the specific requirements of certain markets. With an aim to provide the same level of information for all of the Group's investors in Europe, North America and the Asia Pacific region, BFCM decided, for increased clarity and transparency, to issue this registration document (the "Registration Document") including all the financial information of the CM11 Group and the BFCM Group, which will be used for all of BFCM's refinancing programs (Euro Medium Term Notes Program; U.S. Medium Term Notes Program; Euro Commercial Paper; negotiable debt securities).

This Registration Document also serves as BFCM's annual financial report.

The CM11 Group (*previously called the CM11-CIC Group*)

The banking group that operates under the name CM11 Group (and also referred to as the "Group")[1] includes a mutual banking division (also called the regulatory scope or cooperative sector) and the BFCM Group (also called the "shareholder-owned division"), which are complementary and interconnected units. The mutual banking division is the controlling shareholder of the BFCM Group. In addition, Crédit Mutuel's local cooperative banks of the 11 federations are also a vital network for marketing the products and services of BFCM's specialized subsidiaries; these subsidiaries then pay commissions to the local cooperative banks in return for the deal flow.

Presentation of the CM11 Group's organization



Some legal entities in the diagram above are included in the presentation of the business lines of the CM11 Group (see Section I.1.3 of this Registration Document) as they are active in the same business (Insurance, Private Banking and Private Equity). Other entities, such as BFCM and CIC, may be active in several business lines via specific departments (Capital Markets, Large Accounts, Specialized Financing, etc.).

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[1] In the remainder of the document, the word "Group" may be used alone but should be understood as the "CM11 Group"The term "Group" as used hereinafter in this Registration Document is interchandeable with and has the same meaning as the "CM11 Group."

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

Reconciliation of the Group's NBI with the BFCM Group's NBI as of 12/31/2015
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.

Reconciliation of the Group's NBI with the BFCM Group's NBI as of 12/31/2015

	€ millions
Group's NBI	**12,817**
Companies excluded from BFCM's consolidated scope	**-4,180**
of which the Retail banking business line (regulatory scope [1], etc.)	*-3,047*
of which the Insurance business line	*-52*
of which the Logistics business line : IT subsidiaries	*-1,004*
of which the Logistic business : other	*-77*
Consolidation adjustments	**582**
BFCM Group's NBI	**9,219**

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

The mutual banking division (or "regulatory scope")

The mutual banking division consists of Crédit Mutuel's local cooperative banks, the Crédit Mutuel federations and Caisse Fédérale de Crédit Mutuel ("CF de CM").

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

The Federation and Caisse Fédérale de Crédit Mutuel
The local cooperative banks belong to a federation. Depending on where the local cooperative banks are located, the federation is either an association governed by the Law of July 1, 1901 or, for those local cooperative 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 cooperative banks, in accordance with the French Monetary and Financial Code.

Caisse Fédérale de Crédit Mutuel is responsible for the mutual banking division'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 cooperative banks, Caisse Fédérale de Crédit Mutuel performs financial functions such as liquidity management and also provides technical, legal and IT services either directly or through BFCM's subsidiaries (insurance, leasing, etc.).

Since January 1, 2012, the scope of the mutual banking division 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 bank for the 11 Crédit Mutuel regional groups consisting of 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 BFCM Group

The BFCM Group consists of:

- BFCM, the parent company of the BFCM Group, which also carries out financing and capital markets activities ;
- CIC, the parent company of the CIC Group and lead bank for the branch network, which is also a regional bank in the Ile-de-France region and carries out investment, financing and capital markets activities ; and
- specialized institutions by business line in France and abroad.

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

Corporate governance within the CM11 Group

The CM11 Group does not have a single deliberative body. The members of each Crédit Mutuel local cooperative bank elect a Board of Directors made up of volunteer members at a Shareholders' Meeting. From among these members, the local cooperative banks elect their representative to the District, a body that jointly represents a group of Crédit Mutuel's local cooperative banks. The Chairman of the District becomes a full member of the Board of Directors of the federation, the policy body for a given group of Crédit Mutuel's local cooperative banks. This organizational design enables the Chairpersons to become members of the Board of Directors of CF de CM and its subsidiary, BFCM.

In addition, internal control and anti-money-laundering and counter-terrorist financing policies are homogenous throughout the Group.

Given this organizational structure, the section "Corporate Governance of CM11 Group and BFCM" of this Registration Document 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 Counter-Terrorist Financing Policies will apply to both the CM11 Group as well as BFCM Group.

Mutual support system within the Crédit Mutuel Group and the mutual banking division of the CM11 Group

Crédit Mutuel's mutual support system is designed to continuously 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 (as required by 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 federative levels.

System at the regional group level

The mutual support system in place within the mutual banking division of the 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 limitation of joint liability of shareholding members to 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 of its affiliated local banks “when the liquidity and solvency of the local banks are guaranteed through this affiliation”. The ACPR has deemed that the liquidity and solvency of the local banks are guaranteed through their affiliation with the Caisse Fédérale de Crédit Mutuel, and have issued a collective license to the Caisse Fédérale de Crédit Mutuel for itself and all of its affiliated local banks.
All of the local banks and Caisse Fédérale de Crédit Mutuel contribute to a mutual guarantee fund (*Fonds de Solidarité*). Their contributions are calculated based on their respective total assets and net banking income. The annual contributions are calculated such that the amount, when added to reimbursed subsidies, covers the needs of loss-making local banks. The results of the mutual guarantee fund are therefore in principle balanced. Loss-making local banks and those whose income is not sufficient to remunerate member shares receive an annual subsidy to enable them to pay such remuneration.
These subsidies are repayable upon such bank’s return to a healthier financial position. In such cases, the local bank repays all or part of the subsidies previously received, upon to a limit allowing it to still pay dividends on class B member shares.

System at federative level

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

The Board of Directors of Confédération Nationale du Crédit Mutuel may take 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 federations organized around the CF de CM: Centre Est Europe (Strasbourg), Ile-de-France (Paris), Sud-Est (Lyon), Savoie-Mont Blanc (Annecy), Midi-Atlantique (Toulouse), Loire-Atlantique et du Centre-Ouest (Nantes), Normandie (Caen), Centre (Orléans), Dauphiné-Vivarais (Valence), Méditerranéen (Marseille) and Anjou (Angers);
- 3 regional groups, which together make up 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).

Each regional group includes a Fédération Régionale (regional federation) and a Caisse Fédérale (federal bank). The latter may be interfederal, as is the case for the CF de CM and the Caisse Interfédérale Arkéa.
The local cooperative banks and the Caisse Fédérale, of which the local cooperative bank are the shareholders, are members of the regional 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 regional federations and Caisse Fédérale are governed by Boards of Directors elected by the local cooperative banks.

The Confédération Nationale du Crédit Mutuel and Caisse Centrale du Crédit Mutuel

The Confédération Nationale du Crédit Mutuel or the “(CNCM”) is the central body of the network from the perspective of the French Monetary and Financial Code. The 18 federations and the Caisse Centrale du Crédit Mutuel are affiliated with the CNCM. In line with the requirements from the European Central Bank, its new supervisor, the CNCM had to change its status, becoming a credit institution, and its mode of governance. The first stage involved changing its bylaws, which principally concerned governance issues, and was approved during the Ordinary and Extraordinary Shareholders' Meeting of March 21, 2016. The Autorité de Contrôle Prudentiel et de Résolution, which is the French banking and insurance supervisory authority (the "ACPR"), and the French Ministry of Finance approved the adoption of the new bylaws.

The CNCM du Crédit Mutuel represents Crédit Mutuel before the public authorities. It aims to protect and promote of its interests. It is responsible for the proper operation of its affiliates and controls the regional groups. It intends to ensure the network's consistency, oversees its development and offers shared services of common interest.

The Caisse Centrale du Crédit Mutuel (CCCM), a national financial body in the form of a credit institution, manages the liquidity of the regional groups and organizes Crédit Mutuel's mutual financial support mechanism. Its share capital is owned by the Caisses Fédérales.

CONTENT

I. PRESENTATION OF CM11 GROUP AND BFCM GROUP

I.1 - CM11 Group and BFCM Group

Together, the mutual banking division and the BFCM Group make up the CM11 Group.

- The mutual banking division consists of (i) the 11 federations 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; (ii) the Caisses de Crédit Mutuel, which are members of their respective federations; and (iii) Caisse Fédérale de Crédit Mutuel (CF de CM). The mutual banking division owns approximately 99% of BFCM.

- The BFCM Group includes:
  - BFCM, which owns a 93.7% equity interest in CIC and also performs financing and capital markets activities;
  - CIC, parent company of and network bank for the CIC Group, and also a regional bank in Ile-de-France and carries out investment, financing and capital markets activities; and
  - specialized institutions by business line in France and abroad.

As of December 31, 2015, the CM11 Group had 24.1 million customers, 4,512 points of sale and 66,372 employees.

I.1.1 - The mutual banking division

The Caisses de Crédit Mutuel (the “CCM”), which are local cooperative banks, are the lowest-level units of the banking network of the mutual banking division, also known as the CM11 banking network. The local cooperative banks, under the control of their respective shareholding members, are registered as either variable capital credit cooperative companies with limited liability or as cooperative associations with limited liability. Each local cooperative bank operates independently and provides local banking services.

The federations, entities with the status of associations and in which membership is compulsory for the local cooperative banks, are the policy-making bodies that set the Group’s strategic direction and foster cohesiveness among the local cooperative banks.

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

After 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 2012, put its logistical and financial support resources to work on behalf of the local cooperative banks from 10 other federations. The collective banking license for the successive new entities was granted by the French Credit Institutions and Investment Firms Committee (*Comité des établissements de crédit et des entreprises d’investissement*, CECEI).

The CM11 banking network now comprises 1,393 local cooperative banks, 2,016 points of sale and 6.95 million customers (including 4.55 million shareholding members), in 83 French departments with a combined population of more than 46 million.

The 11 federations, the local cooperative banks (which are members of their respective federations) and CF de CM together make up the mutual banking division. CF de CM, and the Crédit Mutuel local and regional cooperative banks of the 11 federations control BFCM, owning 93% and 5.1%, respectively, of the BFCM’s share capital.

I.1.2 - BFCM Group

The current configuration of the BFCM Group is the result of restructuring operations carried out in 1992. The restructuring was intended to clarify the functions performed by the BFCM Group's various entities by distinguishing the cooperative activities of BFCM's parent entities , being the local cooperative banks, CF de CM and the 11 federations, from the diversified operations of BFCM.

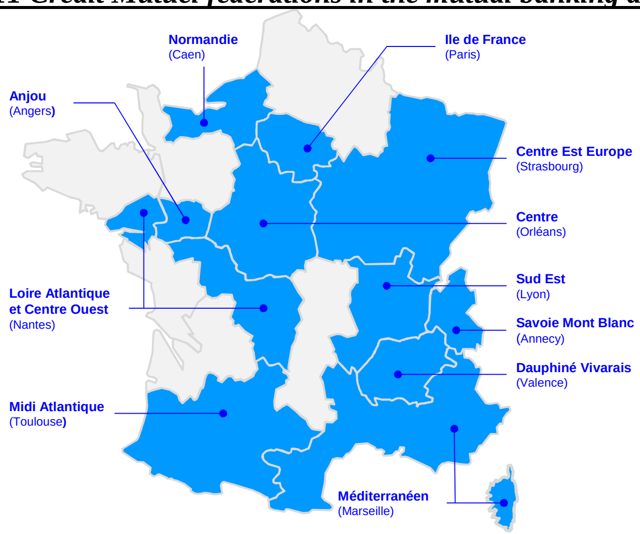
BFCM owns and coordinates the activities of its subsidiaries within the BFCM Group. These subsidiaries are active in finance, insurance, electronic banking and information technology. BFCM performs the central refinancing functions of the CM11 Group. It is responsible for financial relations with large corporates and local authorities through its payment processing, lending and financial engineering activities. BFCM also acts as custodian for investment funds.

BFCM owns:

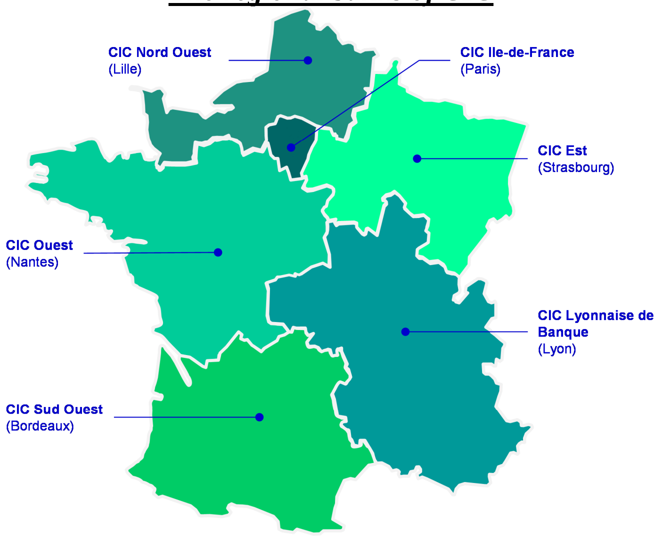
- 93.7% of CIC;
- 52.8% of Groupe des Assurances du Crédit Mutuel (GACM SA), which in particular controls ACM IARD SA and ACM Vie SA and designs and manages insurance product lines in the property and casualty, liability, personal and life insurance segments; and
- various institutions specialized by 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 their various institutions specialized by business line all make up BFCM Group.

The 11 Crédit Mutuel federations in the mutual banking division



The regional banks of CIC



The CM11 Group’s main geographic locations

SPAIN
- TARGOBANK (Spain)
- Banco Popular Español
- Cofidis Espagne
- GACM España
- CM-CIC Bail España
- TAIT España

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
- BECM Francfort, Düsseldorf, Stuttgart, Hambourg, Munich
- CM-CIC Leasing Gmbh
- TARGOBANK (Germany)

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

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

SINGAPORE & HONG-KONG
- CIC branch

SWITZERLAND
- CIC Suisse

GREAT-BRITAIN
- CIC branch (London)

ITALY
- Cofidis Italie

PORTUGAL
- Cofidis Portugal
- Banif Mais

HUNGARY
- Cofidis Hongrie

SLOVAKIA
- Cofidis Slovaquie

CZECH REPUBLIC
- Cofidis République Tchèque

CANADA
- Desjardins Assurances
- Monético

United States of America
- CIC branch (New York City)

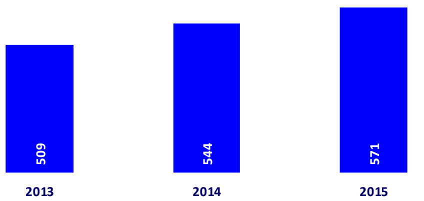
I.2 - Key figures – Solvency ratio and ratings

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

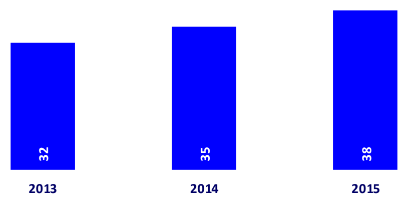
	2015	2014	2013
Net banking income	**12,817**	11,973	11,894
Operating income	**4,107**	3,555	3,421
Net income	**2,514**	2,415	2,214
Net income attributable to the group	**2,258**	2,179	2,011
Cost-to-income ratio[1]	**62%**	63%	62%

(1) Ratio of overheads to net banking income

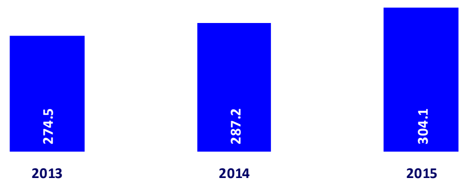
Total Assets (€ billions)



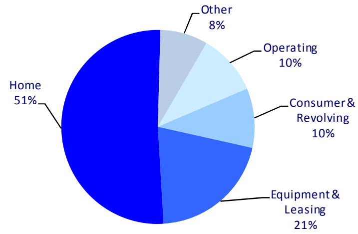
Shareholder's equity (€ billions)



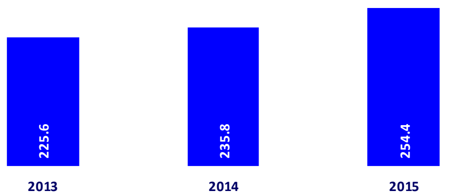
Net customer loans (€ billions)



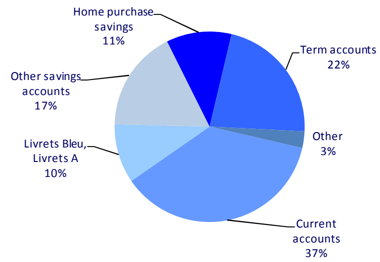
2015 structure of net loans



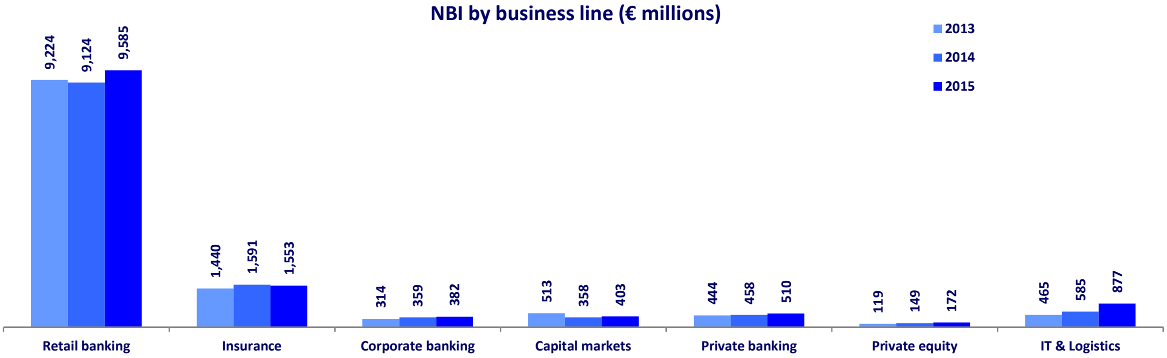
Customer deposits (€ billions)
-excluding SFEF-



2015 structure of bank deposits



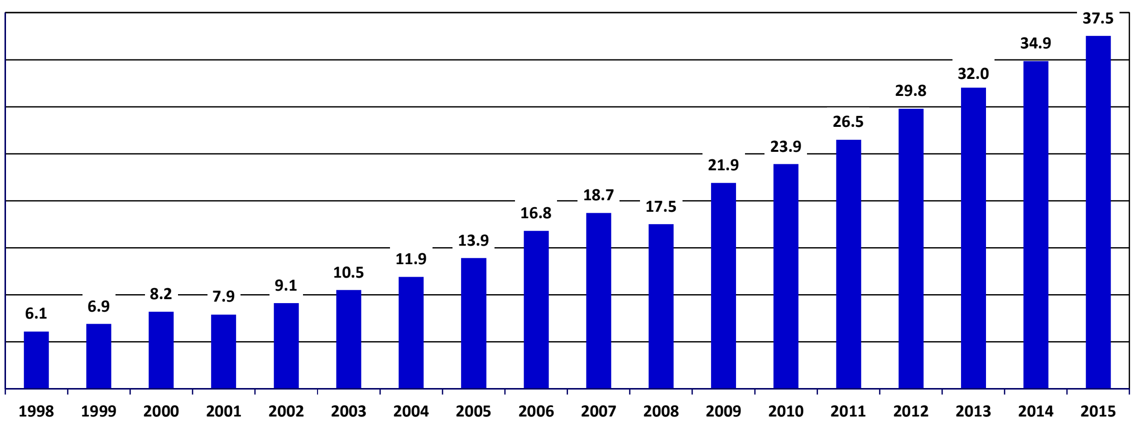
NBI by business line (€ millions)



CM11 Group European solvency ratio

As of December 31, 2015, the CM11 Group had reported shareholders' equity of €37.5 billion and Common Equity Tier 1 of €29 billion.

Growth in total shareholders' equity (€ billions)



The CM11 Group has a Common Equity Tier 1 ratio of 15.1%[3] at the end of 2015, compared with 14.4% at the end of 2014, one of the best among European banks. As of the same date, the capital adequacy ratio was 17.90%[2] and the leverage ratio based on the application of the European Commission Delegated Act was 5.7%[2].

Rating

The long-term and short-term ratings allocated by the rating agencies were confirmed in 2015 and remain among the highest levels assigned to French banks.
Moody's raised the Group's long-term rating in June 2015 from Aa3 to Aa2 due to the consolidation of its financial position and its improving liquidity indicators. In September this rating moved back down to Aa3 given the downgrade of France's government bond rating.
Fitch and Standard & Poor's confirmed their assessment of the Group and maintained their ratings in June and December, respectively.

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

European supervisions - Supervisory Review and Evaluation Process (SREP)

The European Central Bank informed the Group of its decisions concerning Pillar 2, after it conducted the Supervisory Review and Evaluation Process. The Common Equity Tier 1 (CET 1) requirement applicable to the Group on a consolidated basis was set at 8.25% (phased-in ratio including the capital conservation buffer) at January 1, 2016. The additional capital buffer required in the light of the Crédit Mutuel Group's status as a systemically important financial institution was 0.125% as from January 1, 2016 and will be increased by 0.125% per year to reach 0.5% in 2019. The CM11 Group's capital adequacy ratio requirement was therefore 8.375% at January 1, 2016.

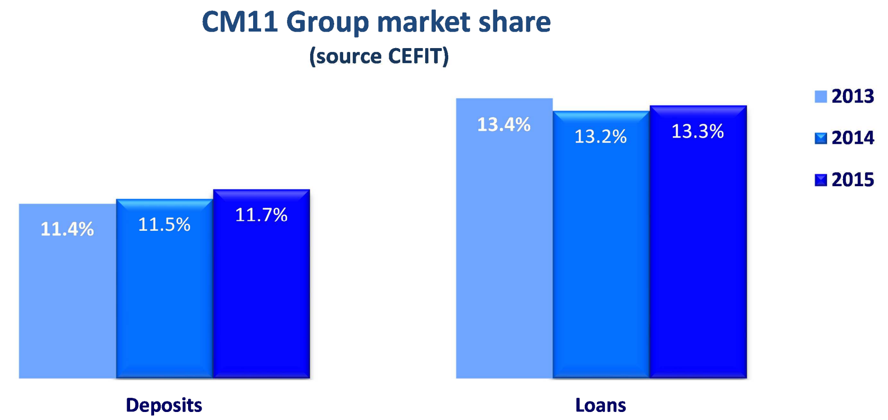
[3] Without transitional measures

I.3 - CM11 Group organization and business lines

Through the 11 federations that control it, the Group is a member of the Confédération Nationale du Crédit Mutuel, the central body whose mission is to represent the Group before public authorities, promote and defend its interests and exercise control over the federations.

The competitive positioning[4] 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. The Crédit Mutuel Group has a 17.2% market share for bank loans and a 15.2% market share for deposits.

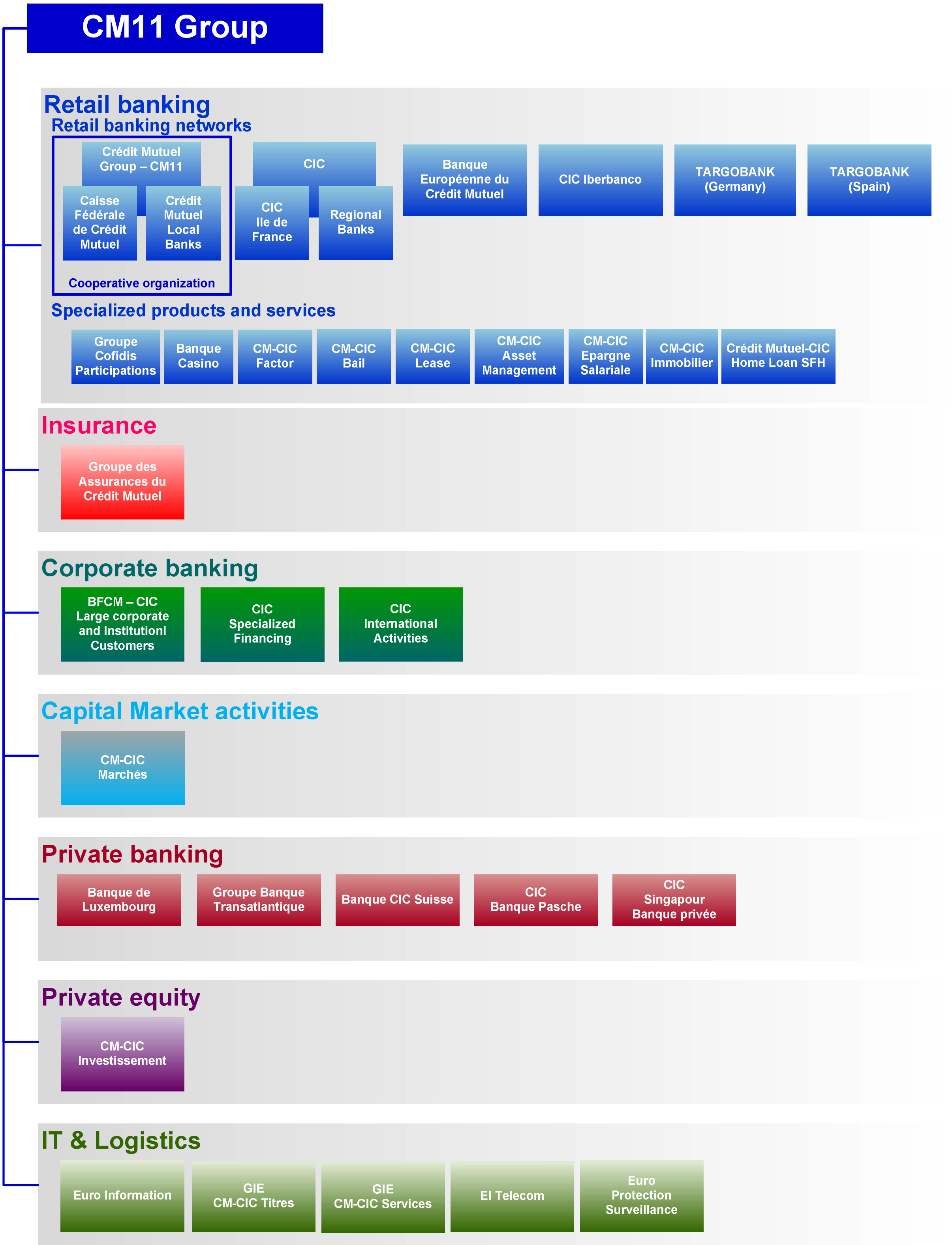
The Group's market share for deposits and bank loans grew in 2015, to 11.7% and 13.3%, respectively.



The CM11 Group did not market any new products or carry out any new activities in 2015.

[4] 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 the business lines of the CM11 Group



I.3.2 - The CM11 Group's business lines, main subsidiaries and activities

I.3.2.1 - Retail banking, the CM11 Group's core business

Retail banking is the CM11 Group's core business and represents more than 71% of its net banking 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.

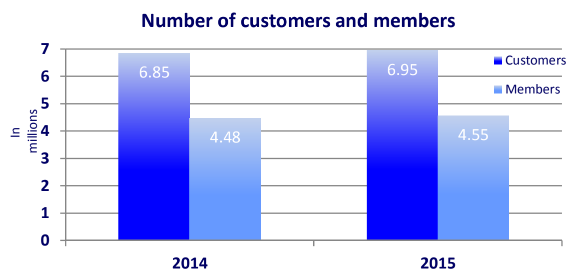
Inflows were strong across all entities. Customer deposits rose by 8.7% to €221.8 billion in 2015. During the same period, outstanding loans increased by 4.9% to €270.1 billion.

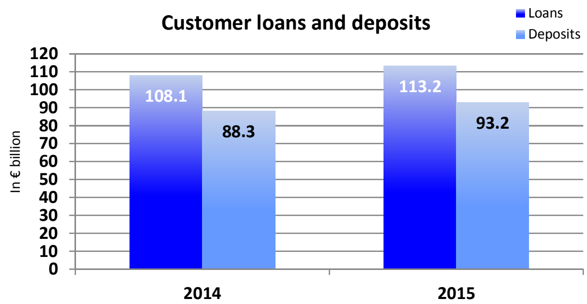
I.3.2.1.1 – The CM11 Group's retail banking networks

CM11 banking network

The CM11 banking network, also called the mutual banking division, continued to develop its customer base, which has now reached 6.95 million customers, of which 6.1 million are private individuals. The local cooperative banks' sales efforts have succeeded in increasing the number of customers by 100,000 (+1.5%), with a slightly higher pace in adding professional and corporate customers (+4.6%).

The number of customers who are shareholding members of their local cooperative bank has reached 4.55 million. Nearly two thirds of customers will therefore be able to actively participate in the decisions affecting their Crédit Mutuel local cooperative bank at Shareholders' Meetings regarding fiscal year 2015.



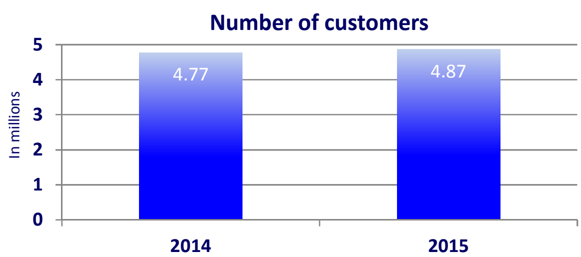


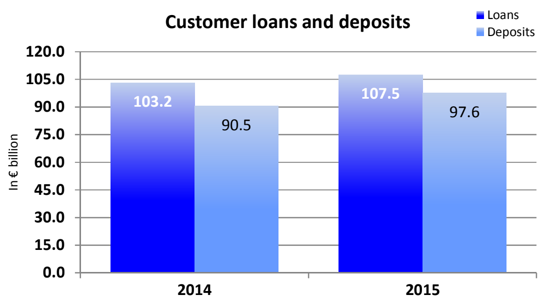
Loan outstandings rose by 4.7% (+€5.1 billion) to €113.2 billion at end-2015, mainly due to the increase in home loans outstandings (+5.8%, i.e. +€4.7 billion) and, to a lesser extent, the rise in equipment loan outstandings (+1.3%) since end-2014.

At the same time, customer deposits climbed by €4.8 billion (+5.5%) to €93.2 billion at end-2015. The increase in deposits stemmed essentially from current accounts with credit balances (€2.8 billion) and home purchase savings (€1.9 billion), which were up by 14.8% and 10.9% respectively. Financial savings continued to gain momentum, rising by 3.3% to €44.5 billion due to the favorable effect of insurance-based savings (+€34.4 billion, i.e. +5.5%) at end-2015.

CIC banking network

The banking network is also CIC's core business. As of December 31, 2015, it comprised 2,015 branches and 4.87 million customers (+97,100 units, i.e. +2%, compared with end-December 2014).





Loan outstandings increased by 4.2% to €107.5 billion as at December 31, 2015. The main categories of loans all increased: home loans +4.8% (+€3 billion), equipment and operating loans +5.6% (+€1.7 billion) and consumer loans +4.3% (+€200 million).
Bank deposits rose sharply (+€7 billion) to €97.6 billion, driven by current accounts (+€6.4 billion) but also home purchase savings (+€1.2 billion) and to a lesser extent passbook savings accounts (+€336 million), at end-2015. Certificates of deposit and term deposits lost their appeal due to the fall in short rates, declining by €849 million. Insurance-based savings grew by 4.4% to €33.8 billion while banking financial savings were stable at €24.3 billion at year-end 2015.

Banque Européenne du Crédit Mutuel (BECM)
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 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; and
- flow management for large accounts in the retail, transportation and services sectors.

In Germany, BECM is focusing its development on major German corporate customers, through relationships with the parent companies of Franco-German subsidiaries. It offers its knowledge of the local German markets and puts its expertise at the service of the domestic network of BECM and the Group's other banking entities. The Group opened a fifth business center in Munich in 2015, which strengthened network coverage in this market.

With 388 employees, BECM's network includes 49 branches, 37 of which are dedicated to corporate and local markets and 12 of which specialize in financing real estate professionals, serving its 22,100 customers (+4.1% at year-end 2015).

Growth in total loans accelerated in 2015, up 6.9% to €11.4 billion in principal at year end.
Backed by the financial strength of the Group, BECM continued to attract a high level of deposits, which rose 27.9% to €10.8 billion. These changes further reduced the liquidity gap by €1.55 billion at end-2015.

CIC Iberbanco
Through its 34 points of sale (five of which were created in the second half of 2014 and during the year 2015) across France, CIC Iberbanco provides a comprehensive range of competitive products which are particularly suited to its Spanish and Portuguese customers.

Its 152 employees acquired 8,300 new customers, bringing the total figure to more than 46,600 (+7%) at year-end 2015.
Customer savings deposits increased by 14.5% to €599 million while outstanding loans rose by 25.5% to €606 million.

Insurance (+38% at constant scope) and telephony (+24%) saw firm growth.

Targobank Germany
In 2015, Targobank strengthened its sales position in the consumer credit market.
The bank continued to extend its network by opening four new branches, increasing the number of points of sale to 364. It is also developing its network of partner dealers for the sale of auto loans.
In the fourth quarter, Targobank Germany completed the IT system migration of the retail banking portfolio of Valovis Bank, which it acquired in May 2014.

Outstanding loans increased by €189 million to €11.2 billion at December 31, 2015. This increase is driven by the growth in personal loan production (+3.3% in 2015 as compared with 2014) which reached €2.7 billion. The gradual growth of the partner dealers network boosted the production of auto loans (+80% at end–2015 compared with the previous year), with outstanding loans rising by more than 60% to nearly €150 million.

The volume of deposits exceeded €12 billion, rising by €564 million at year-end 2015 from year-end 2014 despite continued cuts in average interest rates on savings.
Financial savings also rose, totaling €10.1 billion at end-December, up 7.2%.

I.3.2.1.2 - Ancillary businesses to retail banking

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

Consumer credit

Cofidis Group

Cofidis Participations Group, which is 54.6% owned by BFCM creates, sells and manages a broad range of financial products and services such as consumer credit, payment solutions and banking services (current accounts, savings, online brokerage and investments).
It has three brands specializing in the sale of financial products and services:

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

In 2015, the Cofidis Participations Group pursued its development strategy with the acquisition of the company Banif Mais (June 2015), specialized in auto loans for second-hand cars, based in Portugal, Hungary, Slovakia and Poland, and Italy-based company Centax (March 2015), which specializes in guaranteeing retail check or card payments.
Financing grew by 6.5%. by end-2015 Growth was significant abroad, in Belgium, Spain, Portugal, Italy and Eastern Europe. In France, financing remained stable due to the weakness of household consumption.
Assets under management at the Cofidis Group totaled €9.6 billion at December 31, 2015.

Factoring and receivables management

CM-CIC Factor is the subsidiary of the 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 in 2015 with:

- a 10% increase in the volume of purchased receivables, to €29 billion;
- €2.5 billion in export revenues (+35%);
- gross outstandings at year end of €5.1 billion (+22%); and
- approximately 11,200 active customers.

The business development with the Crédit Mutuel Group banking network generated €36.2 million in new business and risk commissions paid to these banks.

Finance leases

CM-CIC Bail

In a recovering lease financing market, 2015 proved a satisfactory year for CM-CIC Bail.115,191 applications were set up amounting to €3.8 billion, meeting the investment needs of companies, businesses and self-employed professionals, as well as those of private individuals.

In France, production in the Crédit Mutuel and CIC networks continued to grow in 2015 (+5.2%), particularly in the field of vehicle financing. Nearly 24% of business is conducted abroad, by subsidiaries in Benelux and Germany and by the Spanish branch, which opened early-November 2015.
2015 included certain strategic developments for CM-CIC Bail, such as:
• the roll out of the Crédit Mutuel Auto and CIC Auto offering in the CM and CIC networks,
• the opening of a branch in Spain to distribute leasing in the Targobank Spain network,
• the continued momentum in all of the Group's businesses,

• the launch of a quality initiative as a continuation of “Service Attitude”.

CM-CIC Lease

2015 came to an end with a substantial increase in the number of new real estate lease financing agreements on behalf of customers in the Networks (310 transactions, i.e. +12% in 2015 as compared to 2014) for a total volume of €604 million, although this was slightly down on the previous year (-4%).
The contribution of real estate leasing to companies’ long-term project financing remains steady. This enabled CM-CIC Lease to increase total financial and off-balance sheet outstandings by 4% to more than €4.2 billion at end-2015, thereby confirming its steady growth over a prolonged period (+17.7% from 2014 to 2015).
Business remains diversified, focusing mainly on logistics depots (27.6% of production by volume) and commercial properties (22.3% of production). Production of offices and industrial premises, which were slightly down, represented 15.6% (-9 points) and 13.8% (-3 points) respectively.
The breakdown of the outstandings has barely changed, and is still predominantly made up of logistics bases and warehouses (20%), commercial properties (25.3%) and industrial premises (21.5%). The balance is made up of a broad range of segments: offices (15%), healthcare facilities (8%), hotels (7.7%), and leisure and schools (2.5%).
CM-CIC Lease continues to actively apply technical resources and organizational methods, particularly with its lawyers, enabling it to improve the processing time for transactions and thereby contribute to developing solid partnerships with the Group’s corporate customers.
In that regard, CM-CIC Lease acted as the lead arranger on more than 50% of new lease transactions executed by the pool of leasing companies in 2015.

Fund management and employee savings

CM-CIC Asset Management

In a turbulent global environment, CM-CIC Asset Management was able to pursue its development in 2015, keeping the priority firmly placed on the long term, with €61.77 billion in assets under management at December 31, 2015 (+2.5% since December 31, 2014). Net inflows stood at nearly €1 billion for all asset classes combined, compared with €401 million in 2014. Accounting for this increase were approximately €195 million for formula funds, €300 million for equities and €550 million for balanced funds. These figures are the result of the upstream positioning of CM-CIC Asset Management’s offerings with CIC and Crédit Mutuel and commercial roll outs conducted through network synergies.
In this context, the ACM (Assurances du Crédit Mutuel) approved the fund Capture Euro 2023, which generated inflows of €91.4 million at year-end 2015, of which €72 million for the ACM, and also approved the fund CM-CIC Protective 90 at year-end. The CM-CIC Protective 90 is a “cushion” fund developed by the same quantitative management team and had more than €100 million in assets under management at end-2015, the majority of which for the ACM.
2015 saw the launch of an integrated flexible management offering, “Flexigestion”, including three funds (approved for subscription by the ACM), with the fund Flexigestion Patrimoine offering net exposure to equities from 0% to 70% and dedicated to wealth management customers. In 2016, this product is expected to be offered in the wealth management networks of Crédit Mutuel and CIC and within Private Banking.
Total retrocessions paid to the networks grew by 6.2%, amounting to €177.6 million in 2015. Concerning requests for proposals, €662 million were brought in in 2015, benefiting from a restructured team and the single point of entry for the Group, in partnership with the Group’s Large Accounts Department and in synergy with CM-CIC Épargne Salariale for certain projects.
Certain funds received honors from the financial press, such as the Union Europe Growth fund, which took fifth place out of 355 in the Europerformance ranking of European equity funds.
The CM-CIC Global Leaders fund, an international equity fund launched in December 2014, registered assets under management of €96.5 million as of December 31, 2015. CM-CIC AM’s investment advisory subsidiary, CM-CIC Gestion, which works with the CIC, CIC Banque Privée and Crédit Mutuel networks, saw assets under management increase by 8% to €9.874 billion at end-December, with fees and income rising by 11.3% for the networks. The business thereby generated more than €100 million in net banking income for the first time (after transfer of fees to the networks).

CM-CIC Asset Management continued its development with external management companies, with a total of 401 mutual funds out of a total of 1,134 at end-2015, compared with 379 in 2014. The reorganization of the specific services, namely the administrative and accounting management delegations, and the pricing reform in 2015 were carried out with a view to redefining the offering aimed at this customer base in 2016.
2016 should see ongoing international development in Europe – particularly Germany and Spain - as well as stepped-up cooperation with the Canadian Caisses Desjardins.
Supporting the networks in their development, in partnership with the other business centers, and defending customers' interests, remain the objectives for the subsidiary in 2016, serving the Group.

CM-CIC Epargne Salariale

At year-end 2015, CM-CIC Épargne Salariale, the employee savings business center for CIC and Crédit Mutuel, had:
• €7,575 million in managed savings (+8.5% compared to year-end 2015);
• 75,817 corporate customers (+6% compared to year-end 2015);
• 1,311,555 employees with savings under management (-3% compared to year-end 2015).
The increase in savings was due to net inflows of more than €132 million and the valuation of savings increasing by €464 million.
In 2015 inflows were stable, at €977 million. Withdrawal requests experienced a sharp rise (+10%) in 2015, after a slowdown in 2014 due to government measures in 2013. Commercial business fell 10% in 2015 in terms of new business compared with 2014, partly due to the positive activity related to the Inter-professional National Agreement (according to *Accord National Interprofessionnel*). This decline is even more significant regarding new production, which fell by -25%. Payments to savings plans increased by 4% as a result of the tendency to save in a difficult economic environment and the increase in awareness of pension issues. 2015 saw significant capital expenditure on information technology aimed at enhancing services to companies and savers.

Other

Real Estate (CM-CIC Immobilier SAS)

The subsidiary CM-CIC Immobilier develops building plots and housing units through CM-CIC Aménagement Foncier, ATARAXIA Promotion and CM-CIC Réalisations Immobilières. It sells new housing units through CM-CIC Agence Immobilière and manages housing units on behalf of investors through CM-CIC Gestion Immobilière. CM-CIC Immobilier also participates in financing rounds related to real estate development transactions through CM-CIC Participations Immobilières.
In 2015 6,584 housing units (compared with 5,008 in 2014, i.e. +31%) and 950 building plots (compared with 645 in 2014, i.e. +47%) were reserved.

Crédit Mutuel-CIC Home Loan SFH

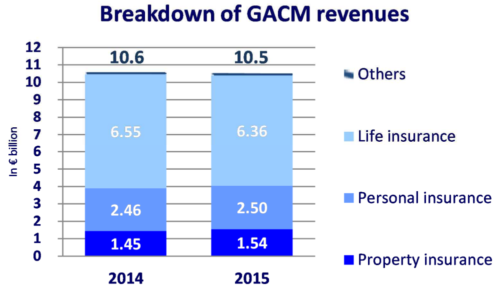
Crédit Mutuel-CIC Home Loan SFH issued two covered bonds in 2015 for a total of €2 billion:
- €1 billion in a 7-year issue in January.
- €1 billion in a 10-year and 4-month issue in December.

These transactions contributed to the CM11 Group's medium- and long-term refinancing program, effectively complementing the other issues which were predominantly carried out by BFCM.

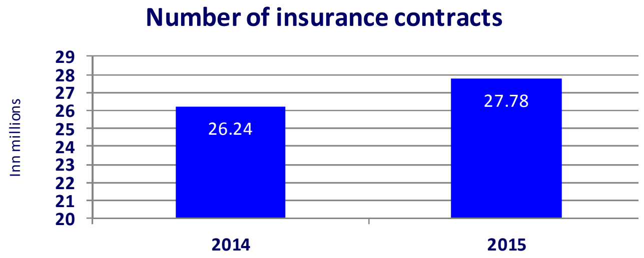
I.3.2.2 - Insurance, the Group's second business line

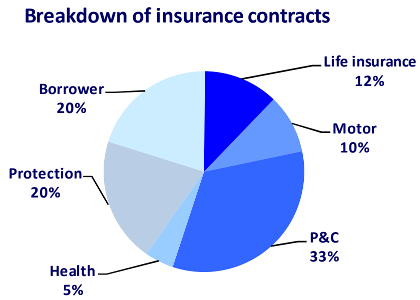
Crédit Mutuel created and developed "bankinsurance" starting in 1971. This longstanding experience has enabled the activity, carried out through Groupe des Assurances du Crédit Mutuel (GACM), to be fully integrated into the CM11 Group at both the sales and technical levels. GACM serves more than 9.9 million holders of 27.8 million policies.
The insurance market was faced with various challenges in 2015, due to the low interest-rate environment on the one hand, and constant regulatory pressure on the other hand, which included:
- Preparation for the transition to Solvency II;
- The Hamon Act of 2014 and its effects on consumption; and
- The Healthcare Act and the ANI (Accord National Interprofessionnel), and their impact on the functioning of this division.

Against this backdrop, the Group's insurance business had a satisfactory year in 2015, marked by growth in property insurance and the rise in professional insurance.
Premium income was stable, at €10.5 billion in 2015. The slight fall in premium income from life insurance was offset by an excellent level of business in property and casualty insurance.



2015 was marked by the strongest growth in auto and home insurance over the past five years. Property insurance premium income grew by 6.2%, significantly outstripping the market (+1.5%).
In personal insurance, the Group achieved the subscription of more than 27,000 collective health contracts. The Group aims to continue the production of these contracts and the provision of coverage to their subscribers in 2016.
The life insurance and insurance-based savings products division recorded premium income of €6.3 billion in 2015, the majority of which in euros. Net inflows amounted to €1.5 billion.





The good claims performance of the property and casualty division partly offset the impact of the fall in interest rates on the provisioning expense in 2015.

In 2015 the Group was also able to consolidate its foothold in the Spanish market. In July, GACM acquired the company Atlantis. In December, the shareholding stake in the Catalan insurance company RACC Seguros, which was created jointly with the Royal Automobile Club of Catalonia, was increased to 100%. These acquisitions, restructured around the holding company GACM España, a wholly-owned subsidiary of GACM, further consolidate the Group's presence in the Spanish market where the Group aims to soon gain a substantial market share.

I.3.2.3 - Corporate banking

Corporate banking includes the financing of large corporates and institutional customers, value-added financing (project and asset financing, export financing, etc.), international activities and financing carried out by foreign branches.
Corporate banking manages €14.2 billion in loans (+23.1% in 2015 versus 2014) and €6.2 billion in deposits (-18.8% in 2015 versus 2014).

I.3.2.3.1 - Large accounts: corporates and institutional investors

Commitments from the Large Accounts Department picked up slightly in 2015 in a sluggish economic environment. While marketing efforts were relaunched, as scheduled in the medium-term plan, the Group's risk selection policy remains in effect and the Group continues its pursuit of a reduced concentration of commitments through greater sector diversification.

The Large Accounts Department participated in 28 loan syndications in 2015 (compared with 33 in 2014), 79% of which were related to refinancing (including the extension of final maturity, regardless of whether the loan amount is modified, and the revision of the terms, usually reducing rates to follow changes in the market).
In terms of payment processing, volumes reached €246 billion, 61% of which for institutional investors. Five new requests for proposal were successful, i.e. 33% of all requests for proposal received, while five remain pending.
The Large Accounts Department was further formalized within the CM11 Group as a whole, to better coordinate the sales initiatives of the various teams in contact with its customers. To this end, staff numbers were strengthened, in particular by the integration of employees from the specialized business lines through a training plan on a national scale.

I.3.2.3.2 - Specialized financing

The trends observed in 2014 continued in 2015, namely the strong competition from non-banking players (investment funds, capital markets). In addition, a large number of banks have returned to the market and are eager to offer very competitive conditions in terms of margins and structure.
Despite this environment, 2015 was an encouraging year in terms of business; total commitments rose significantly due to firm sales activity combined with the appreciation of the U.S. dollar against the euro.

Acquisition financing

The Group supports its customers in their plans for business transfers and external growth and development by offering its expertise and know-how in structuring the most appropriate financing for each type of transaction.
At the sales and marketing level, business was 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 resulted in a relatively high-quality portfolio with a somewhat 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 Group's foreign branches.
The third-party management business continued to develop during the end of the subscription period for the private debt fund, the final amount of which widely exceeded initial expectations.

Asset financing

2015 was a very active year for the Asset Financing business line (Paris, New York, Singapore), which posted record production despite the weak environment in some business sectors. Some segments, such as dry bulk, containers and offshore oil, were significantly affected by the oil price slump. Business continued to grow thanks to a cautious investment policy and the support of the Group's core customers. In this context, the aviation business contributed to almost 50% of the department's production in 2015. The Singapore office was particularly active (almost 50% of total production), particularly in the shipping and energy sectors, thanks to the implementation of key transactions and the acquisition of new customers. Credit margins remained under pressure due to banking competition which intensified in quality transactions, which remain the Group's main target. Optimized financing transactions once again made a significant contribution to the department's results.

Project financing

In a very competitive environment, the business diversified with seven projects for the recently-opened New York desk, and three for the Asia-Oceania region. The project financing business line strengthened and internationalized its expertise in the electricity sector, in particular in the renewable energy sector, with two solar power plants in the U.S., two in France and five wind farms, three of which in Canada. Also of note are four telecommunications infrastructure projects and seven infrastructure projects covering diverse fields such as the storage and transport of hydrocarbons in France; the management, operation and distribution of heat energy in Levallois (France); a rail network in the UK, and a road connection in the center of Melbourne (Australia). In the natural resources sector, the Group also has two LNG projects in the U.S.
By business sector, 2015 production can be broken down as follows: 25.7% in electricity, 45.5% in infrastructure, 17% in telecommunications infrastructure and 11.7% in natural resources.
By geographic area: 63.7% in Europe, 13.9% in Asia-Oceania and 22.4% in the Americas.

The total portfolio of outstanding loans includes: 43.7% in electricity, 34.7% in infrastructure, 5.4% in telecommunications infrastructure and 16.2% in natural resources.

International activities and foreign branches

The main axis of CM11 Group's strategy abroad consists of supporting customers' 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, the Crédit Mutuel Group has the resources to achieve this goal.
Support for customers 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 CM11 Group's capital markets activities, both for its own refinancing and investment needs and for those of its customers. These activities are mainly carried out in France, but also through branches in New York, London and Singapore.
The entity has both the 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 customers, 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 2015, the Group 's solid fundamentals, which are appreciated by international investors, allowed very satisfactory access to external funding.
In 2015, the CM11 Group's refinancing on markets benefited from the increased confidence of the main international investors during issues. This trend is attributable to the regular roadshows which were held to provide investors with sound knowledge of the Group's fundamentals.
External funding raised totaled €123.9 billion, up 3.9% compared with end-December 2014 (€119.3 billion). This growth stems essentially from the increase in medium- and long-term resources aimed at further consolidating the Group's use of market financing.

- **Short-term refinancing**

Short-term money-market resources remained stable at €40.8 billion and now account for 32.9% of total financing resources (compared with 34.1% at end-2014). The 30% share of Euro Commercial Paper (ECP) purchased by international investors made a useful addition to the traditional funds raised in NCDs.
The year was marked by some fluctuations in refinancing outstandings. The eurozone money market is now faced with negative interest rates across all maturities and has become less consistent.

- **Medium- and long-term refinancing**

Medium- and long-term resources amounted to €83.1 billion (including the ECB's TLTRO) compared with €78.6 billion the previous year. Issues carried out by BFCM accounted for the majority of the €12.1 billion issued on the markets. They consisted of private transactions as well as large public issues. Among the latter, of note were the following issuances:

- €1.25 billion in a 10-year issue in January;
- €1.75 billion in a 2-year issue in March; and
- €1 billion in a 10-year issue in September of Tier 2 subordinated notes.

BFCM's issues in euro were supplemented by transactions aimed at foreign investors, such as:

- USD 1 billion five-year issue (US144A format) in October; and
- JPY 109.4 billion in five tranches between three and ten years (samurai format) in October.

In addition, two covered bonds were issued by the Group's specialized subsidiary Crédit Mutuel-CIC Home Loan SFH:

- €1 billion 7-year issue in January; and
- €1 billion 10-year issue in December.

In 2015, the Group signed a new package of loans for small and medium-sized enterprises ("SMEs") with the European Investment Bank for a total of €400 million. This figure, which is double the amount of the previous package of 2015, suggests positive customer interest in such types of financing by the Group. The Group is researching other proposals for innovative SME financing with a view to strengthening ties with the European Investment Bank (EIB).
The liquidity coverage ratio (LCR) liquidity buffer managed by the Group's central treasury unit stood at €58 billion at end-2015, compared with €49 billion one year earlier. This allows the Group to comfortably comply with the LCR regulatory requirement (140% as of December 31, 2015). All ECB-eligible liquid assets amount to €93.8 billion. This ensures coverage of up to 181% of market resources falling due within the next 12 months (165% at end-2014).

I.3.2.4.2 - Commercial trading

The French sales teams are based in Paris and other central regional cities in France. 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 2015, particularly in currency and investment activities and through the Cigogne fund.

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

The fixed income, equity and credit investments teams carry out investments within a framework of specific limits. The investments consist mainly of purchases and sales of financial securities purchased with the intention of being held for the long term, as well as transactions involving financial instruments related to these securities.
In this environment of continuing market volatility, positions were managed conservatively. The aim is to obtain positive performance while limiting the volatility of the financial results of these businesses and to promote 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.
Overall outstandings sold increased by 23% in 2015 as compared to 2014.

I.3.2.4.4 – Services for companies, management companies and institutional investors

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 Investissement's capital structuring units and the specialized financing teams and benefits from the commercial coverage of the Large Accounts Department and the Group's network, including BECM, CIC Banque Privée, CIC Banque Transatlantique, etc.
In 2015, the Primary Bond team took part in 28 bond issues, acting as book runner in 12 of them. Some of these issues included private placements (EuroPP) for Artemis, among others . The year was also marked by the award of the first two active mandates from non-domestic issuers (Mahle followed by BECM Germany and Amadeus followed by CIC London).
The Primary Equity team completed four initial public offerings (Ecoslops, Cerenis, Cellnovo and Europcar), a transfer to Euronext for Direct Energie and a capital increase for Cap Gemini, and co-managed Vivendi's takeover bid for Canal+. 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.
The stock market intermediation business line 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 intermediaries present in eight European countries (Germany, the Netherlands, 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 600 European companies and has a research team of 90 analysts and strategists as well as 130 sales representatives and traders throughout Europe. CM-CIC Securities has 27 analysts and strategists, and a sales force of 23 people in Paris and Lyon and of six people in New York (GSN North America). It also has a sales force of three people for index, equity and agricultural commodity derivatives (Préviris hedging services offered to farmers for their wheat, canola and corn harvests) and nine sales staff and traders for traditional and convertible bonds.

The investment 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 300 company and analyst presentations (road shows) and seminars in France and abroad. As an account depository/custodian, CM-CIC Securities serves 129 asset management companies, administers more than 26,500 individual accounts and acts as depository for nearly 320 mutual funds, representing €25 billion in assets. The investment firm gained 11 new asset management companies as customers in 2015, a mark of recognition of the expertise of its staff, the quality of its SOFI account-keeping software and the Group's sound financial position.

On January 1, 2016, CIC absorbed CM-CIC Securities; all of its assets were thereby transferred to CIC and its businesses taken over by CIC, which aims to ensure the continuity of all the services provided by CM-CIC Securities to its customers. Following this transaction, a new organization of the capital markets sales activities was put into place. This division, made up of five departments, has been named CM-CIC Market Solutions. The aim of these activities as a whole is to provide investment, hedging, transaction or financing solutions to the international capital markets, as well as back office solutions, for companies, institutional investors and management companies.

I.3.2.5 - Private Banking

CM11 Group, via CIC Private Banking, covers globally all of the Group's private banking business lines.

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 €122 billion in assets under management and €18 billion in commitments, and employs nearly 1,900 people.

In France, CIC Private Banking operates under two major names:

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

CIC Banque Privée

With 382 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 share capital, acquisitions and family transfers. Working together with wealth engineers, its 188 private banking managers help business owners identify their requirements and determine the appropriate business and wealth strategy.

All the Group's competences, particularly its international expertise, are brought into play to offer the competitive solutions. In 2015, due to the acceleration in business spin-offs and divestitures and its capacity to position itself in large transactions, CIC Banque Privée continued to grow and to increase fund inflows, drawing on its close customer relationships and selecting strong banking and financial offerings in the market.

In 2015, the CM-CIC Transactions PME offering – an advisory service for the disposal of businesses valued at less than €7 million – took flight with 16 mandates signed and three already carried out. This service complements the service already in place for larger transactions and contributes to the private banking business. Work was carried out on internal and customer communications, as well as on transaction security (non-residents, customer knowledge, etc.), in particular through the implementation of ad hoc tools. Customer savings deposits reached €19 billion at end-2015.

Banque Transatlantique Group

In 2015, Banque Transatlantique opened its first representative office in Madrid, then a second in Barcelona in January 2016.

Banque Transatlantique reinforced its position as a pivotal player in its three main business lines: private banking, French customers living abroad, and the administration of employee shareholdings, stock options and bonus share allocations.

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

Banque de Luxembourg

Banque de Luxembourg is one of the Grand Duchy's leading banks. In 2015, its private banking assets under management grew 6% to reach €22.2 billion at end-2015.

It targets an international customer base of entrepreneurs and high net worth families, offering solutions for the preservation, management and transmission of their tangible and intangible assets. It offers its customers an integrated line of services from investment advisory to financing solutions. Banque de Luxembourg also supports them in issues related to family governance or in philanthropic projects.

In 2015, Banque de Luxembourg continued to expand in Luxembourg and Belgium, where it has been established since 2010. Banque de Luxembourg continues to seek and attract, in particular, customers with complex needs: sizeable and diversified assets, business in several countries, etc. The bank is therefore constantly broadening its offering to take into account customers' requests in terms of consolidation, reporting and diversification (private equity, real estate, impact investing).

Banque de Luxembourg was also a forerunner in Luxembourg in the development of a center for investment funds and in support for independent asset managers. For more than 30 years it has accompanied fund promoters, from the creation of their fund management company to its international development. It allows them access to all the advantages of Luxembourg, the world's leading center in the administration and distribution of investment funds. Third-party asset managers may choose to delegate all of their administrative tasks to it, allowing them to concentrate on supporting their customers and on their business development. In a world of increasing regulatory complexity, Banque de Luxembourg has been proactive in supporting its customers in their preparations for the implementation of the UCITS V Directive. Its professional banking activities are growing steadily. The investment fund platform recorded €40.5 billion in assets, and the third-party asset management business recorded €6.7 billion at end-2015.

Banque CIC (Switzerland)

Banque CIC (Switzerland)'s strategy is clearly focused on a Swiss customer base of companies and entrepreneurs, with a comprehensive approach to their private and professional needs. This direction, which it has been following for several years, provided encouraging growth in 2015.

CIC Singapore and CICIS Hong Kong branch

Since 2002, CIC has carried out its private banking business in Asia from Hong Kong and Singapore, two major financial centers in this field in Asia. In 2015, investors' appetite for currency markets increased and they benefited from the high level of long-term volatility to position themselves. The Forex offering saw a sharp rise in business of 44% in 2015. Assets under management increased by approximately 9% in 2015.

CIC continued to strengthen the quality, stability and number of its advisers, and stepped up its efforts in terms of regulatory monitoring and control.

In 2016, CIC intends to focus efforts on the development of a discretionary asset management offer and on increasing recurring income, as well as strengthening the Group's Hong Kong presence.

I.3.2.6 - Private equity

Together with its subsidiaries (CM-CIC Investissement SCR, CM-CIC Innovation, CM-CIC Capital Privé and CM-CIC Conseil), CM-CIC Investissement has over 100 employees who work at the Paris headquarters and six regional offices (Lyon, Nantes, Bordeaux, Lille, Strasbourg and Montreal).

With a comprehensive offering that includes venture capital, private equity, buyout capital and mergers & acquisition advisory, CM-CIC Investissement makes investments ranging from €1 million to €100 million to support companies in their development, both in France and internationally. The environment remained complex in 2015 and unconducive to its customers' growth projects in the SME and small medium-sized company segment. In its proprietary management business activity, CM-CIC Investissement invested nearly €310 million in 127 transactions in 2015, of which around two-thirds was capital aimed at medium-sized companies and more than a third as support for existing portfolio companies.

The main equity investments concerned Circet Group, Proplast, Lorillard, Innov 8, Compte R, Teknimed, Freche, Aramis, Caillau, Bouvay Ladubay, Krono Safe, Mitricares and Colombus/Chargeurs, while reinvestments included Altrad, Joryf, NGE, PSF/Schmidt Stoeffler, Kerlink, Cie Biodiversité/Léa Nature and Financière de la Chesnaie/Fast. Portfolio rotation was relatively high, as divestments amounting to €333 million in transfer value, generating capital gains of €152 million (including reversals of provisions for disposals) in 2015. The company continued to generate liquidity and the main divestments concerned Labco, Joryf, Exaprint, Anavéo, Holding GS/Systam, La Toulousaine, Serta and Mecafer.

As of December 31, 2015, this portfolio represented €2.1 billion (including €80 million in innovation capital) for nearly 435 holdings. It is diversified with a significant portion (more than 60%) in private equity. Managed assets generated dividends, coupons and financial income amounting to €64 million. In addition, the stock of unrealized capital gains increased, which boosted the IFRS result.

In third-party management, CM-CIC Capital Privé suspended its FIP and FCPI (local and innovation investment funds) issues in 2015. Funds under management totaled €300.9 million, after the reimbursement of €73 million to subscribers and the closure of three funds.

The year was slightly improved for the advisory services business (particularly thanks to the CM-CIC Transactions PME offering for smaller companies) with ten transactions in a mergers and acquisitions market that remains sluggish.

I.3.2.7 - Logistics

EI Telecom – EIT

EI Télécom, the CM11 Group's full mobile virtual network operator ("MVNO"), has the technical and commercial capacity to provide a mobile offering under five different brands: Crédit Mutuel Mobile, CIC Mobile, NRJ mobile, Cofidis mobile and Auchan telecom.

The highlight of the year for EI Telecom was the conclusion of an MVNO contract with Bouygues Telecom and the launch of an attractive promotional offer to mark the subsidiary's tenth anniversary. EI Telecom posted record growth in its postpaid installed base, registering 200,000 new lines and bringing the number of active customers to 1.5 million at end-2015.

The customer satisfaction rate for the EI Telecom service reached 91.5% in 2015.

Euro Protection Surveillance – EPS

The CM11 Group's remote surveillance subsidiary, Euro Protection Surveillance, has a subscriber base of almost 390,000 private and professional customers, up 6.9% in 2015 versus 2014.

With a domestic market share of 31%, EPS is number one in France and number three in Europe, behind Verisure and Sector. In France, one in three users of remote surveillance are EPS customers.

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 shareholding members. Interest was paid on the savings collected. The foundations of Crédit Mutuel had been laid:

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

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

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

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

1972: Expansion into Franche-Comté ; the group is renamed Fédération du Crédit Mutuel d'Alsace, de Lorraine et Franche-Comté.

1992: Restructuring of head office entities:
* Merger of the former 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 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 that was 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, payment, equity transactions, 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 and outgoing call management.
CIC acquires a 10% interest in Banque Marocaine du Commerce Extérieur, leading to cooperation in the distribution of financial products, the delivery of banking and insurance services, real estate transactions, consumer credit and finance lease 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 bank, 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 CM11 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, 2010 Caisse Fédérale du Crédit Mutuel Centre Est Europe is renamed CF de CM, 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 CF de CM, bringing the number of member federations to 10.
The CM11 Group strengthens its ties with mass market retailers. Backed by its technological capabilities, it signs a partnership agreement with Casino to market financial products. Banque Casino is therefore jointly held 50-50 by the respective companies.

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

2013: In April, the CM11 Group and Mouvement Desjardins, Canada's leading cooperative financial group, create Monético International. This Montreal-based company aims 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, the 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: CF de CM and BFCM carry out capital increases in July 2014 amounting to €2,562 million and €2,700 million, respectively.

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

2015: CF de CM and BFCM carry out capital increases in July 2015 amounting to €1,294 million and €1,409 million, respectively.

Electronic payments: agreement between Crédit Mutuel and UnionPay International regarding the acceptance of UnionPay International bank cards by CF de CM.

After the integration of Agrupació in 2012, Groupe des Assurances du Crédit Mutuel acquires Atlantis, thereby making further strides in its Spanish expansion strategy.

In 2015, the Cofidis Participations Group pursued its development strategy with the acquisition of the company Banif Mais (June), specialized in auto loans for second-hand cars and based in Portugal, Hungary, Slovakia and Poland, and the Italy-based company Centax (March), which specializes in guaranteeing retail check or card payments.

The CM11 Group celebrates ten years in the telephony business. A new partnership signed with Bouygues makes the CM11 Group's EI Telecom the only mobile virtual network operator to sign three full MVNO 4G contracts (SFR, Orange and Bouygues).

BFCM enters into exclusive negotiations to acquire General Electric's leasing and factoring activities in France and Germany.

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 (pursuant to Article L. 225-102-1 of the French Commercial Code).

The Board of Directors' meeting of February 26, 2015 reappointed the following non-voting directors: Monique Groc and Gérard Diacquenod.

The Ordinary Shareholders' Meeting of May 13, 2015 approved the co-optation of Nicolas Théry as a member of the Board of Directors to replace Roger Danguel, appointed Lucien Miara as a member of the Board of Directors to replace Pierre Filliger, and renewed the terms of office of the following directors: Jean-Louis Boisson, Gérard Bontoux, Maurice Corgini, Jacques Humbert, Albert Peccoux and Alain Têtedoie and Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse Normandie represented by Daniel Leroyer.

Following the reappointment of Jacques Humbert as a director at the Ordinary Shareholders' Meeting of May 13, 2015, the Board of Directors decided at the meeting held on the same day to reappoint him as Vice-Chairman for the same period.

The same Board meeting also reappointed the following non-voting directors: Jean-Louis Bazille, Bernard Flouriot and Michel Bokarius.

Furthermore, the Board of Directors decided at its meeting of July 30, 2015 to co-opt Damien Lievens as a member of the Board of Directors to replace François Duret.

In accordance with regulatory requirements, Christian Klein and Marc Bauer, Deputy Chief Operating Officers of BFCM, were appointed effective managers and approved as such by the European Central Bank.

Summary table of the composition of the Board of Directors

Corporate officer	Representative	Position	Since	Until
BOISSON Jean-Louis		Board Member	5/13/2015	6/30/2018
BONTOUX Gerard		Board Member	5/13/2015	6/30/2018
BROCHARD Hervé		Board Member	5/10/2013	6/30/2017
CORGINI Maurice		Board Member	5/13/2015	6/30/2018
CORMORECHE Gerard		Board Member	5/10/2007	6/30/2016
GIRODOT Jean-Louis		Board Member	5/7/2008	6/30/2017
GRAD Etienne		Board Member	12/17/2010	6/30/2016
HUMBERT Jacques		Vice-President	5/13/2015	6/30/2018
LIEVENS Damien		Board Member	7/30/2015	6/30/2017
LUCAS Michel		Board Member	11/14/2014	6/30/2016
MARTIN Jean-Paul		Board Member	5/10/2007	6/30/2016
MIARA Lucien		Board Member	5/13/2015	6/30/2018
OLIGER Gerard		Board Member	5/7/2008	6/30/2017
PECCOUX Albert		Board Member	5/13/2015	6/30/2018
TETEDOIE Alain		Board Member	5/13/2015	6/30/2018
THERY Nicolas		Board Chairman	11/14/2014	6/30/2017
VIEUX Michel		Board Member	5/11/2011	6/30/2017
Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie	LEROYER Daniel	Board Member	5/13/2015	6/30/2018

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, 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 Executive Board: Groupe des Assurances du Crédit Mutuel
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: CM-CIC Services
Member of the Management Board: Euro Information
Permanent representative 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, Musique Municipale Maseveaux, Groupement de l'Union des Sociétés de Musique Thur-Doller
Member of the Board of Directors: Caisse de Crédit Mutuel la Doller, Fédération du Crédit Mutuel Centre Est Europe, Caisse Fédérale de Crédit Mutuel, Société de Publications l'Alsace, DNA
Permanent representative of Fédération du Crédit Mutuel Centre Est Europe on the Board of Directors of Assurances du Crédit Mutuel Vie SA, of BFCM on the Board of Directors of Crédit Industriel et Commercial
Director: COPRUR

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

Permanent representative of Caisse Fédérale de Crédit Mutuel in Assurances du Crédit Mutuel Vie SA

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 Assurances du Crédit Mutuel Vie SAM, 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 Normandie, 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 Assurances du Crédit Mutuel Vie SAM, 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 of the Board of Directors: 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, Caisse Agricole Crédit Mutuel
Chairman of the Board of Directors: Caisse de Crédit Mutuel Neuville-sur-Saône
Vice-Chairman: Confédération Nationale du Crédit Mutuel, MTRL, Fédération du Crédit Mutuel Agricole et Rural (FCMAR)
Member of the Board of Directors: Caisse Fédérale de Crédit Mutuel, Cautionnement Mutuel de l'Habitat (CMH), Société des Agriculteurs de France
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
Non-voting director: CIC

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
Chairman: Conseil Economique, Social et Environnemental de la Région Île-de-France (CESER IDF), Association de moyens du Groupe Audiens
Vice-Chairman: Chambre Régionale de l'Economie Sociale et Solidaire d'Ile-de-France (CRESS), Coopérative d'Information et d'Edition Mutualiste (CIEM), Mutuelle Audiens de la Presse, du Spectacle et de la Communication
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
Managing Partner: Girodot Conseil

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 CF de CM 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), 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
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, of Assurances du Crédit Mutuel Vie SAM

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

Damien Lievens, Member of the Board of Directors
Born July 25, 1970 in Dreux (28)
Work address:
Fédération du Crédit Mutuel du Centre
Place de l'Europe, 105, rue du Faubourg Madeleine 45920 Orléans Cedex 9

Other functions:
Chairman: Caisse de Crédit Mutuel Agricole du Centre
Vice-Chairman: Caisse de Crédit Mutuel de Brezolles
Member of the Board of Directors: Caisse Régionale de Crédit Mutuel, Fédération Régionale des Caisses de Crédit Mutuel du Centre, Caisse Fédérale du Crédit Mutuel, Caisse Agricole Crédit Mutuel, CentrExpert
Member of the Supervisory Board: Banque Européenne du Crédit Mutuel
Permanent representative of Fédération CMC at CNCM, of CCMAC at Fédération du Crédit Mutuel Agricole et Rural, of Caisse Régionale de Crédit Mutuel du Centre on the Board of Directors of Assurances du Crédit Mutuel Vie SAM

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, Républicain Lorrain, Est Républicain, Liberté de l'Est, Dernières Nouvelles d'Alsace
Chairman: Crédit Mutuel Cartes de Paiements, Europay France, SIM (formerly EBRA), International Information Developments, Direct Phone Services, Fédération du Crédit Mutuel Centre Est Europe, Société de publications l'Alsace
Vice-Chairman of the Supervisory Board: CIC IBERBANCO
Vice-Chairman of the Board of Directors of Banque de Luxembourg (Luxembourg)
Member of the Board of Directors: Crédit Industriel et Commercial, Caisse Fédérale de Crédit Mutuel, ASTREE (Tunis), Assurances Générales des Caisses Desjardins (Quebec), Banque de Tunisie (Tunis), Banque Marocaine du Commerce Extérieur, Banque Transatlantique Belgium (Brussels),

Caisse de Crédit Mutuel “Grand Cronenbourg”, Dauphiné Libéré, Est Bourgogne Media, Le Progrès SA
Member of the Supervisory Board: Manufacture d’Impression sur Étoffes, CM-CIC Services (GIE), CM-CIC Investissement
Permanent representative of BFCM on the Management Board of Sofédis, of FCMCEE on the Supervisory Board 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
Permanent representative of BFCM in ACM IARD

Lucien MIARA, Member of the Board of Directors
Born January 17, 1949 in Casablanca (Morocco)
Work address:
Fédération du Crédit Mutuel Méditerranéen
494, avenue du Prado BP 115 – 13267 Marseille Cedex 08

Other functions:
Chairman: Fédération du Crédit Mutuel Méditerranéen, Caisse Régionale du Crédit Mutuel Méditerranéen
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel, Caisse Fédérale du Crédit Mutuel, Centre International du Crédit Mutuel
Member of the Supervisory Board: Euro Information Production
Permanent representative of Caisse Régionale du Crédit Mutuel Méditerranéen on the Board of Directors of Assurances du Crédit Mutuel Vie SAM

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
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 for its Chairmanship of Investlaco, of Caisse Régionale de Crédit Mutuel LACO on the Board of Directors of ACM Vie and Managing Board of SCI Champs de Mars 2015, of EFSA on the Board of Directors of Banque CIC-Ouest, of Ufigestion 2 on the Board of Directors of CM-CIC Bail, of Thalie Holding for its Chairmanship of La Fraiseraie, of Thalie Holding on the Managing Board of SCEA La Fraiseraie

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, Caisse Régionale du Crédit Mutuel Dauphinais-Vivarais, CCM du Dauphiné (CAFIDA)
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, CCM de Loriol

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 of the Board of Directors: CM-CIC Bail – Targobank Spain

Chairman of the Supervisory Board: CIC Iberbanco, Cofidis, Cofidis Participations, Euro Information Production (GIE), GACM
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
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, of CIC on the Board of Directors 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 and on the Board of Directors of Banco Popular Espagne, of FCMCEE on the Board of Directors of Sofédis

II.1.2.3 - Remuneration of key executives

Guidelines
BFCM's does not adhere to the AFEP-MEDEF corporate governance code, a number of whose recommendations the Group finds unsuitable given that 98% of BFCM's shares are held by entities of Crédit Mutuel Group.

As a result of the change in the composition of the directors and corporate officers of CIC and BFCM, the respective boards of the two companies defined new remuneration policies for their officers and the commitments made to them at a meeting on February 26, 2015 for BFCM and on December 11, 2014 for CIC.

The remuneration and commitment decisions were made by the governing bodies of BFCM and CIC upon the recommendations of their respective remuneration committees.

Non-executive corporate officers – i.e., 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 has been suspended since 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 corporate duties as Chairman of the Board of Directors. 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. 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 was 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, is remuneration for his corporate duties as the Chairman of the Board of Directors. 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 to 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 with effect from 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, under the same conditions applicable to all Group employees.

This agreement regarding the termination indemnity and retirement benefits was 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 did not entail any changes to his circumstances 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. It 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 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 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 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, 2015, they did not have any borrowings of this type.

The table below sets out the remuneration paid to the Group's key executives from January 1 to December 31 of the indicated year:

2015 Amount in € (a)	**Origin**	**Fixed portion**	**Variable portion (b)**	**In-kind benefits**	**Employer contributions for**	**Total**

					supplementary benefits	
Nicolas Théry	Crédit Mutuel CIC	450,000 250,000		11,286	6,733	468,019 250,000
Alain Fradin	Crédit Mutuel	800,000		4,845	8,559	813,404

2014 Amount in € (a)						
Michel Lucas	Crédit Mutuel CIC	229,167(1) 550,000		4,226	 736	233,393 550,736
Nicolas Théry	Crédit Mutuel CIC	86,794(2) 20,833(3)			901 84	87,695 20,917
Alain Fradin	Crédit Mutuel	800,000		4,620	8,448	813,068

(1) from January 1 to November 30
(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.

(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.

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 persons at the CIC Group who meet the above criteria, the overall amount of remuneration for 2015 as set out in the aforementioned Article L.511-73 was €17,250,000.

II.1.2.4 - Independent directors

Although unlisted, BFCM is part of a decentralized group whose directors are eligible to be members of the Board of Directors as a result of their own elected status. The mechanism works as follows. Each local cooperative bank 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 local cooperative banks elect their representative to the District, a body that jointly represents a group of Crédit Mutuel local cooperative banks; the Chairman of the District becomes a full member of the Board of Directors of the federation, the policy-making body for a given group of Crédit Mutuel local cooperative banks. This status enables them to become members of the Board of Directors of CF de CM and its subsidiary, BFCM.

This bottom-up election method starting with the local cooperative banks 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 local cooperative banks, the District and BFCM. This legitimacy, which results from the internal election processes, is renewed at the time of each District election (every four years). Whenever the term of office of a District Chairman ends, 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 BFCM 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 Section II.1.2.1 in accordance with the legal provisions.

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

There are no directors' fees or stock options.

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

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

In accordance with banking regulations, the European Central Bank approved Christian Klein and Marc Bauer, both of whom are Deputy Chief Operating Officers, to act as effective managers.

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

In 2015, the Board met five times. The average attendance rate was 84%.

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 the Group’s activities.

- The February 26, 2015 meeting focused on reviewing and approving the financial statements and preparing for the Ordinary and Extraordinary Shareholders' Meetings that were held on May 13, 2015. The Board was informed of the February 23, 2015 report of the Group Audit and Financial Statements Committee.

It decided to complete a second tranche of a 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 the Group. It also authorized the regulated agreement related to the Chairman's remuneration and benefits.

To satisfy the European CRD IV directive, the Board decided to transfer the Group Audit and Financial Statements Committee, the Group Risk Monitoring Committee and the Remuneration Committee to CF de CM.

As it does at each meeting, the Board reviewed the management report on the Group's financial affairs (refinancing, credits, proprietary trading).

- At its meeting of May 13, 2015, the Board reappointed the Vice-Chairman and non-voting directors and decided to raise the upper limit for capital increases.

- The July 30, 2015 meeting focused on approving the interim consolidated financial statements at June 30, 2015. The Board was informed of the report of the Audit and Financial Statements Committee and the report of the Risk Monitoring Committee. It also co-opted a director.

- At its meeting of July 31, 2015, the Board noted the completion of the capital increase decided on at the meetings of February 26, 2015 and May 13, 2015 and amended the bylaws accordingly.

- The final meeting of the year was held on November 13, 2015.
The Board was informed of the work of the Group Risk Monitoring Committee of November 02, 2015.
It reviewed the 2015 budget trends and preparation of the 2016 budget.

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 cooperative banks.

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 2015.

II.2.1.3 - 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.

II.2.2 - Internal control and risk management system

BFCM's internal control and risk management are part of the overall internal control system implemented by the CM11 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 AMF.

II.2.2.1 - CM11 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 aims to have a system that is appropriate for the Group's 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 aims to ensure, for both itself and the companies it controls, that the system in place is based on a set of operational procedures and limits consistent with regulatory requirements and the approved policies. To this end, it relies on the methods and tools defined at the Group level and on generally accepted practices in the area of inspection and control.

One constant objective that guides the actions of all the Group's internal control departments is to identify the main risks based on guidelines and risk mapping and to monitor them with appropriate limits, formalized procedures and dedicated tools. In addition to their efforts to identify and minimize risks, these departments are involved in the work aimed at enhancing risk management.

In parallel 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

The 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 related to the application of regulatory requirements and internal policies (anti-money laundering, controls of investment services, regulatory watch, ethics, protection of customers' interests, etc.).

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

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

Division between networks and business lines

Controls are divided into two functions, one dealing with the retail banking network (CM regional federations, BECM, CIC regional banks, Targobank Germany and Targobank 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, apart from the compliance function which has one manager for both the networks and the business lines.

From January 1, 2016, both branches of permanent control - networks and business lines - will report to a single national manager, while retaining their specific organizational structure. This change intends to gradually lead to a redefinition of the tasks of the CM11 Group’s central permanent control function.

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.

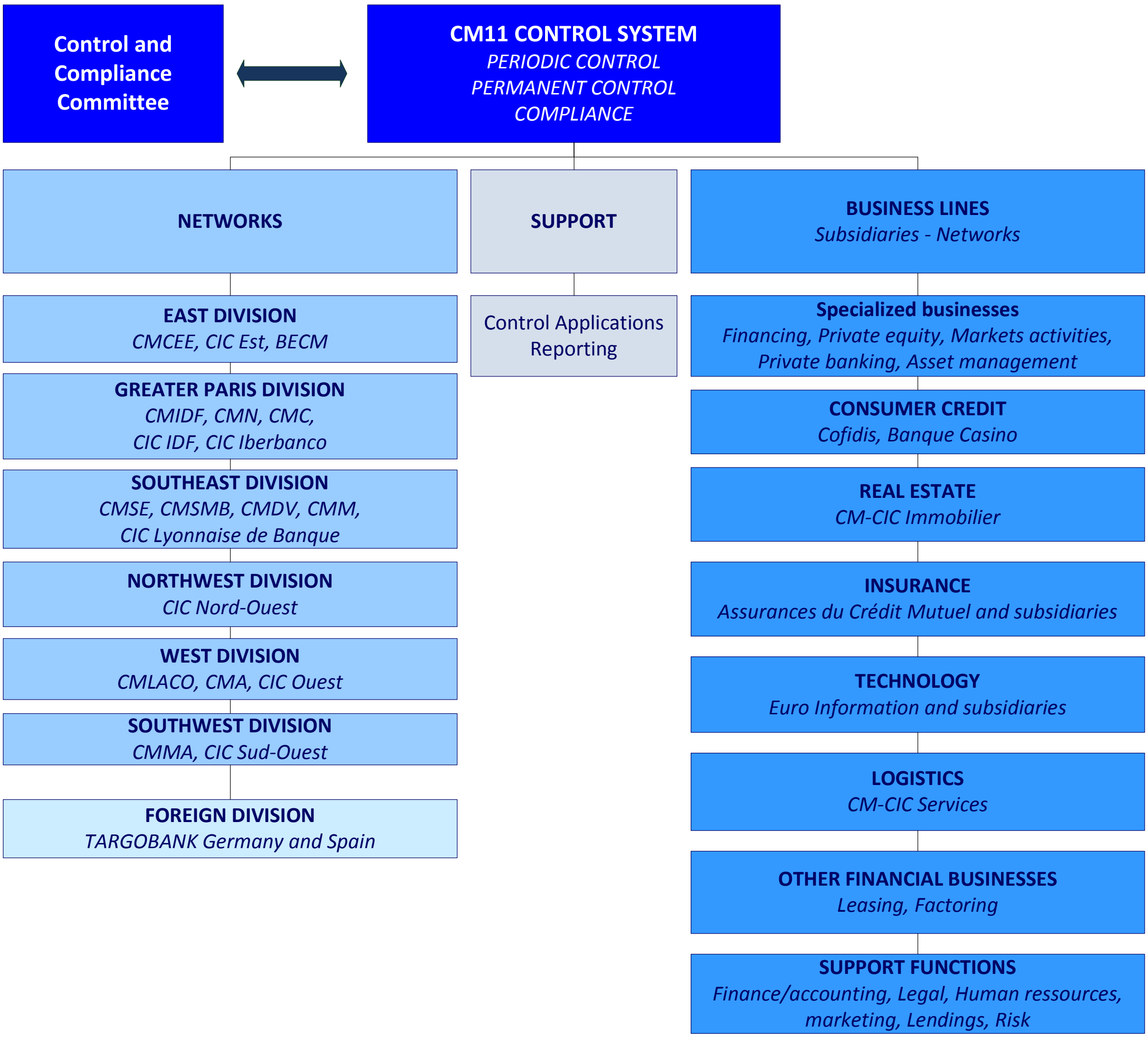
The support division relies largely on the group's information systems.

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

Placed under the authority of an executive director, the Control and Compliance Committee meets regularly with the Group's heads of internal controls (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 (e.g. in October 2015, the approval of the reorganization of the coverage plan for branch network periodic control).

The CCC met four times in 2015 (March 31, June 15, October 12 and November 30, 2015).

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. As a result of the adaptations made by the Group to comply with the new requirements of the Decree of November 3, 2014, the Audit and Financial Statements Committee reports to CF de CM, which is the entity from which consolidated oversight is exercised and the head of the body in terms of capital ownership.

The Group Audit and Financial Statements Committee consists of directors representing the Crédit Mutuel federations that are members of CF de CM (in principle, one per federation), one representative of BFCM and two members of CIC's Board of Directors. The Committee elects a Chairman from among its members for a three-year period that can be renewed once.

The Statutory Auditors participate in Audit and Financial Statements Committee meetings held to approve the annual and interim financial statements.

One factor improving the independence of the Committee members is that they all come from the Group's cooperative banking level and are therefore elected by the stock-owning members of their respective local cooperative bank. This independence is reinforced by the fact that members of the Audit and Financial Statements Committee are not paid.

Members of the Audit and Financial Statements Committee have unrestricted access to the heads of the various control functions (periodic, permanent and compliance) and may also call upon the operational managers depending on the issued concerned.

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, monitors 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 monitors 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 2015 (February 23, April 5, July 28 and September 15). Meetings of sub-committees, made up of members of the Audit and Financial Statements Committee, may also be held on specific subjects defined at the plenary session (a restricted sub-committee met on December 3 to validate the 2016 control plans for branch network and business line periodic controls). The Audit and Financial Statements Committee meetings and commission meetings are summarized in reports submitted to the supervisory bodies of the various federations of the CF de CM, BFCM and CIC so as to fully inform the directors.

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

II.2.2.1.5 - The risk management system

Group Risk Department

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

To perform the functions assigned to it (particularly as provided by Articles 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 individual 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) with an aime to ensure that the regional management bodies (executive directors and supervisory bodies) are properly informed.

The Risk Department also coordinates the follow-up of the implementation of recommendations from regulatory authority audits, using the PRECO tool.

Group Risk Committee

This committee meets quarterly and includes operational managers, heads of the business lines, the Risk Department and Executive Management. The head of the Risk Department presents and comments on a full management report on all types of risks (credit, operational, market, compliance, etc.) related to banking activities and non-banking activities (e.g. insurance). This committee is responsible for the ex-post and ex-ante measurement and overall monitoring of risks and gives Executive Management the information needed for detailed and thorough monitoring of the Group’s risks.

The Group Risk Monitoring Committee

This committee consists of directors representing the Federations affiliated to the CF de CM and meets on a twice-yearly basis in order to:

- carry out a comprehensive review of the risks that the Group is exposed to (covering banking and non-banking entities in France and abroad);
- examine risk exposure in terms of quality, ratings, concentration and impairment of value;
- analyze short- and medium-term liquidity ratios and monitor changes in these ratios, particularly within the framework of the ILAAP process;
- examine changes in the main regulatory and operating ratios and especially those related to capital consumption by business line and entity, solvency and leverage ratios and compliance with the amounts allocated by the governing bodies, particularly within the framework of the ICAAP process; and
- interpret the development of results in the context of changes in risk, results and capital consumption, and examine the evolution of external ratings.

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.

In 2015, the Group Risk Monitoring Committee approved the CM11 Group’s “Risk Tolerance Policy”, which constitutes a general framework setting out core principles with regard to risk. These principles derive from the Group’s mutualist identity and its choice of the retail bancassurance model. This document is part of the implementation of Basel III standards, which stipulate that banks must develop a risk appetite or tolerance policy, the principles of which were established by the Financial Stability Board on November 18, 2013 in its document “Principles for an effective risk appetite framework”.

Amendments were made to the internal rules of the Group Risk Monitoring Committee and submitted to the approval of the Board of Directors of the CF de CM on July 31, 2015.

II.2.2.2 - Internal control procedures specific to BFCM

BFCM is the parent company of the BFCM Group, and is owned by CF de CM, Assurances du Crédit Mutuel and the local cooperative banks 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 BFCM Group's specialized subsidiaries, all of which are subject to the Group's overall internal control system.

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

BFCM manages the cash assets of Crédit Mutuel and CIC and operates in the financial markets. It is engaged in financial engineering and manages relations with the international partners.
An integral part of BFCM and CIC, CM-CIC Marchés consolidates all of the 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 CM-CIC Marchés department defines the strategy, analyzes the activity, results, risks and compliance with limits and coordinates operational aspects (information system, budget, human resources, procedures);
- The Capital Markets Risk Committee, which meets monthly, monitors compliance with the set of rules and decisions of the CM-CIC Marchés department and validates the operational limits within the general limits set by the Board of Directors of CIC and BFCM; and
- The CM-CIC Marchés Credit Committee, which meets weekly, is responsible for approving credit line requests under delegations of authority granted by the 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.

BFCM and CIC combined their large accounts activity within CM-CIC Large Accounts by harmonizing their applications and procedures, similar to how the two entities previously consolidated their capital market activities under a single unit.

A joint internal control team for Corporate Banking (Large Accounts, Specialized Financing and International) was set up in February 2012 and reports directly to the Deputy Chief Operating Officer of CIC and head of the CM11 Group's Specialized Businesses division. Functionally, the team reports to the head of Business Line Permanent Control with regard to permanent controls and to the head of Group Compliance with regard to compliance and AML/CTF.

An Internal Control Coordination Committee meets quarterly and is charged with:
- monitoring all three departments' activities over the previous quarter in relation to permanent control and compliance; and
- deciding upon the Internal Control team's priorities and tasks and following them up.

A separation of functions exists between the sales teams, the structuring and syndication teams and the control team.

The separation between the sales teams and the structuring teams (IMS) helps to ensure that transactions comply with the decisions made by the Lending Committees and to verify funding conditions. The independence of the syndication team – which reports directly to Specialized Financing – from the sales teams helps to provide an unbiased view of syndication risk to the relevant Lending Committee.

The internal control team helps to strengthen the function's independence vis-à-vis the operational departments. Internal control activities are monitored on a quarterly basis by Business Line Permanent Control and on an ad hoc basis by Group Compliance.

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.

The CM-CIC Large Accounts emergency and business continuity plan has also been defined and is regularly updated. This is a "level 2" plan. The majority of employees have laptop computers that allow them to work remotely or at a back-up site in the event the emergency and business continuity plan is activated for the Department. A staff unavailability test and a remote connection test were carried out in 2015. The list of staff contact details was updated in 2015.

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

The accounting principles applied which have a material impact have been previously reviewed and approved by the Statutory Auditors. 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 contained in this Registration Document.

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 2015:
  - the 2014 annual company financial statements of Fédération du Crédit Mutuel Centre Est Europe as well as the 2014 consolidated financial statements of the CM11 regulatory scope; and
  - the 2014 annual consolidated financial statements of CIC, BFCM and the CM11 Group and their in-depth analysis (consolidation scopes, analysis of the key balance sheet items, equity and solvency, intermediate balances, sector results by business line, general operating expenses, actual net provisioning for known risks and collective provisions, and the disposal of the interest in Banca Popolare di Milano, etc.).

- In the second half of 2015:
  - the presentation and analysis of the consolidated financial statements for the period ended June 30, 2015 for CIC, BFCM and the CM11 Group (including the impact on results of new taxes applicable in 2015 – the annual contribution to the Single Resolution Fund, tax for systemic bank risk and local authorities support fund);
  - the presentation of new accounting standards and interpretations applicable to years beginning on or after January 1, 2015 (including the entry into force of IFRIC 21, which has an impact on the income statement and the consolidated reserves); and
  - changes in the consolidation scope.

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 financial commitment that needs to be accounted for;
- a significant volume of accounting entries is based on fully automated recording processes for the completed transactions; and
- 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 aim 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; and
- de facto standardization of accounting data among all the Group's companies.

II.2.2.3.3 - Accounting system

Accounting architecture

The Group 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 of the Group’s 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][Please clarify], 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 aim to 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 (investments in non-consolidated companies), 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.); and
- 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; and
- 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; or
- 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 the closing of each set of individual financial statements, 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); and
- 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 relevant 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 incorporates the French (ANC) and international accounting principles and methods (IFRS) to be applied by all the Group's entities in their individual financial statements. The foreign subsidiaries take these principles and methods into account when converting from their local accounting standards to French and international standards in the consolidation packages and financial reporting.

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 (*Autorité des Normes Comptables* - 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 with an aim 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 aims to 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.

As an extension of the audit of accounting control procedures conducted by the CNCM’s General Inspectorate in 2012, the Finance Department initiated numerous projects that continued in 2015. These mainly involve the review of IT authorizations for access to accounting production tools, the management of the chart of accounts, procedures for handling manual operations and the first- and second-level accounting control policy.

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 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 the corporate officers.

BFCM's Board of Directors has established internal rules for the Remuneration Committee which are consistent with the regulatory requirements.

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

The Chairman of the Board of Directors

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

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

KPMG Audit
A unit of KPMG S.A.
Tour Eqho
2, avenue Gambetta
92066 Paris – La Défense Cedex

Statutory Auditor
Member of the regional association
of accountants of Versailles

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

Statutory Auditor
Member of the regional association
of accountants of Versailles

Banque Fédérative du Crédit Mutuel
Year ended December 31, 2015

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, 2015.

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 19, 2016

French original signed by
The Statutory Auditors

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

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

II.4.1 - Organization of the policy and employee training

The Group's central ALM Compliance function plays a role in implementing the anti-money laundering and counter terrorist financing (AML/CTF) policy, including coordination, oversight, training, organization and control within the Group. The head of ALM/CFT reports to the head of Compliance, who reports directly to the Group's Executive Management.

To perform the duties assigned to it, the central ALM/CTF function has correspondents within the permanent control and compliance departments of the various regional divisions, business entities and foreign-based entities. These correspondents, particularly the TRACFIN (*traitement du renseignement et action contre les circuits financiers clandestins*) correspondents and declarers, have a functional reporting line to the central ALM/CTF function. Group Compliance delegates responsibility for the country classification, analysis of embargo regulations and alerts analysis elements of the international financial sanctions system to the International Activities Department’s Compliance function.

2015 saw the following developments:

<u>The TRACFIN application (alerts and reporting management)</u>

- the display on the local cooperative bank and branch managers’ TRACFIN home screen of their entity’s cases to be dealt with as well as their own;
- the automatic creation of a “suspect third parties” file in TRACFIN following the confirmation of an alert (OR 201 or 202);
- the possibility for TRACFIN correspondents to create a supplementary suspicious transactions report, either automatically from an existing suspicious transactions report, or manually.
- an increase in the number of attachments that may be included in analysis files in TRACFIN and in any format;
- the addition of a symbol on the TRACFIN display screen immediately identifying the presence of attachments in the files;
- bringing TRACFIN in line with legislative changes (Law of July 26, 2013 removing paragraph IV of Article L. 561-15 of the French Monetary and Financial Code);
- the creation of new principal grounds (rejection or termination of the business relationship) along with specific additional grounds in TRACFIN when creating an analysis file; this is intended to answer new questions included in the annual anti-money laundering questionnaire (QLB) to be returned to the ACPR;
- the roll out of a new alert intended to inform branch managers of a customer who has been the subject of a suspicious activity report by another Group entity or that TRACFIN has forwarded the suspicious activity report to the public prosecutor (OR 583);
- the creation of a “Requisitions” section in TRACFIN to save requisitions with AML/CTF significance in order to keep a record of them as well as the response and to better ensure that the customer is categorized as high risk;
- the management of money-laundering and terrorist financing risk through TRACFIN only;
- the removal of TRACFIN’s “Cancellation” feature that was previously available to the TRACFIN correspondent. Consequently, files can only be downgraded and the downgrade must be defined (classification, obvious error, duplication). This change will show the percentage of files downgraded by TRACFIN correspondents, as requested by the ACPR.

<u>Alerts</u>

- the screening against terrorist lists of prospective customers with a banking relationship;
- the addition of a generic "Beneficial Owner” section in RELA besides the existing, more specific ones;
- the updating of NACE codes in transaction databases taking account of the list of NACE codes classified as high risk by the Bank of Spain.

<u>Control functions</u>

- the dissemination of new checklists and methodological sheets to assist in carrying out the controls and reporting them in the internal control portal;
- the drafting of new procedure sheets for AML alerts (OR 201, 202, 744 and 745);
- more detailed reporting in the TACO control panel including consideration of regional management, district and sector groupings and, for the embargo risk exposure table, the addition of country and currency sorting options;
- the development of a geographic visualization module for AML/CTF reporting data. An initial batch focused on first-level alerts (OR), thereby providing an territorial approach to risk.

Nearly 64% of staff relevant to money laundering risk underwent training in 2015, either in person or through self-study (note that the self-study course is updated every two years).

A meeting of the network's TRACFIN correspondents took place on June 2, 2015, focusing on presenting recent developments in the TRACFIN application and in the TACO control panel (reporting) as well as the SAFEWATCH screening engine. Oversight assignments were also reviewed. Finally, the International Activities Department's Compliance function gave a presentation on the system for handling embargos.

The annual anti-money laundering seminar was held on November 26 and 27, 2015, bringing together the heads of anti-money laundering from all the entities and business lines of French and foreign entities. It focused on tax fraud, particularly in relation to the reporting of suspicious transactions and sharing information within the Group. Presentations were given on tax evasion schemes that the French tax authorities consider abusive and the information-sharing system within the OECD framework. Colleagues from foreign entities described the state of affairs in their countries and the way in which tax evasion is handled compared with the AML/CTF framework. A presentation was also given on what is new in the revised joint ACPR-TRACFIN guidelines on suspicious transaction reports. The recommendations of the CNCM Inspectorate's audit which took place in the first half of the year and the action taken were also discussed.

II.4.2 - Risk classification, description of procedures

II.4.2.1 - Classification and duty of vigilance

At the end of December 2015, heightened vigilance measures were taken for 0.32% of customers.

II.4.2.2 - Changes in procedures

In terms of the Group, all procedures were updated in 2015 to provide clarification regarding customers that pose a money laundering risk on incoming and outgoing transfers and regarding embargos (measures to be taken), to incorporate cash-splitting alerts (OR 537 and 538) and to make drafting corrections.

II.4.3 - Permanent controls

In 2015, at the Group level:

- 172,000 alerts were generated by the applications, 88% of which were processed;
- 26,113 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 first-level control plan is reported in a dedicated application (CINT) and is monitored by the permanent control teams in the regions. Nearly 42,000 controls were carried out with an average overall rating of 3.37 out of 4. The average completion rate for second-level control tasks (CINTMT) carried out by regional AML/CTF heads remained satisfactory at 96%.

The control of incoming cash flows within the framework of EC Regulation 1781/2006 continued. There was no need to submit a report to the General Secretariat of the ACPR for any of the Group's banks for breach of the Regulation’s obligations as any anomalies had been previously explained following contact with the relevant counterparties.

A monthly "Webcheques validation" control is designed to verify the branch network’s proper application of the control procedure for checks issued. The controls and statistics show the proper use of this procedure by the networks in accordance with CRBF regulation 2002-01. The number of branches with anomalies is low and follow-up action is always taken.

The Group Compliance's program regarding on-site oversight of the branch network’s entities was repeated in 2015. It is used to check the implementation of the Group AML/CFT system, standardize practices and identify areas for improvement. The oversight assignments have now been extended to the business lines.

The various controls are enabling better 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 2015, the recommendations made by the ACPR following its 2011 audit continued to be implemented. At the end of 2015, 23 recommendations out of 25 were considered fully implemented. The implementation of the final two recommendations that were scheduled for 2015 have been deferred to 2016. These delays are due to the reorganization of chains or to previous developments that are more significant than expected (WebCheque, OPFL).

CNCM’s Inspectorate conducted an audit of CF de CM, CIC SO, CIC Est and Banque Transatlantique in the first half of 2015. A review was also undertaken at Banque Transatlantique Belgium, Banque Transatlantique Luxembourg and Banque du Luxembourg. The Inspectorate noted the progress that had been made since the last audit. However, some improvements are expected in the methods of handling alerts and use of applications, which are still partly inconsistent across regions.

III. FINANCIAL INFORMATION ABOUT CM11 GROUP

III.1 - CM11 Group business performance and results

III.1.1 – Introduction

III.1.1.1 - Results and financial situation

In an economic environment marked by elevated levels of loan renegotiations and debt consolidation, in 2015 the CM11 Group reported positive sales momentum and results and strengthened its financial position.

The Group recorded net banking income of €12,817 million in 2015, up 6.8% at constant scope against 2014 figures. Net income attributable to owners of the company was €2,258 million in 2015, up 3.6% from 2014 (at constant scope). These results were largely driven by the following factors:

- Net banking income benefited from the 10.8% increase in fee and commission income due to high home loan volumes and continued sales of insurance policies in the network and the private banking business;
- Net banking income from other banking activities, corporate banking, capital markets and refinancing activities, private banking and private equity (CM-CIC Investissement) rose in 2015;
- Insurance, the Group's second-largest business line, recorded €10.5 billion in premium income, close to the record achieved in 2014;
- Net banking income in the holding company services activity improved by 30.9% on the realization of capital gains on sales of available-for-sale securities and the lower cost to refinance BFCM's and CIC's working capital requirements;
- Net additions to/reversals from provisions for loan losses were €803 million, down €69 million or 8.3% at constant scope.

The Group's financial position remained solid, and the balance sheet was adjusted in anticipation of future regulatory requirements. As of December 31, 2015, the loan-to-deposit ratio had improved by 2.2 points to 119.6% versus year end-2014. The Group's medium- and long-term funding was €83.1 billion (including ECB TLTROs) compared with €78.6 billion in the previous year. The Common Equity Tier 1 ratio (excluding transitional measures) was 15.1% and the capital adequacy ratio (excluding transitional measures) was 17.9% as of December 31, 2015.

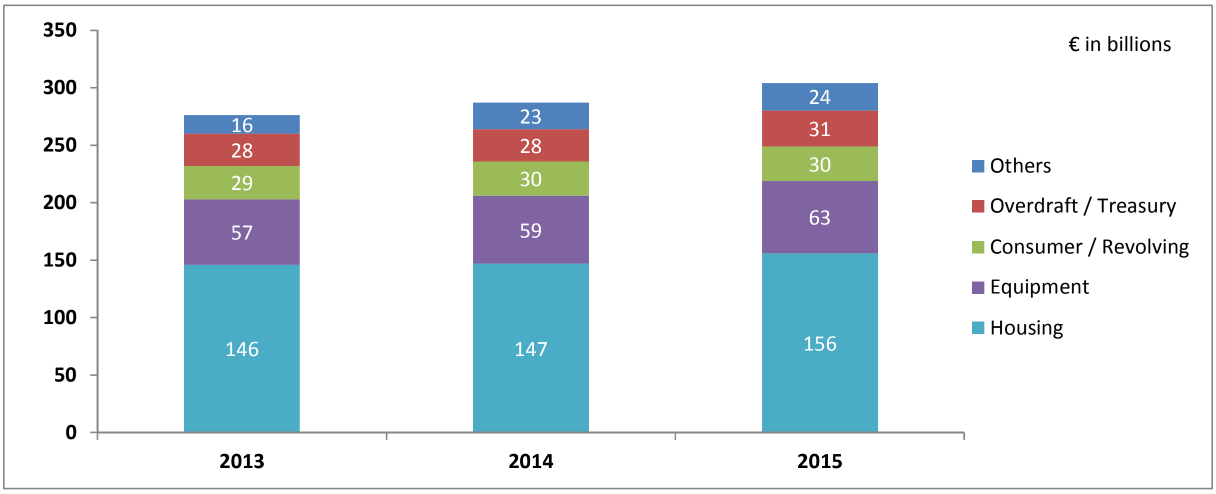
III.1.1.2 - Description of certain factors affecting results and the financial situation

Structure and business segments

The Group's results and financial situation reflect the Group's orientation towards its retail banking and insurance activities. Retail banking typically accounts for nearly three-fourths of the Group's total net banking income (71% in 2015). As a general rule, corporate and investment banking, including 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 (81% in 2015). 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, 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 10% of customer deposits as of December 31, 2015. 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 pays a fixed margin, the share of regulated savings accounts in total customer deposits may affect average net 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. The Group's cost-to-income ratio has remained below the European average despite the negative effects of tax and social security regulations.

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, 2014 and 2015:

(€ millions)	**As of December 31, 2015**	**As of December 31, 2014**
Greece	0	0
Portugal	102	106
Ireland	102	102
Total exposure to Greece, Portugal and Ireland	***204***	***208***
Italy	973	1,101
Spain	488	334
Total exposure to Italy and Spain	***1,461***	***1,435***

As of December 31, 2015, all Greek, Portuguese and Irish sovereign debt securities held by the Group represented 0.5% of shareholders' equity. Further information on the Group's European sovereign debt exposure is provided in Note 7c to the CM11 Group's 2015 consolidated financial statements.

Capital structure

Given the Group's status as a mutual company, the Group's equity is held by the local cooperative banks, which in turn are owned by their members. The Group's net income is allocated primarily to reserves, with 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 for 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

Global economic growth slowed in 2015, yet its pace accelerated in developed countries where consumption was boosted by the drop in oil prices caused by a structural oversupply. In fact, the gaps may be widening between developed and emerging countries. In developed countries, the pace of growth is increasingly out of sync with monetary policy, at a time when the term "BRIC" (Brazil, Russia, India and China), which paints emerging countries as a single entity with the same economic momentum, has lost its meaning.

Central banks provided support at the beginning of the year

At the beginning of 2015, the ECB took decisive action with its decision to launch a large-scale asset purchase program (quantitative easing) on January 22. This decision aimed to guarantee low financing costs, but also to drive the single currency down in order to boost exports. The euro continued the slide that began in 2014 and hit a low of 1.05 in March even as business indicators confirmed encouraging momentum driven by demand. In the United States, however, the Fed remained cautious in the first part of the year in light of low wages, which fueled doubts about the strength of the growth.

In May, assets corrected sharply lower. Yields on government bonds, which had hit all-time lows and were close to 0% in Germany on the ten-year maturity, rebounded sharply while the first signs of a shift in inflation rates quashed most expectations that the economy was falling into a deflationary spiral. At the same time, the European equity markets, which had risen strongly until April, corrected down. Mounting concerns about the soundness of China's growth also weighed on confidence. On the commodities side, U.S. oil production fell only slightly, contrary to expectations, due to a steepening fall in operating costs. In response, the Persian Gulf states increased their production, causing oil prices to plunge once again to $37 in December.

This continued drop in oil prices largely explains the slight uptick in economic growth in the eurozone in 2015. This environment was positive for France, which reported more than 1% growth in 2015, despite the ongoing struggles in the real estate market even with the adjustments decided on by the government to support this sector. The policy measures taken to improve competitiveness led to a recovery of corporate profitability, but these efforts were not enough. France's competitiveness continues to lag, as demonstrated once again by its modest export momentum.

Turmoil in Greece, then China, changed the equation

Greece also contributed to the volatility as it was increasingly in the news in the first half of 2015. The showdown between the country's government, which came to power in early 2015, and its international creditors finally came to a head. The situation turned ugly and caused Greek banks to close temporarily. Since then, the Greek Parliament has approved a series of austerity measures and its European partners have funded the country, but the economic situation may not stabilize until the public debt has been restructured. Elsewhere in Southern Europe, the legislative elections in Portugal and Spain in the second half of the year continued to fuel uncertainty.

At the end of August, investors had to cope with the poor management of the stock market crisis in China, which once again shook their confidence. The abrupt bursting of an unprecedented equity bubble pulled other markets down while fueling fears of a sharp slowdown in growth. Since then, Chinese authorities have adopted a number of measures (both fiscal and monetary) to support the economy and have issued numerous reassuring statements to turn the situation around, but balances are deteriorating and China's ability to reaccelerate is low. More broadly, emerging countries remained under pressure, particularly as expectations of the Fed's first rate hike (in addition to concerns about China) weighed on the exchange rates between their currencies and the dollar for the entire year. The most fragile countries paid the highest price, particularly Brazil, which also experienced intense political tumult with no prospect of an economic recovery in the short term. Russia suffered under the sanctions implemented over Ukraine, and from the collapse in oil prices.

Resilient growth capped off the year

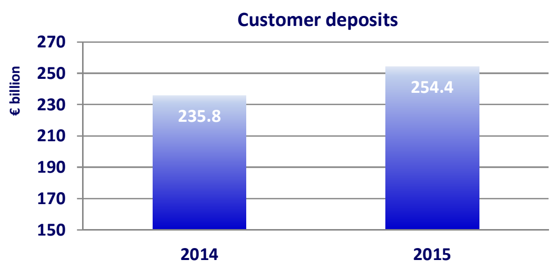
Lastly, the fourth quarter was marked by the attacks in and out of France. Despite those events, some degree of confidence appears to remain in the market. The resilience of developed country economies, combined with the healthy job market in the United States, even allowed the U.S. central bank to finally raise its key rates, albeit modestly, on December 16 from 0-0.25% to 0.25-0.5%. This suggests a gradual improvement in returns on savings. The Group believes the Fed will nevertheless remain very cautious about the pace of rate hikes in 2016 as the industrial sector continues to be hurt by the renewed strength of the dollar. The European Central Bank stepped up its actions in early December due to the weak eurozone inflation expectations. The moderation it exercised led to a correction in the overly upbeat equity markets.

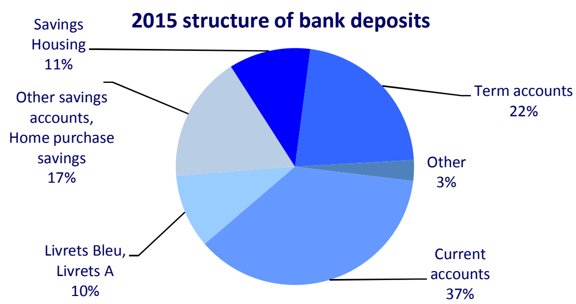
III.1.2.1 –CM11 Group activity

Sales growth continued in 2015. All CM11 Group entities helped it win nearly 400,000 customers (excluding acquisitions), bringing the total number to 24.1 million at December 31, 2015.

Banking

Bank deposits rose by a sharp 7.9% in 2015 versus 4.5% in 2014. The increase was particularly significant for current accounts (up €14 billion, or close to 18%), home savings (up €3.1 billion, or 12.4%) and, to a lesser extent, passbook savings accounts (up €1.8 billion, or 4.4%). Livret Bleu and Livret A savings accounts were stable at €25.5 billion.

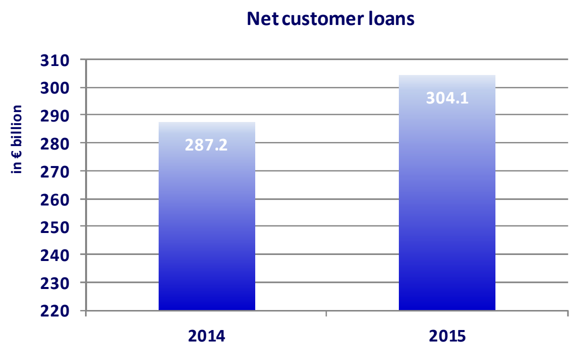


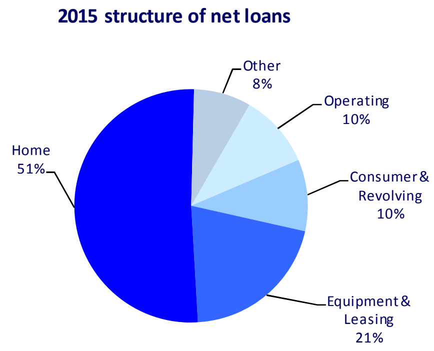


Customer loans, which were up 4.7% in 2014, rose by another 5.7%[5] in 2015, driven by home loan production. Total customer loans grew by €17 billion to €304.1 billion. Home loans, which continued to represent 51% of total loans, rose by €8.7 billion, or 5.9%. Equipment loans and finance leases, intended for the Group's business customers, were up by 6.2%, a €3.7 billion increase. Lastly, growth in consumer credit remained above 2% (2.3%, or a €674 million increase) and exceeded €30 billion. In 2015, loan production was very high at nearly €77 billion, or a third more than in 2014. Home loans

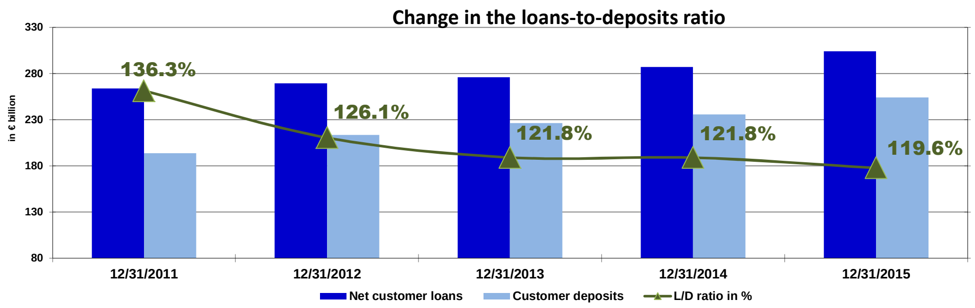
[5] All changes in loans are presented at constant scope.

represented nearly half this amount in what remained a low-rate environment and in light of the large number of renegotiated loans. In addition, the Group granted €25 billion of equipment and treasury loans. These figures demonstrate the CM11 Group's commitment to supporting the projects of companies and individuals.





As growth in deposits (7.9%) was greater than growth in loans (5.9%), the loan-to-deposit ratio fell by 2.2 points. It stood at 119.6% as of December 31, 2015, after remaining stable in 2014 versus the previous year.



Insurance

CM11 Group's insurance business had a good year in 2015, with steady growth in property insurance for individuals and the ramping up of the range of business insurance products.

Premium income was stable at €10.5 billion, reflecting the positive performance by property and casualty insurance and the slight decrease in premium income from life insurance.

In 2015, growth in auto and homeowners' insurance was the strongest it has been in five years due to new policies launched in 2014 and 2015. As the Group sold more than 386,000 auto policies, the portfolio grew significantly to reach 2.5 million policies. Growth in comprehensive homeowners' insurance was also steady, with 340,700 new policies. Property insurance premium income was up 6.2%, or nearly three times the growth in the market.

In personal insurance, the networks made a significant push and underwrote more than 27,000 group health insurance policies.

Premium income in the life insurance and insurance-based savings products segment was €6.3 billion and remained mostly euro-denominated in 2015. Net premium income was €1.5 billion and assets under management rose by 4.7% to €76.4 billion.

Services activities

CM11 Group's technological expertise supports the development of services activities, including telephony and remote surveillance. The Group is implementing innovative new digital wallet solutions (“Fivory”) to meet the needs of customers and merchants.

EI Telecom, the Group's full MVNO, has the technical and commercial ability to offer mobile solutions under five different brands: Crédit Mutuel Mobile, CIC Mobile, NRJ mobile, Cofidis mobile and Auchan telecom.

For EI Telecom, the year was marked by the signature of an MVNO contract with Bouygues Telecom and by the launch of an attractive promotional offer to celebrate the subsidiary's tenth anniversary. EI Telecom saw record growth in its installed base of active postpaid subscribers, with 200,000 additional lines bringing the number of active customers to 1.5 million.

Customers reported a 91.5% rate of satisfaction with EI Telecom's service.

The company's revenues rose by about 6% in 2015 to €406 million, driven by growth in interconnection revenues and in revenues from services, which increased by €17 million to €311 million. Net income was virtually unchanged at €8.5 million (up 3.5% in 2015 versus 2014) after fees paid to the distribution networks.

The subscriber base of Euro Protection Surveillance, CM11 Group's remote surveillance subsidiary, is made up of nearly 390,000 individual and business customers, representing a 6.9% increase over 2014. With a domestic market share of 31%, EPS is the leader in France and in third place in Europe after Verisure and Sector. In France, one in three individuals who purchase remote surveillance are EPS subscribers.

Revenue in 2015 was €142.3 million (up 8% in 2015 against 2014 figures) and net income was €20.8 million (up 18.2%).

To meet the needs of member-customers, CM11 Group has created one diversified division, “CM-CIC Immobilier,” to house all its real estate subsidiaries. Concerning new property sales, CM-CIC Agence Immobilière reported 6,584 unit reservations in 2015, up 31% from 2014; CM-CIC Gestion Immobilière had 3,960 leases in aggregate (up 34%); and CM-CIC Aménagement Foncier recorded 950 building lot reservations (up 47%). On the development side, ATARAXIA Promotion reported a 14% increase in reservations to 439.

III.1.2.2 – CM11 Group results

In this section, the “ at constant scope” footnote means after adjusting for first-time consolidations in 2015, i.e., Cofidis SGPS (retail banking segment), Fivory SAS and Euro Automatic Cash (logistics and holding company services segment)*

	Year ended December 31		
(€ millions)	**2015**	**2014**	*change **
Net banking income	**12,817**	**11,973**	**+6.8%**
Operating expenses	(7,907)	(7,546)	+4.4%
Gross operating income	**4,910**	**4,427**	**+10.8%**
Cost of risk	(803)	(872)	-8.3%
Operating income	**4,107**	**3,555**	**+15.5%**
Gains/losses on other assets	(64)	55	na
Income before tax	**4,044**	**3,610**	**+11.8%**
Corporate income tax and other	(1,530)	(1,195)	+27.6%
Net income (loss)	**2,514**	**2,415**	**+4.0%**
Non-controlling interests	256	235	+8.7%
Net income attributable to the Group	**2,258**	**2,179**	**+3.6%**

** at constant scope*

Net banking income

CM11 Group’s net banking income totaled €12,817 million in 2015, up 6.8% from the previous year at constant scope. This increase resulted from the following factors:

- Fee and commission income rose 10.8% due to high home loan volumes and continued sales of insurance policies in the network and the private banking business;
- Net interest margin, at €5.6 billion, fell by a slight 1% owing to the persistently low rate environment and declining revenues from loans that were renegotiated or repaid early;
- Net banking income from other banking activities, corporate banking, capital markets and refinancing activities, private banking and private equity (CM-CIC Investissement) rose in 2015;
- Insurance, the Group's second-largest business line, recorded €10.4 billion in premium income, close to the record achieved in 2014; and
- Lastly, net banking income in holding company services activity improved by 30.9% on the realization of capital gains on sales of available-for-sale securities and the lower cost to refinance BFCM's and CIC's working capital requirements.

Retail banking and insurance combined accounted for approximately 82.6% of net banking income in 2015, compared with 84.9% the previous year. The table below shows the breakdown of net banking income by activity.

(€ millions)	**2015**	**2014**	*change **
	Year ended December 31		
Retail banking	9,585	9,124	+4.7%
Insurance	1,553	1,591	-2.4%
Corporate banking and capital markets	785	718	+9.4%
Private banking	510	458	+11.3%
Private equity	172	149	+15.5%
IT, Logistics and holding company	877	585	+50.0%
Intra-Group transactions	(664)	(651)	+2.0%
Total	**12,817**	**11,973**	**+6.8%**

** at constant scope*

The geographic breakdown of the 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 81% of net banking income in 2015, roughly comparable to the previous year’s result. The following table shows net banking income by region in 2014 and 2015.

	Year ended December 31		
(€ millions)	**2015**	**2014**	**Change (2015/2014)**
France	10,392	9,923	+4.7%
Europe, excluding France	2,216	1,855	+19.5%
Other Countries	209	196	+6.8%
Total	12,817	11,973	+7.0%

Pursuant to article 7 of Law 2013-672 of July 26, 2013 of the French 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 Groupgroup has a site.

The country in which each entity is located is mentioned in the consolidation scope. The Groupgroup 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.

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	1,203	276	-113	37	-60	7,071	0
Belgium	126	33	-6	2	-8	574	0
Spain	255	106	-23	0	-8	1,511	0
United States	136	75	-8	-39	-5	84	0
France	10,388	4,977	-1,304	8	-1,675	50,309	0
Hungary	18	7	0	0	-2	172	0
Italy	32	1	0	0	-1	190	0
Luxembourg	294	138	-35	5	-18	801	0
Morocco	0	65	0	0	0	0	0
Monaco	3	2	0	0	0	9	0
Poland	0	0	0	0	0	0	0
Portugal	136	79	-21	0	-4	596	0
Czech Republic	7	-2	0	0	-1	154	0
UK	43	32	-7	1	-2	47	0
Saint Martin	2	1	0	0	0	8	0
Singapore	71	13	-1	0	-3	232	0
Slovakia	0	-1	0	0	0	1	0
Switzerland	103	20	-3	0	-10	309	0
Tunisia	0	17	0	0	0	0	0
Total	**12,817**	**5,839**	**-1,520**	**14**	**-1,797**	**62,068**	**0**

Operating income before provisions

Gross operating income totaled €4,910 million in 2015, up 10.8% at constant scope from €4,427 million the previous year. The rise was due to a smaller increase in general operating expenses than in net banking income. The overall cost-to-income ratio was 61.7% in 2015, compared with 63% in 2014.

Operating expenses (general operating expenses and allocations to/reversals from depreciation, amortization and impairment of property and equipment and intangible assets) was €7,907 million in 2015, up 4.4% at constant scope. This increase resulted from the following factors:

- A 4.8% increase in payroll costs from €4,417 million in 2014 to €4,639 million in 2015 due to the addition of 672 employees during the year. The average number of employees rose from 61,396 in 2014 to 62,068 in 2015, with the increase due mainly to the first-time consolidation of Atlantis, Banif Mais and Centax.
- Other general operating expenses (including depreciation, amortization, impairment and provisions) increased by 3.8% at constant scope to €3,268 million in 2015. This increase was due to the new taxes and contributions arising from the introduction of European supervision and resolution mechanisms applicable to CM11 Group.

Analysis of cost of risk and non-performing loans

Net additions to/reversals from provisions for loan losses were €803 million, down €69 million or 8.3% at constant scope, confirming the high quality of the portfolio and the Group's careful risk monitoring. This improvement concerned both retail banking and private banking.
Net provisions for specific exposures (excluding collective provisions) on customer loans fell by 4.3% to €831 million and a net reversal of €28.3 million was recognized in collective provisions (compared with a net addition of €4.4 million in 2014).

As a percentage of outstanding loans, net additions to/reversals from provisions for losses on customer loans were 0.26% in 2015 versus 0.31% in 2014.

	Year ended December 31	
Cost of risk (% of customer loans)	**2015**	**2014**
Banking networks[1]	**0.13%**	**0.16%**
o/w Individuals	0.06%	0.07%
o/w Home loans	0.05%	0.05%
Targobank Germany consumer credit	**1.02%**	**1.17%**
Cofidis consumer credit	**2.89%**	**3.34%**
Corporate banking[2]	**0.16%**	**0.15%**
Private banking	**-0.07%**	**0.03%**
Cost of total customer risk	**0.260%**	**0.310%**

(1) *Mutual banking division, CIC, BECM and CIC Iberbanco networks (excluding Targobank Germany, Cofidis and network support subsidiaries)*
(2) *Large corporates, International (incl. foreign branches), Specialized financing.*

As of December 31, 2015, the share of non-performing loans in the overall portfolio fell to 4.15% compared with 4.42% one year earlier. The ratio of non-performing loans covered by provisions fell slightly from 64.8% at end-2014 to 64.6% at end-2015. The following table summarizes the Group figures on non-performing loans and provisions for impaired loans in 2014 and 2015:

	As of December 31	
(€ billions)	**2015**	**2014**
Gross amount of customer loans	312.5	295.7
Non-performing loans	13.0	13.1
Provisions for loan impairment	8.4	8.5
of which, for individual impairment	*7.9*	*7.8*
of which, for collective impairment	*0.5*	*0.7*
Ratio of non-performing loans (individual non-performing loans / gross customer loans)	4.15%	4.42%
Overall non-performing loan coverage ratio	64.6%	64.8%

See the riskRisk report in section III.3 of this 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.

Operating income

Operating income was €4,107 million in 2015, up 15.5% at constant scope from €3,555 million the previous year. This increase was due to improved net banking income and the decrease in net additions to/reversals from provisions for loan losses.

Other income statement items

Share of net income (loss) of associates. The Group's share of net income (loss) of associates was €43 million in 2015 compared with €71 million in 2014, when a €61 million capital gain on the sale of Banca Popolare di Milano shares was recognized. The amount recorded in 2015 corresponds in particular to the €51.2 million in net income from the Group's investments in Banque Marocaine du Commerce Extérieur, and in the ACMN and RMA Watanya insurance companies, among others. Impairments of the equity-accounted value of BPE and of goodwill on Banque Casino partially offset the results.

Gains (losses) on other assets. Gains (losses) on other assets were a net loss of €16 million due mainly to acquisition expenses for Banif Mais and Centax at Cofidis and the scrapping of IT developments for Banque de Luxembourg.

Change in value of goodwill. In 2015, the CM11 Group recorded an impairment charge ofa €82 million on goodwill for the media division.

Net income (loss)

Net income attributable to owners of the company was €2,258 million in 2015, up 3.6% at constant scope from €2,179 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 2015, it accounted for 71.1% of the Group's net banking income. The following table presents the income statement items for retail banking in 2014 and 2015.

	Year ended December 31		
(€ millions)	**2015**	**2014**	*change **
Net banking income	**9,585**	**9,124**	**+4.7%**
Operating expenses	(5,989)	(5,761)	+3.7%
Gross operating income	**3,596**	**3,363**	**+6.5%**
Cost of risk	(786)	(893)	-12.4%
Operating income	**2,810**	**2,470**	**+13.3%**
Gains/losses on other assets	74	70	+5.7%
Income before tax	**2,884**	**2,539**	**+13.1%**
Corporate income tax and other	(994)	(858)	+15.4%
Net income (loss)	**1,890**	**1,682**	**+11.8%**

** at constant scope*

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

- Net banking income was €9.6 billion in 2015, up 4.7% at constant scope. Interest income rose 2.2% due mainly to the non-recurrence of a €213 million charge recorded in 2014 at Targobank Germany (reimbursements of loan administration fees following a court decision). Excluding this item, the net interest margin would have fallen by 1.6% due to persistently low interest rates and customer loan renegotiations, which weighed on margins. Fees and commissions nevertheless rose by 9.4% due to the loan fees generated by positive business activity. Insurance and account fees also continued to grow.
- Retail banking customer deposits totaled €221.8 billion as of December 31, 2015, up 8.7% from €204.2 billion one year earlier.
- Retail banking customer loans totaled €270.1 billion as of December 31, 2015, up 4.9% from €257.4 billion one year earlier.

Banking networks

In 2015, net banking income for the mutual banking division's retail network rose by 0.6% to €3,131 million, thanks in particular to a 13.1% increase in fee and commission income generated by loan activities; the net interest margin declined. Net banking income for the CIC network rose by 5.5% to €3,306 million due to the improvement in the net interest margin and in fee and commission income.

Net banking income for Targobank Germany rose by a sharp 19.1% to €1,391 million in 2015 due chiefly to the non-recurrence of a €213 million charge associated with the reimbursement of administrative fees for a retroactive period of ten years following a court decision. Targobank Germany consolidated its positions on the consumer credit market; outstanding loans rose by €189 million to €11.2 billion.

Net banking income for the Banque Européenne du Crédit Mutuel (BECM) banking network increased by 4.3% to €238 million in 2015. This increase stemmed from the decrease in the average cost of deposits and the moderate erosion in the average margin on loans at a time of strong sales performances (bank deposits up 27.4% to €10.6 billion and customer loans up 6.9% to €11.4 billion).

Ancillary businesses to retail banking

Net banking income for Cofidis' retail banking activities increased by 1.2% to €1,169 million in 2015. General operating expenses were up 1.3% reflecting the end of the investments in the IT convergence. Net additions to/reversals from provisions for loan losses fell by 7.3% to €328 million. As a result, net income came to €162 million in 2015, up 16.7% versus 2014 (or 10.4% at constant scope).

Retail banking gross operating income was €3,596 million in 2015, compared with €3,363 million in 2014, an increase of 6.5% at constant scope. General operating expenses rose by 3.7% to €5,989 million in 2015. The cost-to-income ratio for the retail banking activities improved by 0.7 point from 63.1% in 2014 to 62.5% in 2015.

Net additions to/reversals from provisions for loan losses contracted by 12.4% at constant scope between 2014 and 2015 to €786 million. This improvement concerned all the retail banking networks: the mutual banking division, the CIC banking network, BECM, Targobank Germany and Cofidis.

These factors led to an 11.8% increase, at constant scope, in net income for the retail banking activity, which rose from €1,682 million in 2014 to €1,890 million in 2015.

Insurance

In 2015, insurance activities contributed 11.5% of the Group's net banking income. The following table shows the income statement items for the Insurance business in 2014 and 2015, as presented in the Group's consolidated financial statements.

	Year ended December 31		
(€ millions)	**2015**	**2014**	*change*
Net banking income	**1,553**	**1,591**	**-2.4%**
Operating expenses	(470)	(427)	+10.0%
Gross operating income	**1,083**	**1,164**	**-7.0%**
Cost of risk	0	0	na
Operating income	**1,083**	**1,164**	**-7.0%**
Gains/losses on other assets	30	(55)	na
Income before tax	**1,113**	**1,109**	**+0.3%**
Corporate income tax and other	(385)	(430)	-10.3%
Net income (loss)	**728**	**680**	**+7.1%**

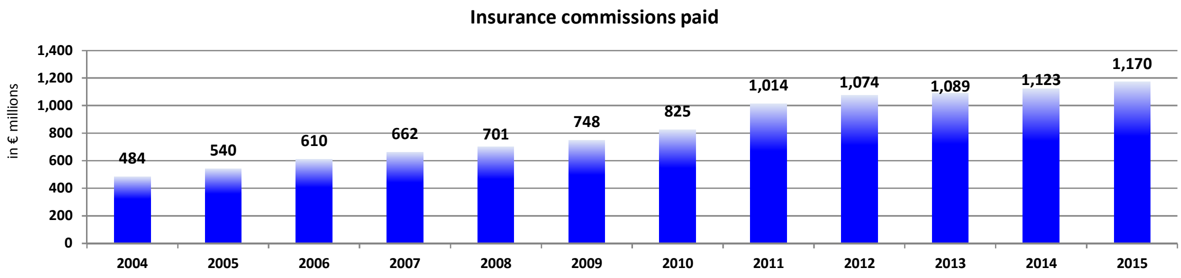
In 2015, net banking income from the insurance business fell by 2.4% to €1,553 million.

The number of insurance policies rose, with 27.8 million policies as of December 31, 2015 compared with 26.2 million one year earlier. As of December 31, 2015, insurance policies by segment broke down as follows: property and casualty, 33%; borrowers', 20%; protection, 20%; life, 12%; auto, 10%; and health, 5%.

- In 2015, insurance premium income was stable at €10.5 billion; the slight drop in premium income from life insurance conceals the positive performance in property and casualty insurance.
- In 2015, property insurance premium income rose 6.2% to €1,537 million on higher sales of auto insurance, up 19.4%, and homeowners' insurance, up 15.4%. Premium income for personal insurance (mainly protection and borrowers' insurance) increased by 1.8% to €2,497 million in 2015.
- The positive trend in property and casualty claims partially offset the impact of the decrease in interest rates on the discounted value of provisioning expenses.

General operating expenses rose by 10% to €470 million in 2015, compared with €427 million the previous year. In 2015 as in the previous year, net additions to/reversals from provisions for loan losses for the insurance business were nil.

Insurance business net income totaled €728 million in 2015, up 7.1% from €680 million in 2014. These results include €1,170 million in commission payments to the distribution network (up by 4.1% relative to 2014).



Corporate banking and capital markets

In 2015, corporate banking and capital markets accounted for 5.8% of net banking income. The following table presents the income statement items for corporate banking and capital markets in 2014 and 2015.

	Year ended December 31		
(€ millions)	**2015**	**2014**	*change*
Net banking income	**785**	**718**	**+9.4%**
Operating expenses	(287)	(285)	+0.6%
Gross operating income	**498**	**433**	**+15.1%**
Cost of risk	(20)	29	na
Operating income	**478**	**461**	**+3.6%**
Gains/losses on other assets	0	0	na
Income before tax	**478**	**461**	**+3.7%**
Corporate income tax and other	(187)	(124)	+51.1%
Net income (loss)	**291**	**338**	**-13.7%**

Corporate banking

Corporate banking had loan outstandings of €14.2 billion at the end of 2015.

In 2015, net banking income of €382 million benefited from the improvement in net interest income (up 12.5% from 2014) with a favorable exchange rate effect at the foreign branch level. This exchange rate effect also impacted general operating expenses of foreign branches, which increased by 10%. Net additions to/reversals from provisions for loan losses fell by 57% to €21 million, with net provisions for specific exposures down by €37 million. Income before tax rose by €43 million to €260 million from €217 million in 2014.

Capital markets activities

The capital markets activity had net banking income of €403 million in 2015, compared with €358 million the previous year. A €2 million provision reversal was recognized for loan losses compared with a €79 million reversal in 2014 on the New York RMBS portfolio.

Income before tax fell from €244 million to €218 million. This figure includes €48 million in commission payments to the networks, a 23% increase over 2014, for interest-rate, foreign-exchange and commodity risk hedging transactions carried out for customers.

Private banking

In 2015, private banking accounted for 3.8% of Group net banking income. The following table presents the income statement items for the private banking activity in 2014 and 2015.

(€ millions)	2015	2014	change
	Year ended December 31		
Net banking income	**510**	**458**	**+11.3%**
Operating expenses	(371)	(338)	+9.8%
Gross operating income	**139**	**120**	**+15.4%**
Cost of risk	9	(2)	na
Operating income	**147**	**118**	**+25.0%**
Gains/losses on other assets	(4)	1	na
Income before tax	**143**	**119**	**+20.7%**
Corporate income tax and other	(41)	(32)	+31.1%
Net gain/(loss) on discontinued operations	(23)	0	na
Net income (loss)	**79**	**87**	**-9.0%**

Bank deposits for private banking were up 12.7% to €18.6 billion at the end of 2015. Loans reached €12.0 billion, up 15.0% from 2014. Savings under management and held in custody were up 7.7% to €85.4 billion.

Net banking income rose by 11.3% to €510 million compared with €458 million in the previous year, due mainly to the €26 million increase in net fee and commission income.

General operating expenses increased by 9.8% with employee expenses up 4.9% (larger workforce) and other expenses up by 17% (investments in IT and change in the goodwill amortization method) in 2015.

Net additions to/reversals from provisions for loan losses shifted from an expense of €2 million in 2014 to income of €9 million.

Income before tax was €143 million in 2015 (€119 million in 2014), up 20.7% before recognition of a €23 million after-tax loss at Banque Pasche, now considered a discontinued operation.

Private equity

In 2015, the Group's private equity business accounted for 1.3% of net banking income. The following table presents the income statement items for the private equity business in 2014 and 2015.

(€ millions)	2015	2014	change
	Year ended December 31		
Net banking income	**172**	**149**	**+15.5%**
Operating expenses	(41)	(38)	+8.9%
Gross operating income	**131**	**111**	**+17.8%**
Cost of risk	0	(0)	na
Operating income	**131**	**111**	**+17.9%**
Gains/losses on other assets	0	(0)	na
Income before tax	**131**	**111**	**+17.9%**
Corporate income tax and other	(5)	0	na
Net income (loss)	**126**	**111**	**+13.7%**

Invested capital totaled €1.9 billion at year-end 2015, including €310 million in 2015. The portfolio consists of 435 equity investments.

The private equity business performed well in 2015, with net banking income of €172 million in 2015, compared with €149 million in 2014, and income before tax of €131 million, compared with €111 million in the previous year.

The following table presents the investments and funds managed by this business segment as of December 31, 2015.

(€ millions)	
Aggregate amount of Group's equity investments[1]	1,860
Value of Group's portfolio, excluding equity investments managed for third parties	2,078
Equity investments managed for third parties	302

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

IT, Logistics and holding company

IT, Logistics and holding company comprise two separate segments. The first 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 second includes the activities for coordinating and servicing the subsidiaries, including: IT systems; the Group's real estate; and 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 members of CM11 and the local cooperative banks of other federations. The holding company segment's results also include the Group's investments and acquisitions (notably goodwill impairment and acquisition refinancing costs), as well as start-up costs of new branches and local cooperative banks.

The following table presents the income statement items for the logistics and holding company services activities in 2014 and 2015.

	Year ended December 31		
(€ millions)	**2015**	**2014**	*change **
Net banking income	**877**	**585**	**+50.0%**
Operating expenses	(1,413)	(1,348)	+3.9%
Gross operating income	**(536)**	**(764)**	**-31.4%**
Cost of risk	(6)	(6)	+4.9%
Operating income	**(542)**	**(769)**	**-31.1%**
Gains/losses on other assets	(163)	40	na
Income before tax	**(705)**	**(730)**	**-4.2%**
Corporate income tax and other	106	247	-57.3%
Net income (loss)	**(599)**	**(482)**	**+23.1%**

** at constant scope*

Net banking income from the logistics and holding company services activities totaled €877 million in 2015, up from €585 million the previous year. These figures reflect the following factors:

- The Group's "IT, logistics" activity generated net banking income or gross margins of €1,388 million in 2015, up 4.8% at constant scope from €1,324 million in 2014. This increase was mainly due to the growth recorded by Euro Information, Euro Protection Surveillance and EI Telecom, which contributed €63 million to the increase in net banking income for this business. It was partially offset by the decline in the margin of the Group's media division (down €3.6 million).

- The Group's holding company activities generated negative net banking income of €511 million in 2015, compared with a €740 million loss in 2014. This improvement was due to positive portfolio transaction results and lower segment-based provisions.

General operating expenses rose by 3.9% from €1,348 million in 2014 to €1,413 million in 2015, due mainly to the first-time consolidation of Fivory SAS and the increase in IT expenses associated with ongoing projects.

Net additions to/reversals from provisions for loan losses for this business line were €6 million in both 2015 and 2014; provisions cover delinquent payments at EI Telecom.

Overall, the IT, logistics and holding company activities recorded a net loss of €599 million in 2015, compared with a net loss of €482 million the previous year.

III.1.2.4 –CM11 Group's financial situation

CM11 Group's total assets increased by 4.8% at constant scope in 2015. 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 119.6% as of December 31, 2015.
- 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. Significant progress has therefore been made in connection with the Basel 3 liquidity ratios, which are now above the 100% threshold; the LCR was 140% as of December 31, 2015.
- CM11 Group has a net stable funding surplus of €35.3 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 4.42% at end-2014 to 4.15% as of December 31, 2015. Moreover, the Group's non-performing loan coverage ratio remained high at 64.6% as of December 31, 2015, compared with 64.8% one year earlier.
- As of December 31, 2015, shareholders' equity was €37.5 billion and Common Equity Tier 1 capital was €29 billion. The Common Equity Tier 1 ratio excluding transitional measures was 15.1%, one of the best at the European level. The capital adequacy ratio excluding transitional measures was 17.9% and the leverage ratio in accordance with the delegated act excluding transitional measures was 5.7%.

Assets

Summary. The Group's consolidated assets totaled €570.6 billion as of December 31, 2015, up 4.9% from €543.7 billion one year earlier. This 4.9% increase in total assets between 2014 and 2015 was due to several factors: increase in loans and receivables due from credit institutions (+€26.6 billion, or 61.1%), in loans and receivables due from customers (+€16.9 billion, or 5.9%) and in available-for-sale financial assets (+€9.7 billion, or 9.7%), partially offset by the decrease in amounts due from central banks (-€22.7 billion, or 67.2%).

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 was €27.1 billion as of December 31, 2015, down 10.7% from €30.4 billion one year earlier. As of December 31, 2015, financial assets at fair value through profit or loss represented 4.8% of the Group's total assets.

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 €110.3 billion as of December 31, 2015, up from €100.6 billion one year earlier. This increase was due primarily to the nearly €6 billion rise in the "Bonds and other fixed-income securities" line.

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 reached €70.3 billion as of December 31, 2015 compared with €43.6 billion one year earlier. The change stemmed mainly from an increase in overnight accounts with central banks.

Loans and receivables due from customers. Loans and receivables due from customers totaled €304.1 billion as of December 31, 2015, a 5.9% increase from €287.2 billion one year earlier. This change was driven by the increase in home loans from €147.4 billion at end-2014 to €156.2 billion as of December 31, 2015 and by the €3.4 billion increase in equipment loans in 2015.

Liabilities

Summary. The Group's consolidated liabilities (excluding shareholders' equity) totaled €533.1 billion as of December 31, 2015, up 4.8% from €508.9 billion one year earlier. These liabilities include subordinated debt totaling €6.1 billion as of December 31, 2015, up from €6.5 billion one year earlier. The increase in total liabilities in 2015 was mainly due to higher amounts due to customers (mainly deposits) at €18.5 billion (up 7.9%) and higher technical provisions on insurance policies at €3.5 billion (up 4.2%).

Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss totaled €13.5 billion as of December 31, 2015, down 20% from €16.9 billion one year earlier as a result of a decline in interbank liabilities and trading derivatives.

Liabilities to credit institutions. Amounts due to credit institutions rose by €6.8 billion (up 18.2%) to €44 billion as of December 31, 2015.

Liabilities to customers. Liabilities to customers consist mainly of sight deposits, term accounts, regulated savings accounts and repurchase agreements. Amounts due to customers totaled €254.4 billion as of December 31, 2015, compared with €235.8 billion one year earlier. This increase was mainly due to current accounts and home savings accounts.

Debt securities. Debt securities consist of negotiable certificates of deposit and bond issues. Debt securities totaled €105.4 billion as of December 31, 2015, roughly stable relative to 2014.

Technical provisions on insurance policies. Technical provisions on insurance policies totaled €88.1 billion as of December 31, 2015, compared with €84.6 billion one year earlier, a 4.2% increase.

Consolidated shareholders' equity

Consolidated shareholders' equity attributable to the Group was €37.5 billion as of December 31, 2015, compared with €34.9 billion one year earlier. The increase mainly reflected net income in 2015.
Non-controlling interests increased from €2,621 million at end-2014 to €2,861 million as of December 31, 2015.

Liquidity and refinancing

The CM11 Group is in compliance with the provisions introduced following transposition of the directive and by the decree of November 3, 2014 on the internal control of banking sector companies, payment services and investment services subject to ACPR supervision.
Since the creation of the Banking Union in November 2014, and of the Single Supervisory Mechanism (SSM), the Group has been supervised by the ECB and the ACPR.
The CM11 Group has adopted a centralized liquidity management system, both for access to the markets and for monitoring and implementing hedging at the corporate entities.
Liquidity risk is incorporated into the overall risk policy.

The Group has opted for a cautious liquidity risk management and control policy. As its culture is risk averse, it has selected a low risk tolerance.
This is defined by stringent funding requirements for automatic hedging of financing activities, and control over the transformation generated on future maturities ranging from three months to seven years.

Liquidity management is based on the following:

- Consolidated LCR target stabilized at "around 115%,"
- Composition of the buffer in compliance with Basel III requirements,
- ALM rules adapted to the weightings of the LCR and NSFR,
- Diversification of refinancing sources by types of investors, by geographic markets and by currencies.

BFCM is the only Group entity that is active in medium- to long-term financing on the capital markets. Both BFCM and CIC carry out market issues for short-term financing.

In 2015, CM11 Group's market refinancing benefited from the increased confidence of major international investors when it made issues. This can be attributed to the regular roadshows held to provide investors with a thorough understanding of the Group's fundamentals.

External funds raised stood at €123.9 billion, up 3.9% from €119.3 billion in 2014. This growth stemmed mainly from the increase in medium- and long-term funding intended to continue the consolidation of the Group's market finance.

- Short-term refinancing

Short-term funding remained stable at €40.8 billion and now represents 32.9% of the total, compared with 34.1% at end-2014. The 30% share of Euro Commercial Paper (ECP) placed with international investors is a useful supplement to the traditional funding raised through negotiable certificates of deposit (NCDs).
Amounts outstanding fluctuated somewhat during the year. The eurozone money market is now facing negative interest rates across all maturities and offers less consistency.

- Medium- and long-term refinancing

Medium- and long-term funding amounted to €83.1 billion (including the ECB TLTROs) compared with €78.6 billion one year earlier.
BFCM issues accounted for the majority of the €12.1 billion issued on the markets. They consisted of private issues as well as large-scale public issues. The latter included:

- €1.25 billion in a 10-year issue (January);
- €1.75 billion in a 2-year issue (March);
- €1 billion in a 10-year issue of Tier 2 subordinated notes.

In addition to these euro-denominated issues, BFCM carried out issues targeting investors in more distant regions:

- $1 billion (US 144A format) in a five-year issue (October);
- JPY 109.4 billion (samurai format) in five tranches between three and ten years (October).

Also worth noting are the two covered bond issues carried out by the Group's specialized subsidiary, Crédit Mutuel-CIC Home Loan SFH:

- €1 billion in a seven-year issue (January).
- €1 billion issue maturing in more than ten years (December).

In 2015, the Group signed a new €400 million loan facility with the EIB for small- and medium-sized businesses. This amount, twice that of the previous facility, reflects the Group's customers' interest in this type of financing. Other proposals for innovative SMEs are also under consideration with a view to strengthening the Group's cooperation with the EIB.

The liquidity coverage ratio (LCR) liquidity buffer managed by the central treasury department stood at €58 billion at end-2015 compared with €49 billion at end-2014. This enables the Group to comply comfortably with the LCR regulatory requirement (140% at December 31, 2015). Liquid assets eligible for the ECB totaled €93.8 billion. This ensures coverage up to 181% of market resources falling due within the next 12 months (165% at end-2014).

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-2015, the Group’s stable funding totaled €375 billion and total loans and advances to customers, securities held to maturity and mandatory uses of funds were €339.7 billion. The Group therefore has a net stable funding surplus of €35.3 billion.

Solvency

As of December 31, 2015, shareholders’ equity was €37.5 billion and Common Equity Tier 1 capital was €29 billion. CM11 Group's Common Equity Tier 1 ratio was 15.1% (excluding transitional measures) versus 14.4% at end-2014, one of the best at the European level. The capital adequacy ratio was 17.9% (excluding transitional measures) and the leverage ratio in accordance with the delegated act was 5.7% (excluding transitional measures).

CET1 capital increased by €2.6 billion during the period (up 10%) thanks mainly to the allocation of a high percentage of earnings to reserves. Risk-weighted assets amounted to €192.5 billion at end-2015.

European supervision - Supervisory Review and Evaluation Process (SREP)

In accordance with Pillar 2, following the Supervisory Review and Evaluation Process (SREP) conducted by the European Central Bank, the Common Equity Tier 1 (CET1) requirement applicable to CM11 Group on a consolidated basis was set at 8.25% (phased-in ratio including the capital conservation buffer) at January 1, 2016. The additional capital buffer required in light of Crédit Mutuel Group’s status as a systemically important financial institution is 0.125% as from January 1, 2016 and will be increased by 0.125% each year to reach 0.5% in 2019. CM11 Group’s capital adequacy ratio is therefore 8.375% at January 1, 2016.

III.2 - Recent developments and outlook

III.2.1 – Events after the reporting period

On March 31, 2016, CM11 Group exercised a call option through BFCM to acquire 1.02% of the share capital of Targobank Spain owned by Banco Popular. On completion of this transaction, BFCM held 51.02% of the capital of Targobank Spain and Banco Popular held 48.98%. BFCM also has the right to appoint the majority of the directors of Targobank Spain.
The acquisition was carried out in accordance with the option plan established by the parties when BFCM acquired 50% of the share capital of Targobank Spain in October 2010.

III.2.2 – Outlook

All Group entities had encouraging sales momentum in 2015, supporting the quality improvement strategy implemented many years ago.

The Group intends to expand this strategy in 2016 to account for the low interest rate environment and tougher competition. The Group accordingly aims to focus on winning new customers and members, across all markets, and building their loyalty; on increasing lending, in particular in consumer credit and secured financing (factoring, finance leases) for business and professional customers; and on developing services, especially in insurance and technology.

The Group will, at the same time, aim to maintain strict control over general operating expenses and risks, making the sales networks a priority by streamlining overheads and keeping payroll under control.
To support these changes, the 2014-2016 medium-term plan will be extended to 2018 and the Group aims to implement an IT and organization plan over the next three years to improve the tools and assistance provided to customer relationship managers and the networks so as to better serve members and customers.

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.

The term "Group" as used in this Registration Document is interchangeable with and has the same meaning as the "CM11 Group."

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 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.
Exposures to credit risks and their measurements can be found in the risk report at section III.3.2.2 of this Registration Document.

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 in 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 described in greater detail in the risk report at section III.3.4 of this Registration Document.

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.

Data on losses from operational risks are provided in section III.3.6.10 of this Registration Document.

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. For example, sovereign yields in core European countries and in most peripheral countries have tightened further. In this context, short-term money-market rates have fallen into negative territory since the beginning of the first half of 2015.

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.

In 2015, the markets began to assess more closely the effectiveness of the measures taken by the central banks to revive the economy. They thus became more turbulent, particularly in the fourth quarter. While in Europe the ECB's quantitative easing programs (purchases of ABS in 2014 and of public debt in 2015) and repeated key rate cuts did not seem to have lasting positive impacts on the economy, in the United States the Fed, after dithering for months about raising its rates, finally took the plunge in mid-December. However, in its meetings since then it has been cautious in its communications about possible additional hikes in 2016 (specifically in terms of pace and extent). Doubts have surfaced about the strength of U.S. growth. These various factors could affect the Group.

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 2016, 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, cannot be ruled out.

Market turmoil is therefore likely to continue in 2016. This is particularly troubling as consensus fears the central banks will run out of tools, which would necessarily create substantial risks for the Group.

In addition to the uncertainties in the United States, concerns about the extent of the slowdown in China and about the "favorable environment" in Europe, which does not appear to be enough to revitalize the eurozone economy (low interest rates, low exchange rates, low oil prices), are having a negative impact on the markets. Given this complex environment, some of the Group's activities could experience slower growth.

Legislative action and regulatory measures in response to the global financial crisis may materially impact the Group and the financial and economic environments in which it operates.

Legislation and regulations have recently been enacted or proposed to introduce a number of changes, some permanent, in the global financial environment. While the aim of these new measures is to avoid a recurrence of the financial crisis, their impact could be to change substantially the environment in which the Group and other financial institutions operate.
The new measures that have been or may be adopted mainly include more stringent capital and liquidity requirements, taxes on financial transactions, limits and rules for employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds) or new ring-fencing requirements relating to certain activities, restrictions on certain types of financial activities or products such as derivatives, mandatory writedown or conversion into equity of certain debt instruments, enhanced recovery and resolution regimes, 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. For example, new solvency and liquidity ratios have emerged and impose new constraints on the Group (particularly in terms of the potential additional costs of issuing subordinated debt).

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 all of the impacts these measures will have on the Group. 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. The first financial impacts resulted in the establishment of the additional capital buffers required of banks. On the EBA's recommendation, on December 31, 2015 many European banks therefore published the minimum CET1 ratio required under Pillar 2 as set by the ECB and applicable as of January 1, 2016. These "Pillar 2" requirements are derived from the bank-by-bank analyses conducted by supervisors through the Supervisory Review and Evaluation Process (SREP). This overall Pillar 2 requirement covers the conservation buffer, the countercyclical buffer and the systemic risk buffer (which does not exist in all countries). The buffer requirements for G-SIFIs and domestic SIFIs must also be met. While at present the additional SREP requirements for CM11 Group[6] are minimal, they incorporate qualitative criteria, mainly for governance, and the Group is not immune from the possibility of future upward revisions. 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. At present, one of the risks identified involves the increasing number and recurring nature of the regulatory reports to be completed (ICAAP, ILAAP, crisis resolution plan, templates for the Single Resolution Board, etc.) in very short time frames. This ties up headquarters support staff resources and necessarily limits the time they can spend on "day-to-day" business. In addition, non-completion (or completion deemed insufficient by the regulatory authorities) can lead to sanctions on the Group (mainly through additional capital requirements[7]).

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 2015, France accounted for 81% of the Group's net banking income and approximately 90% of its customer credit risk.

The impact of Moody's downgrade of France's rating from Aa1/negative outlook to Aa2/stable outlook on September 18, 2015 was felt across the entire economy. France is now at the same Aa2/AA rating at the three agencies. The outlook is stable except at S&P, where it remains negative. Downgrades of France's sovereign rating would inevitably lead to a downgrade of BFCM's rating, which would have a negative impact on the Group's refinancing conditions (see below).

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 55% of the Group's total portfolio of customer loans, excluding accrued interest as of December 31, 2015) 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

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[6] The CET1 requirement with Pillar 2 required by the ECB for CM11 is 8.25%. This requirement covers all the buffers provided for in Basel III (progressive until 2019), with the exception of the additional systemic institution buffer. For CM11 Group, the total SREP add-on is 3.25%.

[7] The minimum requirement for own funds and eligible liabilities (MREL) ratio, for example.

derivatives contracts of the Group's financing and market segment (CM-CIC Marchés). On June 23, 2015, Fitch Ratings confirmed BFCM's A+ rating. After a change in its methodology, Moody's Investors Service initially raised BFCM's rating by one notch on June 30, 2015 then lowered it by one notch on September 24, 2015. Ultimately BFCM's Aa3 rating was confirmed for 2015.
Lastly, Standard & Poor's confirmed Crédit Mutuel's[8] A rating while maintaining its negative outlook due to "internal governance tensions" which, in the agency's words, "could weigh on the group's operational performance and strategic focus."
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 bonds, which is influenced both by the credit quality of those bonds, 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

[8] S&P's long-term senior A rating is a Crédit Mutuel Group rating which applies to all of Crédit Mutuel'sCM's federal bank (*caisses fédérales*) entities and to CIC.

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 particular), 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;
- 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 to intervene as for instance to remove senior executives, or transfer all or part of the activities or assets (ii) 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) 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 proposal of Regulation on benchmark indices, (iv) the European mechanism of single supervision; the European mechanism of single resolution, and the European Directive on redressing the resolution of banks.

- 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 Directive on the Resolution of Banks, which increases the powers of prevention and resolution of 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 Council of the European Union 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 Council of the European Union adopted the execution Regulation proposed by the EC setting banks' contributions to the Single Resolution Fund, providing for annual contributions to the SRF by banks calculated proportionally to the amount of their liabilities, excluding shareholders' equity and hedged deposits, and adjusted based on their risk profiles. After January 1, 2016, pursuant to the Directive on the Resolution of Banks, the Single Resolution Fund will replace the implemented national resolution funds. 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 of 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, through, 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.

A market slowdown would lead to a decline in transaction volumes and slower growth of asset management, life insurance and similar products. These transactions and products generate fee and commission income for the Group, which could therefore be adversely affected in the event of a slowdown in these areas. This was the case during the financial crisis. In addition, because the fees that the Group charges for the management of its customers' portfolios are in most cases based on the value or performance of those portfolios, a market downturn would reduce the value of the managed portfolios, and as a result, the revenues generated by the Group's asset management and private banking businesses. Any future downturn could therefore have negative 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 assets 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 earnings and financial position. As such, the future entry into force of IFRS 9, which changes provisioning methodologies, is a risk factor for the Group as it will have to adjust its methodologies and maintain consistency in its estimate levels.

The Group's hedging strategies do not rule out the risk of loss.

If any of the variety of instruments and strategies that the Group uses to hedge its exposure to various types of risk in its businesses is not effective, the Group may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Group holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the Group may only be partially hedged, or these strategies may not be fully effective in mitigating the Group's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also affect the Group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Group's reported earnings.

The Group's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially affect its performance.

The Group's employees are one of its most 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 interest claimed is not specified or not known, even more so 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 Cooperative Banks.
BFCM does not own any interest in the Local Cooperative Banks. BFCM does not share in the profits and losses of the Local Cooperative Banks. Its economic interest in the results of the Local Cooperative 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 Cooperative Banks.

The Local Cooperative 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 Cooperative Banks, including 93% through the Caisse Féderale de Crédit Mutuel (CFde CM). As a result, CFde CM and the Local Cooperative 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 Cooperative Banks
The Local Cooperative 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 Cooperative Banks, and not on any legal obligation. If BFCM's financial condition were to deteriorate, there can be no assurance that the Local Cooperative Banks or CFdeCM would recapitalize or otherwise provide support to BFCM.

Local Cooperative Banks that 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 Cooperative 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 Cooperative 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 Cooperative 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 cooperative banks that are not part of the Group.

Some aspects of the 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 cooperative 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 the Group classifies into several risk-based categories that help determine the targeting of marketing efforts. A loan file is prepared to support the loan origination process.

Risk assessment

Risk assessment 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 is common to the entire Crédit Mutuel Group and 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: a stability assessment, a performance

analysis and additional analyses. CNCM is responsible for this monitoring, which covers each rating model.

Risk groups (counterparties)
Individuals or legal entities that constitute a single risk because one of them, directly or indirectly, has control over the other or others or because they are so interconnected that, if one of them were to experience financial problems, in particular funding or repayment difficulties, the others would be likely to encounter funding or repayment difficulties, are considered a "group of connected customers."
Risk groups are established based on a procedure that incorporates the provisions of Article 4.1.39 of EU regulation 575/2013.

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 relevant 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 system to channel items through the 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 the personal approval powers, the decision falls to a Loan Origination Committee, whose operating rules are set by certain 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; and
• 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; and
- new and existing loans, based on elements adapted to suit the business lines concerned (rating, market, lending products, business segments, remuneration).

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

Commitment monitoring

Together with other interested parties, the Lending Unit contributes to the quarterly, formalized monitoring of the quality of the credit risk of each business line.
This Lending Unit monitoring is conducted independently from the loan origination process, in addition to and in coordination with the actions taken mainly by first-level control, 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 applies “Major Risks” limits, determined based on either a 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.

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

. *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 (ANC (*Autorité des Normes Comptables* — Accounting Standards Authority) Regulation 2014-07 of November 26, 2014/Regulation (EU) 575/2013), this definition draws a correlation between the Basel concept of loans in 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 considered “At-risk Items” and then allocating them to the category corresponding to their situation: sensitive (not downgraded), non-performing, irrecoverable 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.

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 by dedicated teams specialized by market, type of counterparty or collection method.

III.3.2.2 - Quantitative data

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

Exposure

Total gross exposure came to €368.5 billion, up by 13.9% compared with year-end 2014. Loans to customers totaled €305.6 billion, up by 5.8% relative to 2014, while loans to credit institutions were up by 81%.

(in € millions)	12/31/2015	12/31/2014
Loans & receivables		
Credit institutions	62,920	34,775
Customers	305,593	288,813
Gross exposure	**368,514**	**323,588**
Impairment provisions		
Credit institutions	0	-3
Customers	-8,380	-8,471
Net exposure	**360,134**	**315,115**

Source: Accounting - excluding repurchase agreements.

Commitments given

(in € millions)	12/31/2015	12/31/2014
Financing commitments given		
Credit institutions	1,242	1,452
Customers	53,490	48,897
Guarantee commitments given		
Credit institutions	1,322	1,740
Customers	15,433	15,184
Provision for risks on commitments given	**126**	**156**

Source: Accounting - excluding repurchase agreements.

III.3.2.2.2 - Customer loans

Loans to customers, excluding repos, totaled €305.6 billion, up by 5.8% compared with 2014. On-balance sheet medium- and long-term loans increased by 6%, while short-term loans were up by 6.8%.

(in € millions)	12/31/2015	12/31/2014
Short-term loans	**61,048**	**57,169**
Overdrawn current accounts	7,698	7,838
Commercial loans	6,164	4,992
Short-term credit facilities	46,435	43,818
Export credits	751	522
Medium- and long-term loans	**230,939**	**217,791**
Equipment loans	52,858	49,490
Housing loans	155,910	147,167
Finance leases	9,654	9,267
Other loans	12,518	11,867
Total gross customer loans, excluding non-performing loans	**291,988**	**274,960**
Non-performing loans	12,981	13,081
Accrued interest	624	772
Total gross customer loans	**305,593**	**288,813**

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 top eight categories accounted for 97.6% of the loans and receivables due from customers.

Performing loans to customers by internal rating:

Performing loans to customers by internal rating	12/31/2015	12/31/2014
A+ and A-	39.5%	37.8%
B+ and B-	27.6%	30.3%
C+ and C-	21.1%	21.5%
D+ and D-	9.5%	8.0%
E+	2.4%	2.3%

Source: Risk Management.
(*) Group CM11 scope (excluding Targobank Germany), incl. Cofidis, foreign branchs of CIC and private bank

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 Home loans

Outstanding home loans increased by 5.9% in 2015 and accounted for 53% 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)	12/31/2015	12/31/2014
Housing loans	**155,910**	**147,167**
Secured by Crédit Logement or Cautionnement Mutuel Habitat	60,371	53,572
Secured by mortgage or equivalent, low-risk guarantee	75,733	74,334
Other guarantees*	19,806	19,262

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 Group entities.

	12/31/2015	12/31/2014
Retail	79%	79%
Corporates	18%	18%
Large corporates	1%	1%
Specialized financing and other	2%	1%

Source : Risk management / Financial Dpt

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		
	12/31/2015	12/31/2014
France	89%	90%
Europe, excluding France	9%	8%
Rest of the world	2%	2%

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	12/31/2015	12/31/2014
*** Gross commitments in excess of € 300m**		
Number of counterparty groups	44	38
Total commitments (€m)	26,821	24,721
of which total statement of financial position (€m)	9,694	9,017
of which total off-statement of financial position guarantee and financing commitments	17,127	15,704
*** Gross commitments in excess of € 100m**		
Number of counterparty groups	148	137
Total commitments (€m)	43,470	40,504
of which total statement of financial position (€m)	17,181	16,010
of which total off-statement of financial position guarantee and financing commitments	26,288	24,494

Source : DGR CM11 Group - weighted risks in thousand €
Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee

BANKING

Concentration of customer credit risk	12/31/2015	12/31/2014
*** Gross commitments in excess of € 300m**		
Number of counterparty groups	9	9
Total commitments (€m)	5,509	5,543
of which total statement of financial position (€m)	3,835	3,397
of which total off-statement of financial position guarantee and financing commitments	1,674	2,146
*** Gross commitments in excess of € 100m**		
Number of counterparty groups	33	33
Total commitments (€m)	9,615	9,829
of which total statement of financial position (€m)	7,023	6,605
of which total off-statement of financial position guarantee and financing commitments	2,593	3,224

** Source : DGR CM11 Group - weighted risks in thousand €*
Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee

At-risk items and cost of risk

Non-performing loans and loans in litigation fell to €12,981 million as of December 31, 2015, compared with a total of €13,081 million as of end-December 2014. These loans accounted for 4.2% of total customer loans compared with 4.4% at the end of 2014.

At year-end 2015, net provisioning for specific risks represented 0.27% of gross outstanding customer loans, compared with 0.308% at year-end 2014. The cost of total customer risk, which includes provisions for collectively impaired receivables, amounted to 0.26% of the gross outstanding customer loans, compared with 0.310% as of December 31, 2014.

Net additions to/reversals from provisions for loan losses

	12/31/2015	12/31/2014
Cost of total customer risk	**0.26%**	**0.31%**
Banking networks [a]	0.13%	0.16%
Individuals	*0.06%*	*0.07%*
Housing loans	*0.05%*	*0.05%*
Consumer credit - Targobank Germany	1.02%	1.17%
Consumer credit - Cofidis	2.89%	3.34%
Financing [b]	0.16%	0.15%
Private banking	-0.07%	0.03%

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)	31/12/2015	31/12/2014
Individually impaired receivables	12 981	13 081
Individual impairment	7 863	7 799
Collective impairment	518	684
Coverage ratio	64,6%	64,8%
Coverage ratio (individual impairment only)	60,6%	59,6%

Source : Accounting.

Outstanding loans to customers that are overdue but not impaired

Dec. 31, 2015 (in € millions)	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	TOTAL
Debt instruments (1)	0	0	0	0	0
Loans & receivables	2,410	535	310	0	3,255
Due to central banks	0	0	0	0	0
Governments	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial sector	37	42	4	0	84
Non-financial companies	257	37	77	0	371
Retail customers	2,107	456	209	0	2,771
Total	2,410	535	310	0	3,255

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

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.

*III.3.2.2.3 - Interbank loans**

Interbank loans by geographic region

	12/31/2015	12/31/2014
France	79.2%	78.3%
Europe, excluding France	13.3%	14.6%
Rest of the world	7.5%	7.1%

Source: Counterparty Financial Information Department. -Banks only (excluding Targobank Germany, Targobank Spain and Cofidis).

The structure of interbank lending by geographic region is broken down into the country in which the borrowing institution is located.

At year-end 2015, exposures mainly concerned European banks, in particular French and German banks. The weight of interbank loans located in Europe outside France decreased slightly, while the weight of loans in France and in other countries increased.

Structure of interbank exposure by internal rating

	Equivalent external rating	31/12/2015	31/12/2014
A +	AAA/AA+	11,3%	11,0%
A -	AA/AA-	51,0%	56,3%
B +	A+/A	13,6%	24,0%
B -	A-	18,2%	2,3%
C and below (excluding default ratings)	BBB+ and below	5,8%	6,5%
Not rated		0,0%	0,0%

Source: Counterparty Financial Information Department. -Banks only (excluding Targobank Germany, Targobank Spain and Cofidis).

Interbank exposure is almost exclusively concentrated in the highest internal rating bands, with 94.2% of exposures rated between A+ and B- at end-2015 (or an external equivalent of AAA to A-), compared with 93.5% in 2014.

III.3.2.2.4 - Sovereign risk

Sovereign risk is presented in Note 7c to the consolidated financial statements of 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, 2015	Carrying amount as of Dec. 31, 2014
Debt securities	**121,447**	**114,768**
Of which, government securities	26,104	24,769
Of which, bonds	95,343	89,999
Derivative instruments	**8,206**	**9,925**
Repurchase agreements & securities lending	**14,419**	**15,736**
Gross exposure	**144,072**	**140,429**
Provisions for impairment of securities	-69	-100
Net exposure	**144,003**	**140,329**

Source: Accounting.

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

III.3.3.1 - ALM organization

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

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

- The 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 Chief Risk Officer, as well as BFCM and Marketing representatives.
- The Group's ALM monitoring Committee is comprised of 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 the Group's ALM risks.

Hedging decisions are aimed at maintaining the risk indicators (net interest income sensitivity and gaps) within the limits set for the Group as a whole and below the alert thresholds for each of the banks that make up the Group. The hedges are assigned to the entities concerned, in accordance with their needs.

ALM analyses are also presented every quarter to the Group Risk Committee. Interest-rate risk and liquidity risk are also reviewed every six months by the boards of directors of CF de CM, FCMCEE, BFCM and the other Group entities (CIC regional banks, BECM, etc.).

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 a given Group 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 relevant 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.

*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 Group. Each Group bank is subject to the same alert threshold levels as the limits applicable to the Group scope as a whole. 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 on and off the balance sheet whose cash flows are considered to be certain over a one to ten year horizon, governed by limits or alert thresholds 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 or alert thresholds. 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% rise in market interest rates and a 0.33% rise in inflation – refinancing the short-term interest rate gap;
- scenario 2 (core scenario): a 1% fall in market interest rates and a 0.33% fall in inflation – refinancing the short-term interest rate gap;
- 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 on existing loans + 20% on new loans and 80% at long rates on new loans;
- 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), Group commercial bank's net interest income was exposed, as of December 31, 2015, to a fall in rates as follows: -1.21% (-€121.5 million in absolute value), compared with -1.92% as of December 31, 2014. In year 2, exposure to the fall in rates was -2.53% (i.e. -€258.0 million in absolute value), compared with -3.20% the previous year. At December 31, 2015, 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 CM11 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	1.7%	3.1%
Scenario 2	-1.2%	-2.5%
Scenario 3	2.8%	5.4%
Scenario 4A	0.7%	-0.6%
Scenario 4B	4.7%	0.2%
Scenario 5A	0.7%	-2.8%
Scenario 5B	1.0%	-2.5%

4 - **Sensitivity of Net Asset Value (NAV)** arising from the application of the Basel III indicator:

Since December 31, 2015, the sensitivity of Basel III net asset value (NAV) has been calculated in accordance with the EBA's recommendations:

- Exclusion of capital and maturity of fixed assets on d+1

- Discounting of flows using a swap rate curve (with no liquidity spread and no credit spread)
- As the average duration of non-maturing deposits is less than five years, the five-year cap required by the regulations is irrelevant.

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	+7.4%
Sensitivity -200 bp	-9.0%

III.3.3.3 - Liquidity risk management

The Group attaches great importance to the management of liquidity risk.

The Group's liquidity risk management mechanism is based on the following procedures:

- compliance with the liquidity coverage ratio, which is representative of the Group's short-term liquidity situation;
- calculating the static liquidity gap, based on contractual and agreed maturities and incorporating off-balance sheet commitments; Transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to five years with alert thresholds.
- calculating the liquidity gap in a Basel III stress scenario, whose run-off rules are based on net stable funding ratio 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)

2015	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	1 407	370	3 671	2 560	3 554	2 962	49	14 573
Financial assets at fair value through profit or loss	74	35	0	1	307	48	1 792	2 256
Derivatives used for hedging purposes (assets)	8	0	3 846	56	227	81	4	4 221
Available-for-sale financial assets	2 563	5 439	10 069	4 452	9 630	7 068	1 948	41 169
Loans and receivables (including finance leases)	75 760	15 539	27 256	31 999	71 353	151 246	1 694	374 847
Held-to-maturity investments	0	0	5 591	0	10 009	0	0	15 600
Other assets	6 930	4 735	1 672	26	101	4	1 462	14 930
Liabilities								
Central bank deposits	0	0	0	0	0	0	0	0
Financial liabilities held for trading	1 304	97	2 191	644	1 844	2 048	129	8 257
Financial liabilities at fair value through profit or loss	50	121	73	0	0	0	0	243
Derivatives used for hedging purposes (liabilities)	19	28	2 538	292	2 359	488	5	5 729
Financial liabilities carried at amortized cost	206 389	30 529	62 895	29 330	63 913	37 428	3 112	433 595

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.

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	1 848	36 480
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

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 subsidiary of CIC and 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.

III.3.3.5 - Equity risk

The 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 €986 million as at December 31, 2015 compared with €734 million at December 31, 2014 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:

€2,136 million under the fair value option, of which €1,836 million represented the private equity business line.

€9,428 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 better ensure consistency with the treatment of liabilities.

III.3.3.5.2 - Available-for-sale financial assets

Equities classified as available-for-sale and various long-term investments amounted to €9,473 million and €2,895 million respectively (see Note 7 to the consolidated financial statements).

Long-term investments included:

- investments in non-consolidated companies totaling €2,207 million and in subsidiaries and associates totaling €475 million: the main holdings concern Club Sagem (€45 million), Desjardins (€48 million), Foncières des Régions (€428 million) and Caisse de Refinancement de l'Habitat (CRH) for €118 million;
- other long-term securities (€213 million).

III.3.3.5.3 - 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 reversals of impairment charges through profit or loss totaled €98 million in 2015 compared to €32 million in 2014.

At December 31, 2015, the acquisition value of impaired stocks was €3,773 million and the corresponding impairment provision was €1,704 million. Their market value was €2,068 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 400 investment lines, relating mainly to small- and medium-sized enterprises.

Risks related to the private equity business

Risks related to the private equity business

	12/31/2015	12/31/2014
Number of listed investment lines	**34**	34
Number of unlisted, active investment lines	**354**	375
Revalued proprietary portfolio (€m)	**2,078**	1,996
Managed funds (€m)	302	360
Number of managed funds	**47**	50

Source: risk management

III.3.4 – Capital markets 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 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 investment (recognized on CIC's balance sheet). Management of these three business lines is "sound and prudent."

III.3.4.1.1 - Refinancing

A dedicated treasury management team is responsible for refinancing all the activities of the Group. It seeks to diversify its investor base in Paris and London, and now also in the United States (US 144A format) and Asia (samurai format), 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 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 investment business line), which are aimed at institutional, corporate and retail customers of Crédit Mutuel's and CIC's various networks.

On January 1, 2016, the CM-CIC Securities teams were integrated into CM-CIC Marchés to create CM-CIC Market Solutions, a comprehensive platform of market solutions for customers on all primary and secondary markets that also offers depository solutions (collective investment undertaking depository and securities account keeping). This should enable the Group to better assist customers with their market financing.

III.3.4.1.3 - Fixed-income/equity/credit investment

This business line is organized around desks specialized in investments in equities/hybrid instruments, credit (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 2015, 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 capital markets activities of the branches and to present the CRD4 regulatory changes, in particular the stressed VaR and the IRC as well as VaR risk measurement/stress tests, as part of the "market risk internal model" project, and regulatory risk measurement (CAD and European CAR under Basel III standards).

All methodologies are catalogued 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.

CIC's 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 Department, 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 control 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 monitors 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 Group's business line periodic control 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 CM-CIC Marchés (in France and in the branches) within the framework of 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 officers of CIC and BFCM, the front office, post-market, back-office, accounting and regulatory control, and risks and results control managers, and the managers of the Group Risk Department and the 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, 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 the various types of market risk (interest-rate, currency, equity and counterparty). The aggregate limit is broken down into sub-limits for each type of risk and each activity.

If the overall limit and/or the limit assigned to each business line is exceeded, the Group risk department is responsible for monitoring and managing the excess exposure.

Risks are monitored based on first-level indicators (sensitivity to various market risk factors), mainly for traders, and second-level indicators (potential losses) that provide decision-makers directly with an overview of the risks.

The capital allocated to the fixed-income, equity and credit investment and commercial business lines in mainland France, which had remained stable from 2010 to 2012 and been reduced in 2013, slightly increased in mid-2015 relative to 2014. At end-2015, the limits on these activities were reconfirmed for 2016. The calculation of a capital allocation for the credit valuation adjustment (CVA) charge rounds out the risk monitoring procedure.

Group value at risk was €7.5 million at year-end 2015. A stress mechanism was introduced as part of risk management, with an escalation procedure in the event that limits are exceeded.

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. 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, lowered from €10 billion to €7 billion for 2016, with an intermediate warning limit, the two limits being set by management and approved by the boards of directors of CIC and BFCM. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal 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 2015, the overall consumption of risk capital under French standards rose from €101.8 million to €118.1 million, peaking at €138.1 million in November. This change was attributable to an increase in the European Capital Adequacy requirement, due to a more stringent methodology, partially offset by a decrease at year-end in the CAD requirement in respect of General Interest Rate Risk which returned to its level at the beginning of the year (use of derivatives to hedge the short-term paper component of the liquidity buffer).

2 - Hybrid instruments: consumption of risk capital was €79 million on average in 2015 and ended the year at €74.9 million. The stock of convertible bonds reached €2 billion at year-end 2015 (€1.9 billion in 2014).

3 - Credit: these positions correspond to either securities/credit default swap (CDS) arbitrages, iTraxx/CDX index or tranche positions, or asset-backed securities (ABS). For the corporate and financial institution loan portfolio, which includes positions based on iTraxx/CDX indices or tranches, consumption of risk capital stayed at around €54 million throughout 2015 before ending the year at €49 million. The decrease was due to maturing iTraxx tranches. As for the ABS portfolio, consumption of risk capital was about €40 million (€41.3 million at year end), due to risk management in peripheral countries and scaled-back positions in these countries.

4 -M&A and various equities: consumption of risk capital was €47 million on average in 2015, reaching a maximum of €64 million in September. This rise followed the change in outstandings and the removal of corporate actions from M&A. Outstandings in respect of this activity therefore totaled €391 million at year-end 2015 (peaking at €554 million at end-September), compared with €329 million at year-end 2014.

5 -Fixed income: the positions relate to directional investments and yield-curve arbitrages, typically with underlying government securities, mostly European. Positions on peripheral countries are very limited. With respect to Italy, investments fell below €200 million at year-end 2015 and have remained low since the redemption of €1.7 billion in September 2014. Total government bond investments rose to €2.8 billion at year-end 2015 (€3.1 billion at year-end 2014), €1.9 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 – Model-related risk

CM-CIC Marché's Risks and Results Control (RRC) team is in charge of developing the specific models used for valuing its positions. In 2015, there were four such models. These models are governed by a general policy validated annually by the Market Risk 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 Risk Department for presentation to the Market Risk Committee. These models are also included in the audit program undertaken by the Group's Periodic Control team.

III.3.4.5 - Credit derivatives

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.

III.3.4.6 – Securitization

During 2015, Group securitization investments rose by €1.2 billion (up 21%), and represented a carrying amount of €6.8 billion as of December 31, 2015.

The Group aims to manage securitization portfolios on a prudent basis, and these portfolios are mainly comprised of senior securities with strong credit ratings. The increase in investments in 2015, consisting mainly of AAA securities, further improved the overall quality of the portfolios, as 74% of securities are rated AAA (versus 69% in 2014) and 16% between A and AA. The portfolios are diversified, both in terms of type of exposure (RMBS, CMBS, CLO, auto loan ABS, consumer loan ABS, credit card ABS) and geographic region (United States, Netherlands, United Kingdom, 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 90% 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 monitoring of end-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 were conducted by the ECB with satisfactory results. The Group intends to repeat the exercise in 2016, based on year-end 2015 investments.

Breakdown of securitization investments by portfolio (in millions of euros)	2015	2014
Banking portfolio	6,154	4,374
Trading portfolio	594	1,218
Total	**6,748**	**5,592**

Breakdown of Inv. Grade and Non-Inv. Grade (as %)	2015	2014
Investment Grade category (of which 74% AAA)	92%	90%
Non-Investment Grade category	8%	10%
Total	**100%**	**100%**

Geographic breakdown of investments	
USA	41.8%
Germany	12.6%
Netherlands	10.9%
UK	9.4%
Italy	7.7%
France	6.3%

Spain	1.9%
Portugal	1.5%
Norway	1.4%
Ireland	1.1%
Belgium	0.7%
Finland	0.5%
Greece	0.2%
Australia	0.1%
Rest of the world	4.0%
Total	**100%**

The Group has very little exposure to the weakest EU countries (Ireland: 1.1%; Portugal: 1.5%; Greece: 0.2%). Moreover, there is close 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 €437 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 8 of Regulation (EU) 575/2013, 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 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, CM11 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 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, Group has been authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk. This authorization was extended to Cofidis France on July 1, 2014 and a request was filed for approval for Targobank Germany in June 2015 (pending ECB authorization).

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: to respond effectively to Basel III and supervisory authority requirements, develop a reliable system of internal control (decree of November 3, 2014 on internal control), optimize emergency and business continuity plans (EBCP) 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 procedures

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 national level and 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 application of the operational risk management policy and the 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 effective managers 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 teams 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 - 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 a bank at regional level or by the Group CEO at national level, which makes key decisions, determines the order of priority of actions and handles internal and external communications;

• 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 capital

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 capital 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 operational losses

In 2015, the Group suffered total operational losses of €114.4 million, including €186.5 million of actual losses and €72.1 million of net reversals of provisions in respect of prior-year losses.

This total breaks down as follows:

• fraud: €54.6 million;

• legal risk: €41.5 million;

• industrial relations: €7 million;

• human/procedural error: €6 million; and

• natural disasters and system malfunctions: €5.3 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.

III.4 - CM11 Group consolidated financial statements

Consolidated statement of financial position (IFRS) - Assets

in € millions	Dec. 31, 2015	Dec. 31, 2014	Notes
Cash and amounts due from central banks	11,078	33,791	4a
Financial assets at fair value through profit or loss	27,120	30,363	5a, 5c
Hedging derivative instruments	4,221	4,648	6a, 5c, 6c
Available-for-sale financial assets	110,296	100,562	7a, 5c
Loans and receivables due from credit institutions	70,250	43,606	4a
Loans and receivables due from customers	304,136	287,224	8a
Remeasurement adjustment on interest-risk hedged investments	791	599	6b
Held-to-maturity financial assets	13,095	13,071	9
Current tax assets	1,105	1,253	13a
Deferred tax assets	1,058	1,078	13b
Accruals and other assets	15,329	15,418	14a
Non-current assets held for sale	116	0	3e
Investments in associates	2,427	2,468	15
Investment property	1,891	1,927	16
Property and equipment	2,914	2,840	17a
Intangible assets	815	926	17b
Goodwill	4,001	3,960	18
Total assets	**570,644**	**543,735**	

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

in € millions	Dec. 31, 2015	Dec. 31, 2014	Notes
Central banks	0	59	4b
Financial liabilities at fair value through profit or loss	13,500	16,878	5b, 5c
Hedging derivative instruments	5,729	6,668	6a,5c,6c
Due to credit institutions	43,990	37,212	4b
Due to customers	254,370	235,831	8b
Debt securities	105,396	105,672	18
Remeasurement adjustment on interest-risk hedged investments	-1,530	-2,524	6b
Current tax liabilities	620	558	13a
Deferred tax liabilities	1,100	1,254	13b
Accruals and other liabilities	13,223	13,632	14b
Liabilities associated with non -current assets held for sale	130	0	3e
Technical reserves of insurance companies	88,090	84,560	20
Provisions	2,405	2,595	21
Subordinated debt	6,088	6,486	22
Shareholders' equity	**37,531**	**34,856**	
Shareholders' equity attributable to the Group	**34,670**	**32,235**	
Subscribed capital and issue premiums	5,820	5,840	23a
Consolidated reserves	25,049	22,978	23a
Gains and losses recognized directly in equity	1,543	1,238	23b
Net income for the year	2,258	2,179	
Shareholders' equity attributable to minority interests	**2,861**	**2,621**	
Total liabilities and shareholders' equity	**570,644**	**543,735**	

CONSOLIDATED INCOME STATEMENT (IFRS)

in € millions	Dec. 31, 2014	Dec. 31, 2014	Notes
Interest income	15,804	17,896	25
Interest expense	-10,243	-12,277	25
Fee and commission income	4,277	3,743	26
Fee and commission expense	-1,120	-892	26
Net gain (loss) on financial instruments at fair value through profit or loss	698	456	27
Net gain (loss) on available-for-sale financial assets	427	148	28
Income from other activities	15,150	14,786	29
Expenses on other activities	-12,177	-11,886	29
Net banking income	**12,817**	**11,973**	
Operating expenses	-7,371	-7,042	30a,30b
Depreciation, amortization and impairment of non-current assets	-536	-504	30c
Gross operating income	**4,910**	**4,427**	
Net additions to/reversals from provisions for loan losses	-803	-872	31
Operating income	**4,107**	**3,555**	
Share of net income (loss) of associates	42	71	15
Gains (losses) on other assets	-16	5	32
Change in value of goodwill	-90	-21	33
Net income before tax	**4,044**	**3,610**	
Corporate income tax	-1,507	-1,195	34
Gains and losses net of tax on abandoned assets	-23		3e
Net income	**2,514**	**2,415**	
Net income attributable to minority interests	256	235	
Net income attributable to the Group	**2,258**	**2,179**	

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

in € millions	Dec. 31, 2014	Dec. 31, 2014	Notes
Net income	**2,514**	**2,415**	
Translation adjustments	79	60	
Remeasurement of available-for-sale financial assets	161	624	
Remeasurement of hedging derivative instruments	0	4	
Share of unrealized or deferred gains and losses of associates	-1	21	
Total gains and losses recognized directly in equity that may be recycled to profit or loss	**239**	**710**	
- Actuarial gains and losses on defined benefit plans	61	-102	
Total gains and losses recognized directly in equity that may not be recycled to profit or loss	**61**	**-102**	23c, 23d
Net income and gains and losses recognized directly in shareholders' equity	**2,814**	**3,023**	
attributable to the Group	*2,563*	*2,707*	
attributable to minority interests	*251*	*316*	

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in € millions	Capital stock	Issue premiums	Reserves (1)	Gains and losses recognized directly in equity				Net income attributable to the Group	Shareholders' equity attributable	Minority interests	Total consolidated shareholders' equity
				Translation adjustments	Available-for-sale assets	Hedging derivative instruments	Actuarial gains and losses				
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 used					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**
Shareholders' equity at January 1, 2015	***5,840***	***0***	***22,978***	***60***	***1,455***	***-23***	***-254***	***2,179***	***32,234***	***2,621***	***34,855***
IFRIC 21 impact			***27***						***27***	***3***	***30***
Shareholders' equity at January 1, 2015	**5,840**	**0**	**23,004**	**60**	**1,455**	**-23**	**-254**	**2,179**	**32,261**	**2,624**	**34,885**
Appropriation of earnings from previous year			2,179					-2,179	0		0
Capital increase	-20								-20		-20
Distribution of dividends			-107						-107	-85	-192
Change in investments in subsidiaries not resulting in loss of control									0	87	87
Sub-total: movements arising from shareholder relations	**-20**	**0**	**2,072**	**0**	**0**	**0**	**0**	**-2,179**	**-127**	**3**	**-124**
Consolidated net income for the year								2,258	2,258	256	2,514
Change in fair value of available-for-sale financial assets and derivative instruments used					161	1			163	-11	151
Change in actuarial gains and losses							60		60	1	61
Translation adjustments				83					83	5	88
Sub-total	**0**	**0**	**0**	**83**	**161**	**1**	**60**	**2,258**	**2,564**	**251**	**2,815**
Impact of acquisitions and disposals on minority interests			0						0		0
Other movements			-27			0			-28	-17	-45
Shareholders' equity at December 31, 2015	**5,820**	**0**	**25,049**	**143**	**1,616**	**-22**	**-194**	**2,258**	**34,670**	**2,861**	**37,531**

(1) Reserves as of December 31, 2015 include the legal reserve of €284 million, regulatory reserves for a total of €4,047 million and other reserves amounting to €20,781 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

in € millions	2015	2014
Net income	2,514	2,415
Corporate income tax	1,507	1,195
Income before corporate income tax	**4,021**	**3,610**
+/- Net depreciation/amortization expense on property, equipment and intangible assets	549	487
- Impairment of goodwill and other non-current assets	133	-19
+/- Net additions to/reversals from provisions and impairment losses	-60	199
+/- Share of net income/loss of associates	-42	42
+/- Net loss/gain from investing activities	-28	7
+/- Income/expense from financing activities	0	0
+/- Other movements	4,753	-2,191
= Total non-monetary items included in income before tax and other adjustments	**5,305**	**-1,475**
+/- Cash flows relating to interbank transactions	6,674	12,478
+/- Cash flows relating to customer transactions	2,912	-4,555
+/- Cash flows relating to other transactions affecting financial assets and liabilities	-9,903	-1,427
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	-187	225
- Corporate income tax paid	-1,277	-1,041
= Net decrease/increase in assets and liabilities from operating activities	**-1,781**	**5,679**
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**7,545**	**7,813**
+/- Cash flows relating to financial assets and investments in non-consolidated companies	-214	268
+/- Cash flows relating to investment property	16	1
+/- Cash flows relating to property, equipment and intangible assets	-524	-367
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**-723**	**-98**
+/- Cash flows relating to transactions with shareholders	-212	20
+/- Other cash flows relating to financing activities	-1,042	4,379
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**-1,254**	**4,398**
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**425**	**417**
Net increase (decrease) in cash and cash equivalents	**5,994**	**12,531**
Net cash flows from (used in) operating activities	7,545	7,813
Net cash flows from (used in) investing activities	-723	-98
Net cash flows from (used in) financing activities	-1,254	4,398
Impact of movements in exchange rates on cash and cash equivalents	425	417
Cash and cash equivalents at beginning of year	**32,718**	**20,187**
Cash accounts and accounts with central banks and post office banks	33,733	19,799
Demand loans and deposits - credit institutions	-1,014	388
Cash and cash equivalents at end of year	**38,712**	**32,718**
Cash accounts and accounts with central banks and post office banks	11,078	33,733
Demand loans and deposits - credit institutions	27,634	-1,014
CHANGE IN CASH AND CASH EQUIVALENTS	**5,994**	**12,531**

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 such 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, 2015. These standards include IAS 1-41, IFRS 1-8 and 10-13, and any SIC and IFRIC interpretations adopted as of that date. These standards are available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm. Standards not adopted by the European Union have not been applied.

The financial statements are presented in accordance with the format recommended by Recommendation No. 2013-04 of the French accounting standards authority concerning IFRS 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.

Standards and interpretations adopted since January 1, 2015

The amendments adopted by the European Union do not have a material impact on the financial statements. They relate mainly to:

- IFRS 3: exclusion from the application scope of partnership accounts (no cases);
- IFRS 3 and IAS 40: clarification on the standard to apply in the case of the acquisition of investment property;
- IFRS 13: scope of the portfolio approach;
- IFRIC 21: "Levies". The impact of the first-time application is disclosed in the consolidated statement of changes in shareholders' equity.

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

Standard	Subject addressed	Mandatory date of application	Consequences of application
IAS 1	Disclosure initiative	01.01.2016	Limited
IAS 19	Employee contributions	01.01.2016	n/a
IAS 16 /IAS 38	Property, plant and equipment and intangible assets – clarifications on the revenue-based depreciation method	01.01.2016	n/a
IFRS 11	Accounting for acquisitions of interests in joint operations. Accounting for a co-investor's acquisition of additional interests in a joint operation.	01.01.2016	n/a

IFRS 9 - Financial Instruments

IFRS 9, published by the IASB, is to replace IAS 39 Financial Instruments: Recognition and Measurement. It defines new rules for classifying and measuring financial instruments, providing for impairment provisions for credit losses on financial assets, and hedge accounting, excluding macro-hedging.

IFRS 9 had not yet been adopted by the European Union as of December 31, 2015. Its application will become mandatory for accounting periods beginning on or after January 1, 2018. Therefore, it has not been applied as of December 31, 2015.

The section of IFRS 9 relating to credit risk impairment responds to the criticisms raised concerning the incurred credit loss model under IAS 39, i.e. that it causes accounting for credit losses to be delayed and the amounts of the credit losses recognized to be too low. It allows provisioning for incurred credit losses to be replaced by provisioning for expected credit losses. Impairment provisions will be recognized, in regard to the financial assets for which there are no objective indications of losses on an individual basis, based not only on observed past losses but also on reasonable and justifiable cash flow forecasts.

This more forward-looking approach to credit risk is already taken into account to a certain extent when collective provisions are currently recognized on portfolios of financial assets with similar characteristics, pursuant to IAS 39.

In the second quarter of 2015, the Group launched an initiative, currently at the project stage, bringing together the various departments concerned (finance, risk, IT, etc.). It covers all of the Group's relevant activities, including insurance, for which a delayed implementation of the standard is still being considered by the IASB and the EU, given the interactions with the future IFRS 4.

As regards the planned implementation of IFRS 9, the Group is currently directing most of its efforts to an analysis of the standard. It is not therefore possible as yet to quantify the potential financial impacts of its adoption.

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 cooperative banks, 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 the Group’s 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 agencies for the Groups, they determine their main policy guidelines, decide on their strategies and organize the representation of the local cooperative banks.

- Caisse Fédérale de Crédit Mutuel (CFdeCM), 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 cooperative banks, the CF de CM is responsible for the network's common services, strives to ensure the network's coordination and manages the Group's logistics. The CF de CM centralizes the funds held on deposit by the local cooperative banks, while at the same time refinancing them and allocating funds and carrying out regulatory requirements on their behalf (mandatory reserves, allocated resources, deposits with the Caisse Centrale du Crédit Mutuel, etc.).
- The Crédit Mutuel local cooperative banks that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV, FCMM and FCMA: these foundations constitute the Group's banking network.

Consolidation scope

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 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.
Companies that are 20%-50% owned by the Group's private equity businesses and over which the Group has joint control or exercises significant influence are excluded from the scope of consolidation and accounted for under the fair value through profit or loss option.

- **Changes in the consolidation scope**

The changes in the consolidation scope for the year ended December 31, 2015 were as follows:

- ***Additions:*** Aseroramineto en Seguros y Reaseguros SA, Atlantis Aserores SL, Atlantis Correduria de Seguros y Consultoria Acturial SA, Atlantis Seguros, Atlantis Vida, Banco Banif Mais SA Espagne, Banco Banif Mais SA Slovaquie, Banco Cofidis SA, Banco Cofidis SA (Spółka Akcyjna) Oddział w Polsce, Banif Plus Bank, Centax SPA, CM-CIC Bail Espagne, Cofidis SGPS SA, Euro Automatic Cash, Fivory SAS, GACM Espana and Margem-Mediação Seguros Lda.

- ***Merger/absorption:*** Pasche Finance SA with Banque Pasche, Divhold with Banque du Luxembourg, Sofemo with Cofidis France, Centax SAP with Cofidis Italie, Dernières Nouvelles de Colmar and Alsace Média Participation with Dernières Nouvelles d'Alsace, and Massimob and Massimob Property with Foncière Massena.

- ***Removals:*** BFCM Francfort, Serficom Brasil Gestao de Recursos Ltda, Serficom Family Office Brasil Gestao de Recursos Ltda, Serficom Family Office SA and Trinity SAM.

- ***Change of name:*** CM-CIC Capital Finance became CM-CIC Investissement, CM-CIC Investissement became CM-CIC Investissement SCR, CM-CIC Capital Innovation became CM-CIC Innovation, EST BOURGOGNE RHONE ALPES (EBRA) became Société d'Investissements Médias (SIM) and RACC Seguros became Amgen Seguros Generales Compañía de Seguros y Reaseguros SA.

Consolidation methods

The consolidation methods used are as follows:

- **Full consolidation**

This method involves substituting each of the assets and liabilities of each subsidiary for the value of the shares 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 party.

- **Consolidation using the equity method**

This method involves substituting the Group's interest in the equity for the value of the shares 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.

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 Group acquires a controlling interest in a new entity, the 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 "Change in value of goodwill".

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 the 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.

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).

The restructuring of a loan due to the borrower's financial difficulties requires amendment or novation of the 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.

Commissions received in connection with the commercial renegotiation of loans are recognized over more than one period. The renegotiation involves the amendment or derecognition of the former loan.

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 include:

a) financial instruments held for trading purposes, consisting mainly of instruments that:
   a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
   b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
   c. represent derivatives not classified as hedges.

b) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39. This option is designed to help entities produce more relevant information, by enabling:
   a. certain hybrid instruments to be measured at fair value without separating the embedded derivatives, providing the embedded derivative has a material impact on the value of the instrument;
   b. a significant reduction in accounting mismatches between certain assets and liabilities, which arise in particular when a hedging relationship (interest rate, credit) cannot be established;
   c. the management or monitoring of the performance of a group of financial assets and/or liabilities in accordance with a documented risk management or investment strategy on a fair value basis.

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 a liability to be issued is usually the current bid price, and for an asset to be acquired or a liability held, the ask price.
When a 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.

No transfers have been made since 2008: the purpose of these portfolio transfers is to better reflect the new management intention for these instruments, and to give a more faithful picture of their impact on the Group's 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. In the event of a subsequent appreciation in value, this will be recognized in equity within "Unrealized or deferred gains and losses".

  - *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 investments in non-consolidated companies owned or not 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 relevant 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 interest-risk hedged investments”, 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 signature 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 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 home loan in a second stage. They generate two types of commitments for the distributing institution:

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

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 “Payroll costs” heading, except for the portion resulting from actuarial variances, which is recognized as unrealized or deferred gains or losses in equity.

- Defined benefit post-employment benefits

These benefits include retirement plans, early retirement pensions, and additional retirement plans, under which the Group has a formal or implicit liability to provide benefits promised to employees. These obligations are calculated using the projected unit credit method, which involves awarding benefits to periods of service under the contractual formula for calculating the retirement plan benefits, subsequently discounted on the basis of demographic and financial assumptions, including:

- The discount rate, determined by reference to the long-term interest rates of high-quality corporate bonds, at year-end;
- The rate of wage increase, assessed according to the age group, the management/non-management category, and regional features;
- The rate of inflation, estimated on the basis of a comparison between the OAT (French government bond) yields and OAT yields inflated for different maturities;
- Rates of employee turnover determined by age group on the basis of an average ratio over three years of the number of resignations and dismissals over the total number of employees working in the company under permanent contracts at the financial year-end;
- The age of retirement: an estimate is made by individual on the basis of real or estimated date of entry in the working life and assumptions related to the retirement reform legislation (Fillon law), with a maximum ceiling at age 67;
- The mortality according to INSEE (*the French National Institute for Statistics and Economic Studies*) TF 00-02 table.

The differences arising from changes in these assumptions and from the differences between previous assumptions and actual results represent actuarial variances. If the retirement plan has assets, these are valued at their fair value, and affect the income statement for the expected yield. The difference between the real and expected yield is also an actuarial variance.
Actuarial variances are recognized as unrealized or deferred gains or losses in equity. Any reductions in terms or liquidation of the plan generate changes in the obligation, which are recognized in income for the year.

Supplementary benefits provided by pension funds
The AFB stepping stone agreement of September 13, 1993 modified the pension plans of credit institutions. Since January 1, 1994, all banks are members of the French pension plans of Arrco and Agirc. The four pension funds of which the Group's banks are members have been merged. They provide for the payment of the various charges required by the stepping stone agreement, drawing on their reserves (filled 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 retirement bonuses 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 retirement bonuses 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 Group and the CIC Group benefit from, as a complement to the mandatory retirement plans, a supplementary retirement plan offered by ACM Vie SA.
Employees of the 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 applying to the assets and liabilities generated by the issuing of insurance contracts are established pursuant to IFRS 4. They also apply to reinsurance contracts issued or effected, 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
- Vehicles and moveable equipment : 3-5 years
- Computer equipment : 3-5 years

<u>Intangible 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 paid as consideration for an ongoing service are accounted for over the duration of the rendered service.
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 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.

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.

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, 2015	Retail banking	Insurance	Corporate banking and capital markets	Private banking	Private equity	IT, Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks	3,587	0	3,334	2,173	0	1,985	11,078
Financial assets at fair value through profit or loss	110	11,421	13,355	146	2,087	0	27,120
Hedging derivative instruments	1,468	0	1,831	3	0	919	4,221
Available-for-sale financial assets	946	69,127	36,664	2,396	5	1,159	110,296
Loans and receivables due from credit institutions	24,855	1,046	8,074	899	2	35,373	70,250
Loans and receivables due from customers	270,100	363	21,579	11,992	0	101	304,136
Held-to-maturity financial assets	9	12,495	0	0	0	591	13,095
Investments in associates	1,437	147	0	0	0	843	2,427
LIABILITIES							
Cash, central banks, post office banks	0	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss	80	6,130	7,145	144	0	0	13,500
Hedging derivative instruments	794	0	4,684	186	0	65	5,729
Due to credit institutions	0	0	43,991	0	0	0	43,990
Due to customers	221,833	78	10,713	18,601	0	3,145	254,370
Debt securities	30,197	0	75,186	14	0	0	105,396

Dec. 31, 2014	Retail banking	Insurance	Corporate banking and capital markets	Private banking	Private equity	IT, 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

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

Dec. 31, 2015	Retail banking	Insurance	Corporate banking and capital markets	Private banking	Private equity	IT, Logistics and holding company	Intra Group transactions	Total
Net banking income (expense)	9,585	1,553	785	510	172	877	-664	12,817
General operating expenses	-5,989	-470	-287	-371	-41	-1,413	664	-7,907
Gross operating income	3,596	1,083	498	139	131	-536	0	4,910
Net additions to/reversals from provisions for loan losses	-786		-20	9	0	-6		-803
Net gain (loss) on disposal of other assets	74	30	0	-4		-163		-64
Net income before tax	2,884	1,113	478	143	131	-705	0	4,044
Corporate income tax	-994	-385	-187	-41	-5	106		-1,507
Gains and losses net of tax on abandoned assets				-23				-23
Net income (loss)	**1,890**	**728**	**291**	**79**	**126**	**-600**	**0**	**2,514**
Net income attributable to minority interests								256
Net income attributable to the Group								**2,258**

Dec. 31, 2014	Retail banking	Insurance	Corporate banking and capital markets	Private banking	Private equity	IT, Logistics and holding company	Intra Group transactions	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**

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

	Dec. 31, 2015				Dec. 31, 2014			
	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	3,596	4,145	3,337	11,078	28,786	2,147	2,858	33,791
Financial assets at fair value through profit or loss	25,916	533	671	27,120	29,013	521	829	30,363
Hedging derivative instruments	4,215	4	2	4,221	4,645	3	0	4,648
Available-for-sale financial assets	103,289	4,594	2,414	110,296	95,414	4,172	977	100,562
Loans and receivables due from credit institutions	67,432	1,661	1,157	70,250	40,004	2,181	1,421	43,606
Loans and receivables due from customers	271,494	26,785	5,857	304,136	258,530	24,017	4,677	287,224
Held-to-maturity financial assets	13,054	41	0	13,095	13,070	0	0	13,071
Investments in associates	1,169	646	612	2,427	1,220	682	566	2,468
LIABILITIES								
Cash, central banks, post office banks	0	0	0	0	0	59	0	59
Financial liabilities at fair value through profit or loss	12,997	386	116	13,500	16,229	479	170	16,878
Hedging derivative instruments	5,532	187	10	5,729	6,443	207	18	6,668
Due to credit institutions	30,217	8,129	5,644	43,990	22,460	9,709	5,044	37,212
Due to customers	222,612	30,895	862	254,370	207,281	27,912	638	235,831
Debt securities	97,423	1,887	6,086	105,396	98,961	2,352	4,358	105,672

** USA, Singapore, Tunisia and Morocco*

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

	Dec. 31, 2015				Dec. 31, 2014			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income	10,392	2,216	209	12,817	9,923	1,855	196	11,973
General operating expenses	-6,328	-1,472	-107	-7,907	-6,093	-1,366	-87	-7,546
Gross operating income	4,064	744	103	4,910	3,830	488	109	4,427
Net additions to/reversals from provisions for loan losses	-598	-183	-22	-803	-711	-236	74	-872
Net gain (loss) on disposal of other assets**	-161	16	82	-64	56	18	-18	55
Net income before tax	3,304	577	163	4,044	3,175	270	165	3,610
Net income	2,008	392	115	2,514	2,088	201	125	2,415
Net income attributable to the Group	1,824	325	109	**2,258**	1,902	151	126	**2,179**

** USA, Singapore, Tunisia and Morocco*

*** In 2015, 20.9% 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, 2015			Dec. 31, 2014		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
A. Banking network							
Banque Européenne du Crédit Mutuel (BECM)	France	100	98	FC	100	99	FC
BECM Frankfurt (a branch of BECM)	Germany	100	98	FC	100	99	FC
BECM Saint Martin (a branch of BECM)	Saint Martin	100	98	FC	100	99	FC
Caisse Agricole du Crédit Mutuel	France	100	100	FC	100	100	FC
CIC Est	France	100	93	FC	100	94	FC
CIC Iberbanco	France	100	98	FC	100	99	FC
CIC Lyonnaise de Banque (LB)	France	100	93	FC	100	94	FC
CIC Nord-Ouest	France	100	93	FC	100	94	FC
CIC Ouest	France	100	93	FC	100	94	FC
CIC Sud Ouest	France	100	93	FC	100	94	FC
Crédit Industriel et Commercial (CIC)	France	95	93	FC	95	94	FC
CIC London (a branch of CIC)	United Kingdom	100	93	FC	100	94	FC
CIC New York (a branch of CIC)	United States	100	93	FC	100	94	FC
CIC Singapore (a branch of CIC)	Singapore	100	93	FC	100	94	FC
Targobank AG & Co. KGaA	Germany	100	98	FC	100	99	FC
Targobank Spain	Spain	50	49	EM	50	49	EM
B. Banking network - subsidiaries							
Bancas	France	50	49	EM	50	49	EM
Banco Cofidis SA	Portugal	100	54	FC			
Banco Banif Mais SA Espagne (succursale de Banco Cofidis SA)	Spain	100	54	FC			
Banco Cofidis SA (Spółka Akcyjna) Oddział w Polsce (a branch of Banco Cofidis SA)	Poland	100	54	FC			
Banco Banif Mais SA Slovaquie (succursale de Banco Cofidis SA)	Slovakia	100	54	FC			
Banco Popular Español	Spain	4	4	EM	4	4	EM
Banif Plus Bank	Hungary	100	54	FC			
Banque de Tunisie	Tunisia	34	33	EM	34	34	EM
Banque du Groupe Casino	France	50	49	EM	50	49	EM
Banque Européenne du Crédit Mutuel Monaco	Monaco	100	98	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	98	FC	100	99	FC
Centax SA	Italy			MER			
CM-CIC Asset Management	France	90	91	FC	90	91	FC
CM-CIC Bail	France	100	94	FC	100	94	FC
CM-CIC Bail Espagne (succursale de CM-CIC Bail)	Spain	100	94	FC			
CM-CIC Epargne salariale	France	100	93	FC	100	94	FC
CM-CIC Factor	France	95	92	FC	95	92	FC
CM-CIC Gestion	France	100	91	FC	100	91	FC
CM-CIC Home Loan SFH	France	100	98	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 Belgium	Belgium	100	54	FC	100	54	FC
Cofidis Spain (a branch of Cofidis France)	Spain	100	54	FC	100	54	FC
Cofidis France	France	100	54	FC	100	54	FC
Cofidis Hungary (a branch of Cofidis France)	Hungary	100	54	FC	100	54	FC
Cofidis Italy	Italy	100	54	FC	100	54	FC
Cofidis Portugal (a branch of Cofidis France)	Portugal	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	98	FC	100	99	FC
Fivory (formerly BCMI)	France	99	98	FC	100	99	FC
Monabanq	France	100	54	FC	100	54	FC
SCI La Tréflière	France	100	99	FC	100	99	FC
SOFEMO - Société Fédérative Europ.de Monétique et de Financement	France			MER	100	54	FC
Targo Dienstleistungs GmbH	Germany	100	98	FC	100	99	FC
Targo Finanzberatung GmbH	Germany	100	98	FC	100	99	FC
C. Financing and capital markets							
Banque Fédérative du Crédit Mutuel (BFCM)	France	98	98	FC	99	99	FC
Banque Fédérative du Crédit Mutuel Francfort (a branch of BFCM)	Germany			NC	100	99	FC
Cigogne Management	Luxembourg	100	95	FC	100	96	FC
CM-CIC Securities	France	100	93	FC	100	94	FC
Diversified Debt Securities SICAV - SIF	Luxembourg	100	93	FC	100	94	FC
Divhold	Luxembourg			MER	100	94	FC
Ventadour Investissement	France	100	98	FC	100	99	FC
D. Private banking							
Banque de Luxembourg	Luxembourg	100	93	FC	100	94	FC
Banque Pasche	Switzerland	100	93	FC	100	94	FC
Banque Transatlantique (BT)	France	100	93	FC	100	94	FC
Banque Transatlantique Belgium	Belgium	100	93	FC	100	94	FC
Banque Transatlantique London (a branch of BT)	United Kingdom	100	93	FC	100	94	FC
Banque Transatlantique Luxembourg	Luxembourg	100	93	FC	100	94	FC
Banque Transatlantique Singapore Private Ltd	Singapore	100	93	FC	100	94	FC
CIC Switzerland	Switzerland	100	93	FC	100	94	FC
Dubly-Douilhet Gestion	France	100	93	FC	100	94	FC
Pasche Finance SA Fribourg	Switzerland			MER	100	94	FC
Serficom Brasil Gestao de Recursos Ltda	Brazil			NC	97	91	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	Brazil			NC	100	94	FC
Serficom Family Office SA	Switzerland			NC	100	94	FC
Transatlantique Gestion	France	100	93	FC	100	94	FC
Trinity SAM (formerly Banque Pasche Monaco SAM)	Monaco			NC	100	94	FC

	Country	Dec. 31, 2015			Dec. 31, 2014		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
E. Private equity							
CM-CIC Capital et Participations	France	100	93	FC	100	94	FC
CM-CIC Conseil	France	100	93	FC	100	94	FC
CM-CIC Innovation (formely CM-CIC Capital Innovation)	France	100	93	FC	100	94	FC
CM-CIC Investissement (formely CM-CIC Capital Finance)	France	100	93	FC	100	94	FC
CM-CIC Investissement SCR (formely CM-CIC Investissement)	France	100	93	FC	100	94	FC
CM-CIC Proximité	France	100	93	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	93	FC	100	94	FC
CIC Participations	France	100	93	FC	100	94	FC
CM Akquisitions	Germany	100	98	FC	100	99	FC
CM-CIC Services	France	100	100	FC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	France	59	61	FC	59	62	FC
Cofidis SGPS SA	Portugal	100	54	FC			
Cofidis Participations	France	55	54	FC	55	54	FC
Société d'Investissements Médias (SIM) (formely EBRA)	France	100	98	FC	100	99	FC
Euro Automatic Cash	Spain	50	40	EM			
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
Fivory SAS	France	98	77	FC			
Gesteurop	France	100	93	FC	100	94	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	98	FC	100	99	FC
L'Est Républicain	France	92	90	FC	92	91	FC
SAP Alsace (formerly SFEJIC)	France	99	97	FC	99	97	FC
Société Civile de Gestion des Parts dans l'Alsace (SCGPA)	France	100	99	FC	100	99	FC
Société de Presse Investissement (SPI)	France	100	98	FC	100	98	FC
Targo Akademie GmbH	Germany	100	98	FC	100	99	FC
Targo Deutschland GmbH	Germany	100	98	FC	100	99	FC
Targo IT Consulting GmbH	Germany	100	98	FC	100	99	FC
Targo IT Consulting GmbH Singapore (a branch of Targo IT Consulting GmbH)	Singapore	100	98	FC	100	99	FC
Targo Management AG	Germany	100	98	FC	100	99	FC
Targo Realty Services GmbH	Germany	100	98	FC	100	99	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	95	82	FC	73	72	FC
Agrupació Bankpyme Pensiones	Spain	95	82	FC	73	72	FC
Agrupació Serveis Administratius	Spain	95	82	FC	73	72	FC
AMDIF	Spain	95	82	FC	73	72	FC
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA (ex Royal Automobile Club de Catalogne)	Spain	100	86	FC			
AMSYR	Spain	95	82	FC	73	72	FC
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	69	FC			
Assistencia Avançada Barcelona	Spain	95	82	FC	73	72	FC
Astree	Tunisia	30	26	EM	30	26	EM
Atlantis Asesores SL	Spain	80	69	FC			
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	52	FC			
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	77	FC			
Atlantis, Compañía de Seguros y Reaseguros SA	Spain	100	86	FC			
GACM España	Spain	100	86	FC			
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
Margem-Mediação Seguros, Lda	Portugal	100	54	FC			
MTRL	France	100	100	FC	100	100	FC
Partners	Belgium	100	86	FC	100	86	FC
Procourtage	France	100	86	FC	100	86	FC
RMA Watanya	Morocco	22	19	EM	22	19	EM
Serenis Assurances	France	100	86	FC	100	86	FC
Serenis Vie	France	100	86	FC	100	86	FC
Voy Mediación	Spain	90	76	FC	90	76	FC
H. Other companies							
Affiches D'Alsace Lorraine	France	100	98	FC	100	97	FC
Alsace Média Participation	France			MER	100	97	FC
Alsacienne de Portage des DNA	France	100	98	FC	100	97	FC
CM-CIC Immobilier	France	100	98	FC	100	99	FC
Distripub	France	100	97	FC	100	97	FC
Documents AP	France	100	98	FC	100	99	FC
Est Bourgogne Médias	France	100	98	FC	100	99	FC
Foncière Massena	France	100	86	FC	100	86	FC
France Régie	France	100	98	FC	100	97	FC
GEIE Synergie	France	100	54	FC	100	54	FC
Groupe Dauphiné Media (formerly Publiprint Dauphiné)	France	100	98	FC	100	99	FC
Groupe Progrès	France	100	98	FC	100	99	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	98	FC	100	99	FC
Immocity	France	100	98	FC	100	99	FC
Jean Bozzi Communication	France	100	98	FC	100	99	FC
Journal de la Haute Marne	France	50	45	EM	50	45	EM
La Liberté de l'Est	France	97	88	FC	97	88	FC
La Tribune	France	100	98	FC	100	99	FC
Le Dauphiné Libéré	France	100	98	FC	100	99	FC
Le Républicain Lorrain	France	100	98	FC	100	99	FC

	Country	Dec. 31, 2015			Dec. 31, 2014		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
Les Dernières Nouvelles d'Alsace	France	100	98	FC	100	97	FC
Les Dernières Nouvelles de Colmar	France			MER	100	97	FC
Lumedia	Luxembourg	50	49	EM	50	49	EM
Massena Property	France			MER	100	86	FC
Massimob	France			MER	100	83	FC
Mediaportage	France	100	97	FC	100	97	FC
Presse Diffusion	France	100	98	FC	100	99	FC
Publiprint Province n°1	France	100	98	FC	100	99	FC
Républicain Lorrain Communication	France	100	98	FC	100	99	FC
Républicain Lorrain - TV news	France	100	98	FC	100	99	FC
SCI ACM	France	100	86	FC	100	86	FC
SCI Eurosic Cotentin	France	50	43	EM	50	43	EM
SCI Le Progrès Confluence	France	100	98	FC	100	99	FC
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	98	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 December 21, 2015.

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	1,203	276	-113	37	-60	7,071	0
Belgium	126	33	-6	2	-8	574	0
Spain	255	106	-23	0	-8	1,511	0
United States	136	75	-8	-39	-5	84	0
France	10,388	4,977	-1,304	8	-1,675	50,309	0
Hungary	18	7	0	0	-2	172	0
Italy	32	1	0	0	-1	190	0
Luxembourg	294	138	-35	5	-18	801	0
Morocco	0	65	0	0	0	0	0
Monaco	3	2	0	0	0	9	0
Poland	0	0	0	0	0	0	0
Portugal	136	79	-21	0	-4	596	0
Czech Republic	7	-2	0	0	-1	154	0
UK	43	32	-7	1	-2	47	0
Saint Martin	2	1	0	0	0	8	0
Singapore	71	13	-1	0	-3	232	0
Slovakia	0	-1	0	0	0	1	0
Switzerland	103	20	-3	0	-10	309	0
Tunisia	0	17	0	0	0	0	0
Total	**12,817**	**5,839**	**-1,520**	**14**	**-1,797**	**62,068**	**0**

3c - Fully-consolidated entities with significant minority interests

Dec. 31, 2015	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%	17	161	-1	1,184	77	973	60
GACM Group	14%	109	1,072	157	105,953	1,189	1,566	730
Cofidis Belgium	46%	6	316	0	794	-1	95	13
Cofidis SGPS SA	46%	4	153	0	615	-6	32	9
Cofidis France	46%	12	319	-2	6,861	-4	553	35

* Amounts before elimination of accounts and intercompany transactions

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

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, 2015.
 - 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, 2015	Securitization vehicles (SPV)	Asset management (UCITS/SCPI)*	Other structured entities **
Total assets	0	7,992	1,890
Carrying amount of financial assets	0	4,530	671

* 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.

3e - Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, Banque Pasche's business is classified under the headings "Non-current assets held for sale", "Liabilities associated with non-current assets held for sale" and "Post-tax gain/(loss) on discontinued operations and assets held for sale".

Banque Pasche's contribution to the consolidated financial statements	Dec. 31, 2015	Dec. 31, 2014
Total assets	116	304
Net banking income	0	6
Shareholders' equity	78	137
Net loss attributable to owners of the company	-21	-15

NOTE 4 - Cash and amounts due from central banks

4a - Loans and receivables due from credit institutions

	Dec. 31, 2015	Dec. 31, 2014
Cash and amounts due from central banks		
Due from central banks	9,907	32,601
including reserve requirements	1,988	2,195
Cash	1,171	1,190
TOTAL	**11,078**	**33,791**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts(1)	21,907	23,052
Other current accounts	1,576	1,559
Loans	34,889	5,463
Other receivables	3,218	2,922
Securities not listed in an active market	935	1,494
Resale agreements	7,499	8,833
Individually impaired receivables	0	3
Accrued interest	224	282
Impairment provisions	0	-3
TOTAL	**70,250**	**43,606**

(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, 2015	Dec. 31, 2014
Due to central banks	0	59
Due to credit institutions		
Crédit Mutuel network accounts	0	0
Other current accounts	1,750	1,621
Borrowings	16,189	15,900
Other debt	2,112	1,474
Resale agreements	23,872	18,161
Accrued interest	67	57
TOTAL	**43,990**	**37,271**

NOTE 5 - Financial assets and liabilities

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

	Dec. 31, 2015			Dec. 31, 2014		
	Held for trading	Fair value option	Total	Held for trading	Fair value option	Total
Securities	9,464	13,501	22,965	10,161	14,904	25,065
- Government securities	1,638	1	1,638	2,668	1	2,669
- Bonds and other fixed-income securities	6,840	1,936	8,776	6,759	2,653	9,411
. Quoted	*6,840*	*1,504*	*8,345*	*6,759*	*2,362*	*9,121*
. Not quoted	*0*	*432*	*432*	*0*	*290*	*290*
- Equities and other variable-income securities	986	11,564	12,550	734	12,251	12,984
. Quoted	*986*	*9,648*	*10,634*	*734*	*10,371*	*11,105*
. Not quoted	*0*	*1,916*	*1,916*	*0*	*1,879*	*1,879*
. Trading derivative instruments	3,985	0	3,985	5,277	0	5,277
. Other financial assets		170	170		21	21
including resale agreements (1)		*0*	*0*		*21*	*21*
TOTAL	**13,449**	**13,671**	**27,120**	**15,438**	**14,926**	**30,363**

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

	Dec. 31, 2015	Dec. 31, 2014
Financial liabilities held for trading	7,130	9,246
Financial liabilities at fair value by option through profit or loss	6,369	7,631
TOTAL	**13,500**	**16,878**

Financial liabilities held for trading

	Dec. 31, 2015	Dec. 31, 2014
Short selling of securities	2,810	3,401
- Government securities	0	2
- Bonds and other fixed-income securities	1,577	2,440
- Equities and other variable-income securities	1,233	959
. Debt representing securities given through repurchase agreements		
. Trading derivative instruments	4,206	5,656
. Other financial liabilities held for trading	115	189
TOTAL	**7,130**	**9,246**

Financial liabilities at fair value by option through profit or loss

	Dec. 31, 2015			Dec. 31, 2014		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	109	109	0	0	0	0
. Subordinated debt	0	0	0	0	0	0
. Interbank liabilities	6,260	6,260	0	7,531	7,531	0
. Due to customers	0	0	0	101	101	0
TOTAL	**6,369**	**6,369**	**0**	**7,631**	**7,632**	**-1**

Own credit risk is deemed immaterial.

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

Dec. 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	103,288	3,097	3,911	110,296
- Government and similar securities - AFS	24,029	438	0	24,466
- Bonds and other fixed-income securities - AFS	69,116	2,391	1,953	73,460
- Equities and other variable-income securities - AFS	9,075	187	211	9,473
- Investments in non-consolidated companies and other LT investments - AFS	1,068	75	1,278	2,420
- Investments in associates - AFS	2	6	469	476
Held for trading / Fair value option (FVO)	17,854	5,889	3,377	27,120
- Government and similar securities - Held for trading	1,289	349	0	1,638
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	4,873	1,474	493	6,840
- Bonds and other fixed-income securities - FVO	1,276	341	318	1,936
- Equities and other variable-income securities - Held for trading	985	0	1	986
- Equities and other variable-income securities - FVO	9,412	535	1,618	11,564
- Loans and receivables due from credit institutions - FVO	0	170	0	170
- Loans and receivables due from customers - FVO	0	0	0	0
- Derivative instruments and other financial assets - Held for trading	18	3,020	947	3,985
Hedging derivative instruments	0	4,175	46	4,221
Total	**121,142**	**13,161**	**7,334**	**141,637**
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	2,888	9,753	860	13,500
- Due to credit institutions - FVO	0	6,260	0	6,260
- Due to customers - FVO	0	0	0	0
- Debt securities - FVO	0	109	0	109
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	2,888	3,383	860	7,130
Hedging derivative instruments	0	5,676	53	5,729
Total	**2,888**	**15,429**	**912**	**19,229**

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**

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	Opening	Purchases	Sales	Gains and losses recognized in profit	Other movements	Closing
- Equities and other variable-income securities - FVO	1,527	232	-339	103	95	1,618

5d - Offsetting financial assets and financial liabilities

Dec. 31, 2015					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	8,206	0	8,206	-2,067	0	-4,780	1,359
Resale agreements	14,541	0	14,541	0	-13,220	-65	1,256
Total	**22,747**	**0**	**22,747**	**-2,067**	**-13,220**	**-4,845**	**2,615**

Dec. 31, 2015					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	9,879	0	9,879	-2,088	0	-4,514	3,277
Resale agreements	32,563	0	32,563	0	-31,902	-94	567
Total	**42,442**	**0**	**42,442**	**-2,088**	**-31,902**	**-4,608**	**3,844**

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**

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, 2015		Dec. 31, 2014	
	Assets	Liabilities	Assets	Liabilities
. Cash flow hedges	0	0	3	1
. Fair value hedges (change in value recognized through profit or loss)	4,221	5,729	4,645	6,667
TOTAL	**4,221**	**5,729**	**4,648**	**6,668**

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, 2015	Fair value Dec. 31, 2014	Change in fair value
Fair value of interest-risk by investment category			
. financial assets	791	599	192
. financial liabilities	-1,530	-2,524	995

6c - Analysis of derivative instruments

	Dec. 31, 2015			Dec. 31, 2014		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
Swaps	144,288	2,876	2,949	165,911	3,727	3,987
Other forward contracts	15,177	6	2	23,459	8	6
Options and conditional transactions	20,074	125	272	18,931	157	282
Foreign exchange derivative instruments						
Swaps	93,553	60	61	97,397	58	49
Other forward contracts	117	337	289	190	387	338
Options and conditional transactions	23,372	177	165	20,679	97	98
Derivative instruments other than interest-rate and foreign exchange						
Swaps	13,872	126	187	14,029	106	157
Other forward contracts	1,876	0	26	2,190	0	0
Options and conditional transactions	8,705	278	255	17,102	737	739
Sub-total	**321,035**	**3,985**	**4,206**	**359,889**	**5,277**	**5,656**
Hedging derivative instruments						
Fair value hedges						
Swaps	112,001	4,218	5,729	104,314	4,645	6,667
Other forward contracts	0	0	0	261	0	0
Options and conditional transactions	3	3	0	3	0	0
Cash flow hedges						
Swaps	0	0	0	0	3	1
Other forward contracts	0	0	0	0	0	0
Sub-total	**112,004**	**4,221**	**5,729**	**104,579**	**4,648**	**6,668**
TOTAL	**433,039**	**8,206**	**9,934**	**464,468**	**9,925**	**12,324**

The CVA (credit value adjustment) and DVA (debt value adjustment) involve a reduction of proprietary credit risk and at December 31, 2015 amounted to -€42 million (-€36 million at December 31, 2014) and €3 million (€3 million at December 31, 2014) respectively. La FVA (funding value adjustment) which corresponds to costs or earnings linked to the financing of certain unhedged derivative instruments amounted to -€22 million at December 31, 2015 (-€19 million at December 31, 2014).

Note 7 - Available-for-sale financial assets

7a - Available-for-sale financial assets

	Dec. 31, 2015	Dec. 31, 2014
. Government securities	24,341	21,976
. Bonds and other fixed-income securities	73,333	67,386
- Listed	72,840	67,062
- Unlisted	493	324
. Equities and other variable-income securities	9,473	8,143
- Listed	9,286	7,916
- Unlisted	188	228
. Long-term investments	2,895	2,577
- Investments in non-consolidated companies	2,207	1,840
- Other long-term investments	213	210
- Investments in associates	475	527
- Securities lent	0	1
- Current account advances related to non-performing SCI	0	0
. Accrued interest	254	480
TOTAL	**110,296**	**100,562**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*790*	*926*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*1,285*	*1,142*
Including impairment of bonds and other fixed-income securities	*-58*	*-86*
Including impairment of equities and other variable-income securities and long-term investments	*-1,704*	*-2,099*

The Visa Europe shares were the subject of a memorandum of agreement for their purchase by Visa Inc. As a result these shares, which were recognized in unlisted available-for-sale variable-income securities, were revalued through equity in the amount of €245 million. The terms of the memorandum of agreement provided for an estimated selling price comprising a cash component, a preference share component and a clause concerning an earn-out payable at the end of the four-year period following the actual disposal of the shares.
The valuation was determined as of December 31, 2015 by applying a 50% discount to the preference share component and a 100% discount to the earn-out.
These discounts reflect the effect of the following uncertainties surrounding valuation:
- *actual completion of the transaction, since it is conditional on approval from the European authorities;*
- *the final allocation of the selling price between the vendors;*
- *the liquidity risk associated with the preference shares;*
- *the valuation of any disputes relating to Visa Europe's business;*

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

		% held	Shareholders' equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 10%	1,513	9,367	216	70
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 40%	562	49,081	4	1
Foncière des Régions	Quoted	< 10%	7,300	17,566	799	120

The figures above (excluding the percentage of interest) relate to 2014.

7c - Exposure to sovereign risk

Countries benefiting from aid packages

*Net exposure**	Dec. 31, 2015		Dec. 31, 2014	
	Portugal	Ireland	Portugal	Ireland
Financial assets at fair value through profit or loss	42		39	
Available-for-sale financial assets	60	102	67	102
Held-to-maturity financial assets				
TOTAL	**102**	**102**	**106**	**102**

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

Residual contractual maturity	Portugal	Ireland	Portugal	Ireland
< 1 year			6	
1 to 3 years	62		2	
3 to 5 years	12	95	50	90
5 to 10 years	18	7	39	5
> 10 years	10		8	7
Total	**102**	**102**	**106**	**102**

Other sovereign risk exposures in the banking portfolio

Net exposure	Dec. 31, 2015		Dec. 31, 2014	
	Spain	Italy	Spain	Italy
Financial assets at fair value through profit or loss	98	63	139	73
Available-for-sale financial assets	390	910	195	1,028
Held-to-maturity financial assets				
TOTAL	**488**	**973**	**334**	**1,101**

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	333	338	76	351
1 to 3 years	106	373	167	192
3 to 5 years		203	17	389
5 to 10 years	32	58	34	50
> 10 years	17	1	40	119
Total	**488**	**973**	**334**	**1,101**

NOTE 8 - Customers

8a - Loans and receivables due from customers

	Dec. 31, 2015	Dec. 31, 2014
Performing loans	289,661	273,142
. Commercial loans	6,164	4,992
. Other customer loans	282,445	266,800
- Home loans	155,910	147,167
- Other loans and receivables, including repurchase agreements	126,535	119,632
. Accrued interest	627	773
. Securities not listed in an active market	426	578
Insurance and reinsurance receivables	220	205
Individually impaired receivables	12,631	12,754
Gross receivables	**302,512**	**286,101**
Individual impairment	-7,723	-7,660
Collective impairment	-518	-684
SUB-TOTAL I	**294,271**	**277,757**
Finance leases (net investment)	10,004	9,594
. Furniture and movable equipment	5,767	5,569
. Real estate	3,887	3,698
. Individually impaired receivables	350	327
Impairment provisions	-139	-127
SUB-TOTAL II	**9,864**	**9,467**
TOTAL	**304,136**	**287,224**
of which non-voting loan stock	*12*	*13*
of which subordinated notes	*19*	*30*

Finance leases with customers

	Dec. 31, 2014	Acquisition	Sale	Other	Dec. 31, 2015
Gross carrying amount	9,594	1,236	-840	14	10,004
Impairment of irrecoverable rent	-127	-27	26	-12	-139
Net carrying amount	9,467	1,209	-814	2	9,864

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	2,801	5,250	2,250	10,301
Present value of future lease payments	2,265	3,590	253	6,108
Unearned finance income	**536**	**1,660**	**1,997**	**4,193**

8b - Amounts due to customers

	Dec. 31, 2015	Dec. 31, 2014
. Regulated savings accounts	102,269	97,368
- demand	69,125	67,616
- term	33,143	29,752
. Accrued interest	46	43
Sub-total	**102,314**	**97,411**
. Current accounts	93,131	78,671
. Term deposits and borrowings	55,572	55,042
. Resale agreements	2,539	3,825
. Accrued interest	735	784
. Insurance and reinsurance payables	78	98
Sub-total	**152,056**	**138,420**
TOTAL	**254,370**	**235,831**

NOTE 9 - Held-to-maturity financial assets

	Dec. 31, 2015	Dec. 31, 2014
Securities	13,104	13,084
- Government securities	0	0
- Bonds and other fixed-income securities	13,104	13,084
. Quoted	10,169	13,051
. Not quoted	2,935	33
. Accrued interest	3	1
GROSS TOTAL	**13,106**	**13,085**
of which impaired assets	*20*	*23*
Impairment provisions	-11	-15
NET TOTAL	**13,095**	**13,071**

NOTE 10 - Movements in impairment provisions

	Dec. 31, 2014	Additions	Reversals	Other	Dec. 31, 2015
Loans and receivables due from credit institutions	-3	0	2		0
Loans and receivables due from customers	-8,471	-1,455	1,600	-54	-8,380
Available-for-sale securities	-2,184	-43	430	35	-1,762
Held-to-maturity securities	-15	0	4	0	-11
TOTAL	**-10,673**	**-1,498**	**2,035**	**-18**	**-10,154**

At December 31, 2015, provisions on loans and receivables due from customers totalled €8,380 million (€8,471 million at end-2014), of which €518 million in collective provisions. Individual provisions relate mainly to ordinary accounts in debit for €721 million (€793million at end-2014) and to provisions on commercial receivables and other receivables (including home loans) for €7,002 million (€6,868 million at end- 2014).

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, 2015		Dec. 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables portfolio	1,179	1,179	1,669	1,755
AFS portfolio	2,418	2,393	2,681	2,656

	Dec. 31, 2015	Dec. 31, 2014
Gains/(losses) that would have been recognized in the income statement at fair value if the assets had not been reclassified	-115	122
Unrealized gains/(losses) that would have been recognized in equity if the assets had not been reclassified	64	-432
Gains/(losses) recognized in income (net banking income and net additions to/reversals from provisions for loan losses) relating to reclassified assets	49	343

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, 2015	Carrying amount Dec. 31, 2014
RMBS	3,198	2,012
CMBS	413	605
CLO	1,666	1,246
Other ABS	1,564	1,242
Sub-total	***6,840***	*5,105*
RMBS hedged by CDS	0	62
CLO hedged by CDS	38	142
Other ABS hedged by CDS	0	0
Liquidity facilities for RMBD programs	0	
Liquidity facilities for ABCP programs	223	199
TOTAL	**7,101**	5,508

Unless otherwise stated, securities are not covered by CDS.

Exposures at 12/31/2015	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,078	71	135	51	1,335
AFS	1,482	342	1,267	1,337	4,427
Loans	638		264	175	1,078
TOTAL	**3,198**	**413**	**1,666**	**1,564**	**6,840**
France	9	-	22	379	409
Spain	85	-	-	51	136
United Kingdom	374	19	50	188	632
Europe excluding France, Spain and United Kingdom	740	60	553	928	2,281
USA	1,983	333	770	17	3,103
Rest of the world	7	-	272	-	279
TOTAL	**3,198**	**413**	**1,666**	**1,564**	**6,840**
US Agencies	1,514	-	-	-	1,514
AAA	800	360	1,625	998	3,782
AA	266	-	-	327	593
A	92	-	16	161	269
BBB	40	53	4	60	157
BB	31	-	2	-	33
B or below	455	-	2	17	474
Not rated	-	-	18	-	18
TOTAL	**3,198**	**413**	**1,666**	**1,564**	**6,840**
Originating 2005 or before	363	53	0	-	416
Originating 2006-2008	812	333	195	50	1,390
Originating 2009-2011	248	-	-	37	285
Originating 2012-2015	1,775	26	1,471	1,477	4,748
TOTAL	**3,198**	**413**	**1,666**	**1,564**	**6,840**

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	1126	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			7.75		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**

NOTE 13 - Corporate income tax

13a - Current income tax

	Dec. 31, 2015	Dec. 31, 2014
Asset (through income statement)	1,105	1,253
Liability (through income statement)	620	558

13b - Deferred income tax

	Dec. 31, 2015	Dec. 31, 2014
Asset (through income statement)	878	917
Asset (through shareholders' equity)	180	161
Liability (through income statement)	519	564
Liability (through shareholders' equity)	580	689

Breakdown of deferred income tax by major categories

	Dec. 31, 2015		Dec. 31, 2014	
	Assets	Liabilities	Assets	Liabilities
. Temporary differences on:				
- Deferred gains (losses) on available-for-sale securities	180	580	161	689
- Impairment provisions	590		567	
- Unrealized finance lease reserve		223		245
- Earnings of fiscally transparent (pass-through) companies		0		0
- Remeasurement of financial instruments	668	576	847	778
- Accrued expenses and accrued income	204	91	166	84
- Tax losses(1)(2)	0		68	
- Insurance activities	27	205	50	226
- Other timing differences	32	69	52	65
. Netting	-644	-644	-833	-833
Total deferred tax assets and liabilities	1,058	1,100	1,078	1,254

Deferred taxes are calculated using the liability method. For the French entities, the deferred tax rate is 34.43%
(1) Of which, in respect of the United States: €25 million at December 31, 2014
(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, 2015	Dec. 31, 2014
Accruals - assets		
Collection accounts	142	625
Currency adjustment accounts	624	333
Accrued income	445	423
Other accruals	3,892	2,906
Sub-total	**5,104**	**4,286**
Other assets		
Securities settlement accounts	92	92
Guarantee deposits paid	5,599	6,998
Miscellaneous receivables	4,085	3,640
Inventories	27	29
Other	23	19
Sub-total	**9,826**	**10,779**
Other insurance assets		
Technical reserves - reinsurers' share	297	264
Other expenses	103	90
Sub-total	**399**	**353**
TOTAL	**15,329**	**15,418**

14b - Accruals and other liabilities

	Dec. 31, 2015	Dec. 31, 2014
Accruals - liabilities		
Accounts unavailable due to collection procedures	232	100
Currency adjustment accounts	40	4
Accrued expenses	1,193	1,106
Deferred income	1,409	1,515
Other accruals	5,527	5,069
Sub-total	**8,400**	**7,793**
Other liabilities		
Securities settlement accounts	242	475
Outstanding amounts payable on securities	51	78
Other payables	4,336	5,107
Sub-total	**4,629**	**5,659**
Other insurance liabilities		
Deposits and guarantees received	194	180
Sub-total	**194**	**180**
TOTAL	**13,223**	**13,632**

NOTE 15 - Investments in associates

Equity value and share of net income (loss)

				Dec. 31, 2015			
		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%	41	10	7	NC*
ASTREE Assurance	Listed	Tunisia	30.00%	19	2	1	22
Banco Popular Español	Listed	Spain	3.94%	426	-45	6	260
Banque de Tunisie	Listed	Tunisia	34.00%	180	15	7	208
Banque Marocaine du Commerce Extérieur	Listed	Morocco	26.21%	998	51	17	934
CCCM	Unlisted	France	52.84%	239	4	1	NC*
Euro Automatic Cash	Unlisted	Spain	50.00%	39	7	5	NC*
RMA Watanya	Unlisted	Morocco	22.02%	80	14	14	NC*
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA (formely Royal Automobile Club de Catalogne)	Unlisted	Spain	100.00%	0	3	0	NC*
Other	Unlisted			10	1	0	NC*
TOTAL (1)				**2,032**	**61**	**57**	
Joint ventures							
Bancas	Unlisted	France	50.00%	1	0	0	NC*
Banque Casino	Unlisted	France	50.00%	46	-25	0	NC*
Targobank Spain	Unlisted	Spain	50.00%	348	7	0	NC*
TOTAL (2)				**395**	**-19**	**0**	
TOTAL (1) + (2)				**2,427**	**42**	**57**	

** NC: not communicated*

				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*

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, 2015, which resulted in the recognition of a €45.4 million impairment provision in respect of the year. 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 a €13 million 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 €3 million.

Financial data published by the major associates

			Dec. 31, 2015			
	Total assets	NBI or revenue	Operating income before	Net income	OCI reserves	Shareholders' equity
Entities over which significant influence is exercised						
ACM Nord	190	153	30	19	2	76
ASTREE Insurance(1)(2)	395	124	15	13	49	153
Banco Popular Español	158,650	3,431	1,689	105	-222	12,515
Banque de Tunisie(1)(2)	4,030	196	104	88	NC*	628
Banque Marocaine du Commerce Extérieur(1)(3)	247,243	11,497	5,004	2,692	141	20,803
CCCM	4,667	22	16	10	97	581
RMA Watanya(1)(3)	281,907	4,840	3,276	385	3,248	5,005
Royal Automobile Club de Catalogne						
Joint ventures						
Banque Casino	829	93	39	-1	0	71
Targobank Spain	2,526	94	31	14	0	329

*(1) 2014 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams *NC: not communicated*

			Dec. 31, 2014			
	Total assets	NBI or revenue	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*

NOTE 16 - Investment property

	Dec. 31, 2014	Additions	Disposals	Other movements	Dec. 31, 2015
Historical cost	2,233	9	-26	13	2,228
Accumulated depreciation and impairment provisions	-306	-33	2	0	-338
Net amount	**1,927**	**-24**	**-24**	**12**	**1,891**

The fair value of investment property recognized at amortized costs was €2,485 million at December 31, 2015.

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2014	Additions	Disposals	Other movements	Dec. 31, 2015
Historical cost					
Land used in operations	462	61	-3	0	519
Buildings used in operations	4,532	203	-77	8	4,666
Other property and equipment	2,467	340	-231	-15	2,561
TOTAL	**7,461**	**604**	**-312**	**-7**	**7,747**
Accumulated depreciation and impairment provisions					
Land used in operations	-1	-2	1	-1	-3
Buildings used in operations	-2,677	-198	57	13	-2,805
Other property and equipment	-1,943	-196	124	-10	-2,024
TOTAL	**-4,622**	**-396**	**183**	**2**	**-4,833**
TOTAL - Net amount	**2,840**	**208**	**-129**	**-5**	**2,914**
Including buildings under finance leases					
Land used in operations	6	1			7
Buildings used in operations	81	10		22	113
Total	**87**	**11**	**0**	**22**	**120**

17 b - Intangible assets

	Dec. 31, 2014	Additions	Disposals	Other movements	Dec. 31, 2015
Historical cost					
. Internally developed intangible assets	16	0	0	0	16
. Purchased intangible assets	1,864	60	-55	-22	1,846
- software	487	11	-41	9	467
- other	1,376	49	-14	-31	1,380
TOTAL	**1,880**	**60**	**-55**	**-22**	**1,863**
Accumulated depreciation and impairment provisions					
. Internally developed intangible assets					
. Purchased intangible assets	-954	-168	39	35	-1,048
- software	-401	-58	35	-8	-432
- other	-552	-110	4	43	-616
TOTAL	**-954**	**-168**	**39**	**35**	**-1,048**
Net amount	**926**	**-108**	**-16**	**13**	**815**

NOTE 18 - Goodwill

	Dec. 31, 2014	Additions	Disposals	Impairment losses/reversals	Other movements	Dec. 31, 2015
Goodwill, gross	4,196	133	0		-37	4,292
Impairment provisions	-236			-90	36	-291
Goodwill, net	**3,960**	**133**	**0**	**-90**	**-1**	**4,001**

Subsidiaries	Goodwill as of Dec. 31, 2014	Additions	Disposals	Impairment losses/reversals	Other movements	Goodwill as of Dec. 31, 2015
Targobank Germany	2783				-1	2,781
Crédit Industriel et Commercial (CIC)	497					497
Cofidis Participations	387					387
Cofidis Italie	0	9				9
Cofidis SGPS SA	0	70				70
EI Telecom	78					78
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA (formely Royal Automobile Club de Catalogne)	0	51				51
CM-CIC Investissement SCR	21					21
Monabanq	8			-8		0
CIC Iberbanco	15					15
Banque de Luxembourg	13					13
Banque Transatlantique	6					6
Transatlantique Gestion	5					5
Other expenses	146	3		-82		67
TOTAL	**3,960**	**133**	**0**	**-90**	**-1**	**4,001**

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 Network bank	**Targobank Spain** Network bank	**Cofidis** Consumer credit
Capital cost	9.00%	9.00%	9.00%
Effect of 50 basis point increase in capital cost	-357	-41.2	-203
Effect of 1% decrease in future cash flows	-72	-5.8	-30

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

NOTE 19 - Debt securities

	Dec. 31, 2015	Dec. 31, 2014
Retail certificates of deposit	825	884
Interbank instruments and money market securities	50,652	50,507
Bonds	52,520	52,935
Accrued interest	1,399	1,345
TOTAL	**105,396**	**105,672**

NOTE 20 - Technical reserves of insurance companies

	Dec. 31, 2015	Dec. 31, 2014
Life	78,079	75,529
Non-life	2,771	2,480
Unit of account	6,953	6,334
Other expenses	287	217
TOTAL	**88,090**	**84,560**
Of which deferred profit-sharing - liability	*9,283*	*10,313*
Deferred profit sharing - assets	**0**	**0**
Reinsurers' share of technical reserves	**297**	**264**
TOTAL - Net technical reserves	**87,793**	**84,296**

NOTE 21 - Provisions

	Dec. 31, 2014	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2015
Provisions for risks	**380**	**113**	**-33**	**-176**	**-9**	**275**
Signature commitments	156	40	-4	-51	-15	126
Financing and guarantee commitments	1	2	0	0	0	3
On country risks	0	0	0	0	0	0
Provision for taxes	37	10	-17	-10	19	39
Provisions for claims and litigation	67	55	-11	-25	-3	83
Provision for risks on miscellaneous receivables (1)	119	6	-1	-90	-10	24
Other provisions	**1,029**	**217**	**-178**	**-82**	**31**	**1,017**
Provisions for home savings accounts and plans	91	45	0	0	1	137
Provisions for miscellaneous contingencies	478	123	-90	-54	60	517
Other provisions(2)	460	49	-88	-28	-30	363
Provision for retirement benefits	**1,186**	**46**	**-13**	**-63**	**-42**	**1,114**
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses	921	36	-3	-55	-34	865
Supplementary retirement benefits	109	6	-5	-4	8	113
Long service awards (other long-term benefits)	125	2	-1	-3	-2	121
Sub-total recognized	1,154	43	-9	-62	-28	1,099
Supplementary retirement benefit - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls(3)	32	2	-4	-1	-15	15
Sub-total recognized	32	2	-4	-1	-15	15
TOTAL	**2,595**	**376**	**-223**	**-321**	**-20**	**2,405**

Assumptions used	**2015**	**2014**
Discount rate(4)	2.0%	1.7%
Annual increase in salaries(5)	Minimum 0.8%	Minimum 1.2%

(1) The reversal of impairment of €89 million relates to the entities of CIC Group wearing BPM titles that were "tupped" during 2015 (see note 28).

(2) Other provisions include provisions set aside in respect of economic interest groupings (EIG) totaling €299 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, 2014	Discounted amount	Financial income	Cost of services performed	Other costs incl. Past service	Actuarial gains (losses) relating to changes in assumptions		Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31,2015
						demographic	financial					
Commitments	1,303	23	0	52	0	3	-84	-49	0	-1	9	1,256
Non-group insurance contract and externally managed assets	382	0	8	0	0	0	-2	0	4	0	0	392
Provisions	**921**	**23**	**-8**	**52**	**0**	**3**	**-82**	**-49**	**-4**	**-1**	**9**	**865**

	Dec. 31, 2013	Discounted amount	Financial income	Cost of services performed	Other costs incl. Past service	Actuarial gains (losses) relating to changes in assumptions		Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31,2014
						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**

A change of plus or minus 50 basis points in the discount rate would result in, respectively, a fall of €85 million / an increase of €98 million in the commitment. The term of the commitments (excluding foreign entities) is 18 years.

Change in the fair value of plan assets

in € thousands	Fair value of assets Dec. 31, 2014	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 2015
Fair value of plan assets	914,447	10,643	-13,566	9,073	3,375	3,400	-28,068	0	0	899,303

in € thousands	Fair value of assets Dec. 31, 2013	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 2014
Fair value of plan assets	754,436	6,941	86,950	19,391	2,746	69,534	-25,608	0	55	914,447

Details of the fair value of plan assets

	Dec. 31, 2015				Dec. 31, 2014			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Assets listed on an active market	76%	21%	0%	2%	77%	18%	0%	4%
Assets not listed on an active market	0%	0%	1%	0%	0%	0%	1%	0%
Total	76%	21%	1%	2%	77%	18%	1%	4%

Provisions for signature risk on home savings accounts and plans

	Dec. 31, 2015	Dec. 31, 2014
Home savings plans		
Contracted less than 10 years ago	19,834	15,927
Contracted more than 10 years ago	5,551	6,297
Total	**25,385**	**22,224**
Amounts outstanding under home savings accounts	**2,805**	**2,857**
Total	**28,191**	**25,081**

Home savings loans	Dec. 31, 2015	Dec. 31, 2014
Balance of home savings loans giving rise to provisions for risks reported in assets	366	521

Provisions for home savings accounts and plans	**Dec. 31, 2014**	**Net additions/ reversals**	**Other movements**	**Dec. 31, 2015**
On home savings accounts	35	(18)	0	17
On home savings plans	44	67	0	111
On home savings loans	13	(5)		8
Total	**91**	**45**	**0**	**136**
Maturity analysis				
Contracted less than 10 years ago	15	57	0	72
Contracted more than 10 years ago	29	10	0	39
Total	**44**	**67**	**0**	**111**

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, 2015	Dec. 31, 2014
Subordinated debt	4,726	4,935
Non-voting loan stock	26	26
Perpetual subordinated loan stock	1,283	1,461
Other debt	0	1
Accrued interest	54	64
TOTAL	**6,088**	**6,486**

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	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	€912m	4.00	Oct. 22, 2020
Banque Fédérative du Crédit Mutuel	Subordinated note	May 21, 2014	€1,000m	€1,000m	3.00	May 21, 2024
Banque Fédérative du Crédit Mutuel	Subordinated note	Sept. 11,2015	€1,000m	€1,000m	3.00	Sept. 11,2025
CIC	Non-voting loan stock	May 28, 1985	€137m	€11m	(2)	(3)
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Dec. 15, 2004	€750m	€738m	(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	€236m	€224m	(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, 2015	Dec. 31, 2014
. Capital stock and issue premiums	5,820	5,840
- Capital stock	5,820	5,840
- Issue premiums	0	0
. Consolidated reserves	25,049	22,978
- Regulated reserves	6	7
- Other reserves (including effects related to first-time application of standards)	24,923	22,858
- Retained earnings	120	113
. Net income for the year	2,258	2,179
TOTAL	**33,128**	**30,997**

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, 2015, the capital of the Crédit Mutuel Caisses comprised:
- €189.5 million in A units
- €5,615.8 million in B units
- €14.8 million in P units

23b - Unrealized or deferred gains and losses

	Dec. 31, 2015	Dec. 31, 2014
Unrealized or deferred gains and losses* relating to:		
. Available-for-sale financial assets		
- equities	1,168	956
- bonds	627	677
. Hedging derivative instruments (cash flow hedges)	-20	-20
. Actuarial gains and losses	-203	-263
. Translation adjustments	159	80
. Share of unrealized or deferred gains and losses of associates	-13	-12
TOTAL	**1,717**	**1,417**
Attributable to the Group	*1,543*	*1,238*
Attributable to minority interests	*175*	*180*

** Net of tax.*

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

	Changes 2015	Changes 2014
Translation adjustments		
- Reclassification in income	0	0
- Other movements	79	60
- Translation adjustment	*79*	*60*
Remeasurement of available-for-sale financial assets		
- Reclassification in income	-69	39
- Other movements	230	585
Remeasurement of available-for-sale financial assets	*161*	*624*
Remeasurement of hedging derivative instruments		
- Reclassification in income	0	0
- Other movements	0	4
Remeasurement of hedging derivatives	*0*	*4*
- Share of unrealized or deferred gains and losses of associates	-1	21
Share of unrealized or deferred gains and losses of associates	*-1*	*21*
TOTAL - Recyclable gains and losses	***239***	***710***
- Remeasurement of non-current assets		
- Actuarial gains and losses on defined benefit plans	61	-102
TOTAL - Non-recyclable gains and losses	**61**	**-102**
Total gains and losses recognized directly in shareholders' equity	**300**	**608**

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

	Changes 2015			Changes 2014		
	Gross amount	Corporate income tax	Net amount	Gross amount	Corporate income tax	Net amount
Translation adjustments	79		79	60		60
Remeasurement of available-for-sale financial assets	246	-85	161	952	-328	624
Remeasurement of hedging derivatives	0	0	0	6	-2	4
Remeasurement of non-current assets	0	0		0	0	
Actuarial gains and losses on defined benefit plans	93	-32	61	-155	53	-102
Share of unrealized or deferred gains and losses of associates	-1		-1	21		21
Total gains and losses recognized directly in shareholders' equity	**416**	**-117**	**300**	**885**	**-277**	**608**

NOTE 24 - Commitments given and received

Commitments and guarantees given	Dec. 31, 2015	Dec. 31, 2014
Financing commitments		
Commitments given to credit institutions	1,242	1,452
Commitments given to customers	53,490	48,897
Guarantee commitments		
Guarantees given on behalf of credit institutions	1,322	1,740
Guarantees given on behalf of customers	15,433	15,184
Commitments on securities		
Other commitments given	796	240
Commitments given by the Insurance business line	1,137	578

Commitments and guarantees received	Dec. 31, 2015	Dec. 31, 2014
Financing commitments		
Commitments received from credit institutions	4,586	6,952
Guarantee commitments		
Commitments received from credit institutions	35,514	31,280
Commitments received from customers	17,208	10,108
Commitments on securities		
Other commitments received	516	86
Commitments received by the Insurance business line	3,714	3,200

Securities sold under repurchase agreements	Dec. 31, 2015	Dec. 31, 2014
Amounts received under resale agreements	32,094	30,048
Related liabilities	32,538	29,309

Assets given as collateral for liabilities	Dec. 31, 2015	Dec. 31, 2014
Loaned securities	0	1
Security deposits on market transactions	5,599	6,998
Total	**5,599**	**6,999**

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, 2015		Dec. 31, 2014	
	Income	Expense	Income	Expense
. Credit institutions and central banks	727	-541	861	-517
. Customers	12,587	-5,248	12,835	-5,567
- of which finance leases and operating leases	2,749	-2,482	2,675	-2,388
. Hedging derivative instruments	1,763	-2,498	3,418	-4,154
. Available-for-sale financial assets	473		455	
. Held-to-maturity financial assets	255		327	
. Debt securities		-1,923		-1,999
. Subordinated debt		-33		-41
TOTAL	**15,804**	**-10,243**	**17,896**	**-12,277**

NOTE 26 - Fees and commissions

	Dec. 31, 2015		Dec. 31, 2014	
	Income	Expense	Income	Expense
Credit institutions	10	-38	11	-7
Customers	1,554	-25	1,329	-24
Securities	783	-44	733	-40
of which funds managed for third parties	*533*		*497*	
Derivative instruments	3	-7	2	-4
Foreign exchange	28	-2	20	-2
Financing and guarantee commitments	129	-7	79	-6
Services provided	1,770	-996	1,570	-808
TOTAL	**4,277**	**-1,120**	**3,743**	**-892**

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

	Dec. 31, 2015	Dec. 31, 2014
Trading derivative instruments	437	238
Instruments designated under the fair value option(1)	173	158
Ineffective portion of hedging instruments	4	16
. Cash flow hedges	0	0
. Fair value hedges	4	16
. Change in fair value of hedged items	-346	-891
. Change in fair value of hedging items	350	907
Foreign exchange gains (losses)	85	45
Total changes in fair value	**698**	**456**

(1) of which €166 million relating to the Private equity business line vs €142 million as of Déc. 31, 2014

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

	Dec. 31, 2015			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		216	0	216
. Equities and other variable-income securities	55	87	11	154
. Long-term investments (1)	38	-67	87	57
. Other expenses	0	-1	0	-1
TOTAL	**93**	**235**	**98**	**427**

(1) Following TUP CIC Group entities wearing BPM titles, it was found in 2015, €98 million of confusion Mali and €89 million of reversals of provisions for risks and charges (see Note 21) .

	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**

NOTE 29 - Other income and expense

	Dec. 31, 2015	Dec. 31, 2014
Income from other activities		
. Insurance contracts	13,383	13,110
. Investment property	2	5
- Reversals of depreciation, amortization and impairment charges	1	3
- Capital gains on disposals	1	3
. Rebilled expenses	86	76
. Other income	1,679	1,595
Sub-total	**15,150**	**14,786**
Expenses on other activities		
. Insurance contracts	-11,165	-10,897
. Investment property	-39	-57
- depreciation, amortization and impairment charges (based on the accounting method selected)	-39	-57
. Other expenses	-972	-933
Sub-total	**-12,177**	**-11,886**
Other income and expense, net	**2,973**	**2,900**

Net income from the Insurance business line

	Dec. 31, 2015	Dec. 31, 2014
Earned premiums	10,142	10,117
Claims and benefits expenses	-6,932	-6,545
Movements in provisions	-4,242	-4,358
Other technical and non-technical income and expense	79	81
Net investment income	3,171	2,918
Total	**2,218**	**2,213**

NOTE 30 - General operating expenses

	Dec. 31, 2015	Dec. 31, 2014
Payroll costs	-4,639	-4,417
Other operating expenses	-3,268	-3,129
TOTAL	**-7,907**	**-7,546**

30a - Payroll costs

	Dec. 31, 2015	Dec. 31, 2014
Salaries and wages	-2,924	-2,769
Social security contributions(1)	-1,086	-1,090
Employee benefits - short-term	-2	-2
Incentive bonuses and profit-sharing	-268	-211
Payroll taxes	-359	-341
Other expenses	0	-4
TOTAL	**-4,639**	**-4,417**

(1) The CICE tax credit for competitiveness and employment is recognized as a credit to payroll costs and amounted to €62.1 million in 2015.

The CICE enabled, in particular, the maintenance of or even an increase in financing for employee training at a level well above the regulatory requirements, 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 members to not only remain in closer contact with their customer relationship managers but also to achieve energy savings;
- IT developments concerning new telephone-based means of payment and related services,
- IT developments concerning the redesigning of the website providing customers and members with better overall information about the accounts and services offered;
- research into new services benefiting our merchant customers,
- searching for new domestic and international markets.

Number of employees

Average number of employees	Dec. 31, 2015	Dec. 31, 2014
Banking staff	38,969	38,680
Management	23,099	22,716
TOTAL	**62,068**	**61,396**
Analysis by country		
France	50,309	50,254
Rest of the world	11,759	11,142
TOTAL	**62,068**	**61,396**

	Dec. 31, 2015	Dec. 31, 2014
Number of employees at end of year*	**66,372**	**65,571**

** 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, 2015	Dec. 31, 2014
Taxes and duties	-343	-313
External services	-2,281	-2,212
Other miscellaneous expenses (transportation, travel, etc.)	-108	-100
TOTAL	**-2,732**	**-2,625**

The change in the item "Taxes" notably due to the recognition of an expense of €44 million for the contribution to the Single Resolution Fund.

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

	Dec. 31, 2015	Dec. 31, 2014
Depreciation and amortization	-515	-495
- property and equipment	-392	-388
- intangible assets	-123	-107
Impairment losses	-21	-9
- property and equipment	2	0
- intangible assets	-23	-9
TOTAL	**-536**	**-504**

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

Dec. 31, 2015	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	-2	-1	0	27
Customers	-1,416	1,448	-688	-327	169	-814
. Finance leases	-7	4	-2	-2	1	-7
. Other customer items	-1,409	1,444	-685	-325	168	-807
Sub-total	**-1,416**	**1,478**	**-690**	**-328**	**169**	**-787**
Held-to-maturity financial assets	0	4	0	0	0	4
Available-for-sale financial assets	0	28	-32	-23	1	-26
Other	-47	58	-3	-1	0	7
TOTAL	**-1,463**	**1,567**	**-724**	**-353**	**170**	**-803**

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**

NOTE 32 - Gains (losses) on other assets

	Dec. 31, 2015	Dec. 31, 2014
Property, equipment and intangible assets	-10	4
. Losses on disposals	-27	-13
. Gains on disposals	17	17
Gain (loss) on consolidated securities sold	-6	1
TOTAL	**-16**	**5**

NOTE 33 - Change in value of goodwill

	Dec. 31, 2015	Dec. 31, 2014
Impairment of goodwill	-90	-21
Negative goodwill taken to income	0	0
TOTAL	**-90**	**-21**

NOTE 34 - Corporate income tax

Breakdown of income tax expense

	Dec. 31, 2015	Dec. 31, 2014
Current taxes	-1,513	-1,131
Deferred taxes	15	-69
Adjustments in respect of prior years	-9	5
TOTAL	**-1,507**	**-1,195**

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

	Dec. 31, 2015	Dec. 31, 2014
Taxable income	3,978	3,538
Theoretical tax rate	38.00%	38.00%
Theoretical tax expense	**-1,512**	**-1,345**
Impact of preferential “SCR” and “SICOMI” rates	43	39
Impact of the reduced rate on long-term capital gains	9	27
Impact of different tax rates paid by foreign subsidiaries	41	19
Permanent timing differences	-10	50
Other impacts	-79	15
Tax expense	**-1,507**	**-1,195**
Effective tax rate	37.88%	33.79%

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, 2015 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, 2015.

Dec. 31, 2015	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets	**402,279**	**387,481**	**14,798**	**14,175**	**82,944**	**305,160**
Loans and receivables due from credit institutions	68,602	70,250	-1,647	269	68,306	27
- Debt securities	936	935	1	269	640	27
- Loans and advances	67,666	69,314	-1,649	0	67,666	0
Loans and receivables due from customers	318,908	304,136	14,773	146	13,638	305,124
- Debt securities	421	426	-4	146	43	232
- Loans and advances	318,487	303,710	14,777	0	13,594	304,893
Held-to-maturity financial assets	14,768	13,095	1,673	13,759	1,001	8
Liabilities	**415,952**	**409,845**	**6,106**	**0**	**254,380**	**161,572**
Due to credit institutions	43,830	43,990	-161	0	43,830	0
Due to customers	254,793	254,370	423	0	93,221	161,572
Debt securities	110,649	105,396	5,252	0	110,649	0
Subordinated debt	6,680	6,088	592	0	6,680	0

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

NOTE 36 - Related party transactions

Statement of financial position items concerning related party transactions

	Dec. 31, 2015		Dec. 31, 2014	
	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	2,627	5,055	2,510	4,691
Loans and receivables due from customers	0	48	0	26
Securities	0	577	0	509
Other assets	3	51	4	35
TOTAL	2,631	5,730	2,514	5,261
Liabilities				
Deposits				
Due to credit institutions	3,196	648	3,155	1,162
Due to customers	10	2,077	9	2,072
Debt securities	30	728	40	762
Other liabilities	0	90	0	98
TOTAL	3,236	3,544	3,205	4,094
Financing and guarantee commitments				
Financing commitments given	410	5	265	7
Guarantee commitments given	43	77	40	75
Guarantee commitments received	0	486	0	438

Income statement items concerning related party transactions

	Dec. 31, 2015		Dec. 31, 2014	
	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	8	65	14	82
Interest paid	0	-39	-13	-51
Fees and commissions received	5	16	3	12
Fees and commissions paid	0	-5	0	-5
Other income (expense)	39	-10	36	3
General operating expenses	4	-15	12	-15
TOTAL	56	13	51	26

"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 (decree of Nov. 3, 2014) 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, 2015*	*Dec. 31, 2014*
Amounts in € thousands	Total compensation	Total compensation
Corporate officers - Management Committee - Board members who receive compensation	5,723	5,734

· 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, 2015.

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 €18,411 in 2015.

. At its meeting of February 26, 2015, the Board of Directors of BFCM approved a severance payment in case of termination of Mr. Thery'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 €690,000 (including social security contributions). A provision was recognized for the outstanding amount as of December 31, 2015.

Mr. Thery 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 €18,411 in 2015.

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, 2015 were approved by the board of directors at its meeting of February 26, 2016.

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		%	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Audit								
Statutory audit and contractual audits								
- BFCM	221	203	6%	6%	271	292	4%	4%
- Fully consolidated subsidiaries	2,747	2,647	78%	79%	4,952	4,769	65%	73%
Other assignments and services directly related to the statutory audit(1)								
- BFCM	20	10	1%	0%	28	15	0%	0%
- Fully consolidated subsidiaries	362	403	10%	12%	2,111	1,084	28%	17%
Sub-total	***3,350***	***3,264***	***95%***	***98%***	***7,362***	***6,160***	***97%***	***94%***
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and corporate advisory services	22	20	1%	1%	106	88	1%	1%
- Other	170	62	5%	2%	156	313	2%	5%
Sub-total	***192***	***82***	***5%***	***2%***	***262***	***401***	***3%***	***6%***
Total	**3,542**	**3,346**	**100%**	**100%**	**7,624**	**6,561**	**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 €7,206 thousand for the fiscal year 2015.

III.5 - Report of the Statutory Auditors 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.

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Tour Eqho
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92066 Paris-La Défense Cedex

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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, 2015

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, 2015 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, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

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

- The Group uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Notes 1.3 and 12 to the consolidated financial statements. We examined the control system applied to these models and methods, the parameters used and the identification of the financial instruments to which they apply.
- The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1.3 and 7 to the consolidated financial statements). We examined the control system applied to the identification of impairment indicators, the valuation of the most significant items, and the estimates that led, where applicable, to the recognition of impairment provisions to cover losses in value.
- The Group carried out impairment tests on goodwill and investments held, which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1.3 and 18 to the consolidated financial statements). We examined the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates that led, where applicable, to impairment losses.
- The Group records impairment losses to cover the credit and counterparty risks inherent to its business (Notes 1.3, 8a, 10, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual and collective impairment provisions.
- The Group records provisions for employee benefit obligations (Notes 1.3 and 21 to the consolidated financial statements). We examined the method used to assess these obligations, as well as the main assumptions and calculation methods used.

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

III. Specific verification

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

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

Paris-La Défense, April 14, 2016.

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 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 Confédération 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 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 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 ConfederationConfédération National du Crédit Mutuel 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 Risk 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 Risk 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.

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 tools, interfaced with accounting.

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

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

IV.1.55 - 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)[9]. 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 15% 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 31.12.2015 breaks down as follows :

Detailed table of the accounting/prudential scope reconciliation

9 Indicators resulting from QIS dedicated to their identification are made public on the CM11 Group's institutional website in the document entitled "systemic indicators".

Scope of consolidation

	Country	Dec. 31, 2015			
		Percent control	Percent interest	Accounting method *	Prudential method *
A. Banking network					
Banque Européenne du Crédit Mutuel (BECM)	France	100	98	FC	FC
BECM Francfort (succursale de BECM)	Germany	100	98	FC	FC
BECM Saint Martin (succursale de BECM)	Saint Martin	100	98	FC	FC
Caisse Agricole du Crédit Mutuel	France	100	100	FC	FC
CIC Est	France	100	93	FC	FC
CIC Iberbanco	France	100	98	FC	FC
CIC Lyonnaise de Banque (LB)	France	100	93	FC	FC
CIC Nord-Ouest	France	100	93	FC	FC
CIC Ouest	France	100	93	FC	FC
CIC Sud Ouest	France	100	93	FC	FC
Crédit Industriel et Commercial (CIC)	France	95	93	FC	FC
CIC Londres (succursale du CIC)	United Kingdom	100	93	FC	FC
CIC New York (succursale du CIC)	USA	100	93	FC	FC
CIC Singapour (succursale du CIC)	Singapore	100	93	FC	FC
Targobank AG & Co. KGaA	Germany	100	98	FC	FC
Targobank Espagne	Spain	50	49	EM	PC
B. Banking network - subsidiaries					
Bancas	France	50	49	EM	PC
Banco Cofidis SA	Portugal	100	54	FC	FC
Banco Banif Mais SA Espagne (succursale de Banco Cofidis SA)	Spain	100	54	FC	FC
Banco Cofidis SA (Spółka Akcyjna) Oddział w Polsce (succursale de Banco Cofidis SA)	Poland	100	54	FC	FC
Banco Banif Mais SA Slovaquie (succursale de Banco Cofidis SA)	Slovakia	100	54	FC	FC
Banco Popular Español	Spain	4	4	EM	EM
Banif Plus Bank	Hungary	100	54	FC	FC
Banque de Tunisie	Tunisia	34	33	EM	EM
Banque du Groupe Casino	France	50	49	EM	PC
Banque Européenne du Crédit Mutuel Monaco	Monaco	100	98	FC	FC
Banque Marocaine du Commerce Exterieur (BMCE)	Morocco	26	26	EM	EM
Caisse Centrale du Crédit Mutuel	France	53	53	EM	EM
Cartes et crédits à la consommation	France	100	98	FC	FC
Centax SA	Italy			MER	MER
CM-CIC Asset Management	France	90	91	FC	FC
CM-CIC Bail	France	100	94	FC	FC
CM-CIC Bail Espagne (succursale de CM-CIC Bail)	Spain	100	94	FC	FC
CM-CIC Epargne salariale	France	100	93	FC	FC
CM-CIC Factor	France	95	92	FC	FC
CM-CIC Gestion	France	100	91	FC	FC
CM-CIC Home Loan SFH	France	100	98	FC	FC
CM-CIC Lease	France	100	96	FC	FC
CM-CIC Leasing Benelux	Belgium	100	94	FC	FC
CM-CIC Leasing GmbH	Germany	100	94	FC	FC
Cofidis Belgique	Belgium	100	54	FC	FC
Cofidis Espagne (succursale de Cofidis France)	Spain	100	54	FC	FC
Cofidis France	France	100	54	FC	FC
Cofidis Hongrie (succursale de Cofidis France)	Hungary	100	54	FC	FC
Cofidis Italie	Italy	100	54	FC	FC
Cofidis Portugal (succursale de Cofidis France)	Portugal	100	54	FC	FC
Cofidis République Tchèque	Czech Republic	100	54	FC	FC
Cofidis Slovaquie	Slovakia	100	54	FC	FC
Creatis	France	100	54	FC	FC
FCT CM-CIC Home loans	France	100	98	FC	EM
Fivory (ex BCMI)	France	99	98	FC	FC
Monabanq	France	100	54	FC	FC
SCI La Tréflière	France	100	99	FC	FC
SOFEMO - Société Fédérative Europ.de Monétique et de Financement	France			MER	MER
Targo Dienstleistungs GmbH	Germany	100	98	FC	FC
Targo Finanzberatung GmbH	Germany	100	98	FC	FC

	Country	Dec. 31, 2015			
		Percent control	Percent interest	Accounting method *	Prudential method *
C. Corporate banking and capital markets					
Banque Fédérative du Crédit Mutuel (BFCM)	France	98	98	FC	FC
Banque Fédérative du Crédit Mutuel Francfort (Succursale de BFCM)	Germany			NC	NC
Cigogne Management	Luxembourg	100	95	FC	FC
CM-CIC Securities	France	100	93	FC	FC
Diversified Debt Securities SICAV - SIF	Luxembourg	100	93	FC	FC
Divhold	Luxembourg			MER	MER
Ventadour Investissement	France	100	98	FC	FC
D. Private banking					
Banque de Luxembourg	Luxembourg	100	93	FC	FC
Banque Pasche	Switzerland	100	93	FC	FC
Banque Transatlantique (BT)	France	100	93	FC	FC
Banque Transatlantique Belgium	Belgium	100	93	FC	FC
Banque Transatlantique Londres (succursale de BT)	United Kingdom	100	93	FC	FC
Banque Transatlantique Luxembourg	Luxembourg	100	93	FC	FC
Banque Transatlantique Singapore Private Ltd	Singapore	100	93	FC	FC
CIC Suisse	Switzerland	100	93	FC	FC
Dubly-Douilhet Gestion	France	100	93	FC	FC
Pasche Finance SA Fribourg	Switzerland			MER	MER
Serficom Brasil Gestao de Recursos Ltda	Brasil			NC	NC
Serficom Family Office Brasil Gestao de Recursos Ltda	Brasil			NC	NC
Serficom Family Office SA	Switzerland			NC	NC
Transatlantique Gestion	France	100	93	FC	FC
Trinity SAM (ex Banque Pasche Monaco SAM)	Monaco			NC	NC
E. Private equity					
CM-CIC Capital et Participations	France	100	93	FC	FC
CM-CIC Conseil	France	100	93	FC	FC
CM-CIC Innovation (formely CM-CIC Capital Innovation)	France	100	93	FC	FC
CM-CIC Investissement (formely CM-CIC Capital Finance)	France	100	93	FC	FC
CM-CIC Investissement SCR (formely CM-CIC Investissement)	France	100	93	FC	FC
CM-CIC Proximité	France	100	93	FC	FC
Sudinnova	France	66	62	FC	FC
F. Logistics and holding company services					
Actimut	France	100	100	FC	FC
Adepi	France	100	93	FC	FC
Cofidis SGPS SA	Portugal	100	54	FC	FC
CIC Participations	France	100	93	FC	FC
CM Akquisitions	Germany	100	98	FC	FC
CM-CIC Services	France	100	100	FC	FC
CMCP - Crédit Mutuel Cartes de Paiement	France	59	61	FC	FC
Cofidis Participations	France	55	54	FC	FC
Société d'Investissements Médias (SIM) (ex EBRA)	France	100	98	FC	EM
Euro Automatic Cash	Spain	50	40	EM	EM
Euro-Information	France	80	79	FC	FC
Euro-Information Développement	France	100	79	FC	FC
EIP	France	100	100	FC	FC
EI Telecom	France	95	75	FC	EM
Euro Protection Surveillance	France	100	84	FC	EM
Fivory SAS	France	98	77	FC	FC
Gesteurop	France	100	93	FC	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	98	FC	EM
L'Est Républicain	France	92	90	FC	EM
SAP Alsace (ex SFEJIC)	France	99	97	FC	EM
Société Civile de Gestion des Parts dans l'Alsace - SCGPA	France	100	99	FC	FC
Société de Presse Investissement (SPI)	France	100	98	FC	EM
Targo Akademie GmbH	Germany	100	98	FC	FC
Targo Deutschland GmbH	Germany	100	98	FC	FC
Targo IT Consulting GmbH	Germany	100	98	FC	FC
Targo IT Consulting GmbH Singapour (succursale de Targo IT consulting GmbH)	Singapore	100	98	FC	FC
Targo Management AG	Germany	100	98	FC	FC
Targo Realty Services GmbH	Germany	100	98	FC	FC

	Country	Dec. 31, 2015			
		Percent control	Percent interest	Accounting method *	Prudential method *
G. Insurance companies					
ACM GIE	France	100	86	FC	EM
ACM IARD	France	96	83	FC	EM
ACM Nord IARD	France	49	42	EM	EM
ACM RE	Luxembourg	100	86	FC	EM
ACM Services	France	100	86	FC	EM
ACM Vie	France	100	86	FC	EM
ACM Vie, Société d'Assurance Mutuelle	France	100	100	FC	EM
Agrupació AMCI d'Assegurances i Reassegurances S.A.	Spain	95	82	FC	EM
Agrupació Bankpyme Pensiones	Spain	95	82	FC	EM
Agrupació Serveis Administratius	Spain	95	82	FC	EM
AMDIF	Spain	95	82	FC	EM
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA (ex Royal Automobile Club de Catalogne)	Spain	100	86	FC	EM
AMSYR	Spain	95	82	FC	EM
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	69	FC	EM
Assistencia Avançada Barcelona	Spain	95	82	FC	EM
Astree	Tunisia	30	26	EM	EM
Atlantis Asesores SL	Spain	80	69	FC	EM
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	52	FC	EM
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	77	FC	EM
Atlantis, Compañía de Seguros y Reaseguros SA	Spain	100	86	FC	EM
GACM España	Spain	100	86	FC	EM
Groupe des Assurances du Crédit Mutuel (GACM)	France	88	86	FC	EM
ICM Life	Luxembourg	100	86	FC	EM
Immobilière ACM	France	100	86	FC	EM
Margem-Mediação Seguros, Lda	Spain	100	54	FC	EM
MTRL	France	100	100	FC	EM
Partners	Belgium	100	86	FC	EM
Procourtage	France	100	86	FC	EM
RMA Watanya	Morocco	22	19	EM	EM
Serenis Assurances	France	100	86	FC	EM
Serenis Vie	France	100	86	FC	EM
Voy Mediación	Spain	90	76	FC	EM
H. Other companies					
Affiches D'Alsace Lorraine	France	100	98	FC	EM
Alsace Média Participation	France			MER	MER
Alsacienne de Portage des DNA	France	100	98	FC	EM
CM-CIC Immobilier	France	100	98	FC	FC
Distripub	France	100	97	FC	EM
Documents AP	France	100	98	FC	EM
Est Bourgogne Médias	France	100	98	FC	EM
Foncière Massena	France	100	86	FC	EM
France Régie	France	100	98	FC	EM
GEIE Synergie	France	100	54	FC	FC
Groupe Dauphiné Media (ex Publiprint Dauphiné)	France	100	98	FC	EM
Groupe Progrès	France	100	98	FC	EM
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	98	FC	EM
Immocity	France	100	98	FC	EM
Jean Bozzi Communication	France	100	98	FC	EM
Journal de la Haute Marne	France	50	45	EM	EM
La Liberté de l'Est	France	97	88	FC	EM
La Tribune	France	100	98	FC	EM
Le Dauphiné Libéré	France	100	98	FC	EM
Le Républicain Lorrain	France	100	98	FC	EM
Les Dernières Nouvelles d'Alsace	France	100	98	FC	EM
Les Dernières Nouvelles de Colmar	France			MER	EM
Lumedia	Luxembourg	50	49	EM	EM
Massena Property	France			FU	EM
Massimob	France			FU	EM
Mediaportage	France	100	97	FC	EM
Presse Diffusion	France	100	98	FC	EM
Publiprint Province n°1	France	100	98	FC	EM
Républicain Lorrain Communication	France	100	98	FC	EM
Républicain Lorrain - TV news	France	100	98	FC	EM
SCI ACM	France	100	86	FC	EM
SCI Eurosic Cotentin	France	50	43	EM	EM
SCI Le Progrès Confluence	France	100	98	FC	EM
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	98	FC	EM

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

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 so-called "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[10], calculated on the prudential scope, after applying prudential filters and a number of regulatory adjustments.

<u>Prudential filters</u>:

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), these filters and their symmetrical treatment at the level of exposures continue to be partially applied during the transitional phase. Specifically for 2015, 40% of unrealized capital gains are included in Common Equity Tier 1 (and 60% excluded) and the denominator of the exposure value is adjusted according to the abovementioned principle of symmetry.

For unrealized capital gains, 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 therefore included 100% of unrealized capital losses in 2015.

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

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 alternatively the interim result, 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.

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.

IV.3.2.1 – Common Equity Tier 1 (CET1) capital instruments

Main features of capital instruments (CET1)

1	Issuer	CM11 - Caisse Fédérale de Crédit Mutuel	CM11 - Caisse Fédérale de Crédit Mutuel
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	969500LFTDNMONT2EP08	969500LFTDNMONT2EP08
3	Governing law of the instrument	Law No. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L. 512-1 of the French Monetary and Financial Code	Law No. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L. 512-1 of the French Monetary and Financial Code
	Regulatory treatment		
4	Transitional CRR rules	Common equity tier 1 capital	Common equity tier 1 capital
5	Post-transitional CRR rules	Common equity tier 1 capital	Common equity tier 1 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and (sub-)consolidated	Solo and (sub-)consolidated
7	Instrument type (to be specified by each jurisdiction)	Type A shares - list published by the EBA (Article 26, paragraph 3 of the CRR)	Type B shares - list published by the EBA (Article 26, paragraph 3 of the CRR)
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	€189.54 m	€5.61576 bn
9	Par value of instrument	€189.54 m	€5.61576 bn
9a	Issue price	€189.54 m	€5.61576 bn
9b	Redemption price	€189.54 m	€5.61576 bn
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	Variable	Variable
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	N/A	N/A
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons/dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	N/A	N/A
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Cumulative or non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, instrument type convertible into	N/A	N/A
29	If convertible, issuer of instrument it converts into	N/A	N/A
30	Write-down features	Yes	Yes
31	If write-down, write-down trigger	By decision of the shareholders' meeting or, in case of resolution, by decision of the Resolution College of the Autorité de contrôle prudentiel et de résolution (French prudential supervision and resolution authority) pursuant to its powers under Article L. 613-31-16 of the French Monetary and Financial Code	By decision of the shareholders' meeting or, in case of resolution, by decision of the Resolution College of the Autorité de contrôle prudentiel et de résolution (French prudential supervision and resolution authority) pursuant to its powers under Article L. 613-31-16 of the French Monetary and Financial Code
32	If write-down, full or partial	Full or partial write-down	Full or partial write-down
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Ranks lower than all other claims	Ranks lower than all other claims
36	Non-compliant features	No	No
37	If yes, specify non-compliant features	N/A	N/A

N/A if not applicable

IV.3.2.2 – Additional Tier 1 (AT1) capital instruments

Main features of capital instruments (AT1) - 1/4 -

1	Issuer	Banque fédérative du Crédit Mutuel	Banque fédérative du Crédit Mutuel
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0207764712	XS0212581564
3	Governing law of the instrument	English unless subordination	English unless subordination
	Regulatory treatment		
4	Transitional CRR rules	70% additional tier 1 capital 30% tier 2 capital	70% additional tier 1 capital 30% tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated	Consolidated
7	Instrument type (to be specified by each jurisdiction)	- Deeply subordinated notes - Art. 52 et seq. of the CRR - Art. 484 et seq. of the CRR	- Deeply subordinated notes - Art. 52 et seq. of the CRR - Art. 484 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	€737.52 m	€250.00 m
9	Par value of instrument	€750.00 m	€250.00 m
9a	Issue price	€750.00 m	€250.00 m
9b	Redemption price	€750.00 m	€250.00 m
10	Accounting classification	Liabilities - amortized cost	Liabilities - amortized cost
11	Original date of issuance	12/15/2004	2/25/2005
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	- Call for the entire issue at issuer's discretion: on 12/15/2014 at par - Call for the entire issue in case of tax events ("tax call"): at any time at par - Call for the entire issue in case of downgrading of tier 1 capital: at any time at par - Call for the entire issue in case of issuer's deconsolidation from the CM11 Group: at any time at par	- Call for the entire issue at issuer's discretion: 02/25/2015 at par - Call for the entire issue in case of tax events ("tax call"): at any time at par - Call for the entire issue in case of downgrading of tier 1 capital: at any time at par - Call for the entire issue in case of issuer's deconsolidation from the CM11 Group: at any time at par

Main features of capital instruments (AT1) - 2/4 -

1	Issuer	Banque fédérative du Crédit Mutuel	Banque fédérative du Crédit Mutuel
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0207764712	XS0212581564
16	Subsequent call dates, if applicable	On each interest payment date after 12/15/2014, for the entire issue	On each interest payment date after 02/25/2015, for the entire issue
	Coupons/dividends		
17	Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating
18	Coupon rate and any related index	6% then, from 12/15/2005, EUR CMS10 + 0.10% with 8% cap	7% then, from 02/25/2006, EUR CMS10 + 0.10% with 8% cap
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary: "compulsory interest provisions" clause (dividend pusher)	Partially discretionary: "compulsory interest provisions" clause (dividend pusher)
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Cumulative or non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, instrument type convertible into	N/A	N/A
29	If convertible, issuer of instrument it converts into	N/A	N/A
30	Write-down features	Yes	Yes
31	If write-down, write-down trigger	Event related to the supervisor both after a deterioration of the solvency ratio and at its full discretion, and if a capital increase was not authorized or was insufficient.	Event related to the supervisor both after a deterioration of the solvency ratio and at its full discretion, and if a capital increase was not authorized or was insufficient.
32	If write-down, full or partial	Full or partial write-down	Full or partial write-down
33	If write-down, permanent or temporary	Temporary or permanent	Temporary or permanent
34	If temporary write-down, description of write-up mechanism	Write-up of principal if return to financial health, i.e. consolidated net income recorded two years in a row after the end of the supervisor's intervention.	Write-up of principal if return to financial health, i.e. consolidated net income recorded two years in a row after the end of the supervisor's intervention.
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deeply subordinated instrument, i.e. subordinated to any non-voting loan stock and investments in non-consolidated companies, ordinary subordinated instruments and non-subordinated instruments.	Deeply subordinated instrument, i.e. subordinated to any non-voting loan stock and investments in non-consolidated companies, ordinary subordinated instruments and non-subordinated instruments.
36	Non-compliant features	Yes (but allowed in AT1 under the transitional regime)	Yes (but allowed in AT1 under the transitional regime)
37	If yes, specify non-compliant features	Features not compliant with additional tier 1 capital instruments: - partially discretionary: "compulsory interest provisions" clause (dividend pusher) - non-discretionary better fortunes clause	Features not compliant with additional tier 1 capital instruments: - partially discretionary: "compulsory interest provisions" clause (dividend pusher) - non-discretionary better fortunes clause

Main features of capital instruments (AT1) - 3/4 -

1	Issuer	Banque fédérative du Crédit Mutuel	Cofidis
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0393640346	FR0010386003
3	Governing law of the instrument	English unless subordination	French
	Regulatory treatment		
4	Transitional CRR rules	70% additional tier 1 capital 30% tier 2 capital	Additional tier 1 capital
5	Post-transitional CRR rules	Ineligible	Ineligible
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated	Consolidated and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	- Deeply subordinated notes - Art. 52 et seq. of the CRR - Art. 484 et seq. of the CRR	- Perpetual non-cumulative variable-rate deeply subordinated notes - Art. 52 et seq. of the CRR - Art. 484 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	€700.00 m	€47.75 m
9	Par value of instrument	€700.00 m	€100.00 m
9a	Issue price	€700.00 m	€100.00 m
9b	Redemption price	€700.00 m unless call in case of tax events	€100.00 m unless calls in case of tax events, downgrading of tier 1 capital or deconsolidation
10	Accounting classification	Liabilities - amortized cost	Shareholders' equity
11	Original date of issuance	10/17/2008	10/24/2006
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	- Call for the entire issue at issuer's discretion: 10/17/2018 at par - Call for the entire issue in case of tax events ("tax call"): at any time at make-whole if before 10/17/2018, at par if after - Call for the entire issue in case of downgrading of tier 1 capital: at any time at par - Call for the entire issue in case of issuer's deconsolidation from the CM11 Group: at any time at par	- Call for the entire issue at issuer's discretion: 10/24/2016 at par value + accrued interest - Call for the entire issue in case of tax events ("tax call"): at any time at the maximum of par value + accrued interest and make-whole if before 10/24/2016, and at par value + accrued interest if after - Call for the entire issue in case of downgrading of tier 1 capital: at any time at the maximum of par value + accrued interest and make-whole if before 10/24/2016, and at par value + accrued interest if after - Call for the entire issue in case of issuer's deconsolidation from the regulatory consolidated group: at any time at the maximum of par value + accrued interest and make-whole if before 10/24/2016, and at par value + accrued interest if after

Main features of capital instruments (AT1) - 4/4 -

1	Issuer	Banque fédérative du Crédit Mutuel	Cofidis
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0393640346	FR0010386003
16	Subsequent call dates, if applicable	On each interest payment date after 10/17/2018, for the entire issue	On each interest payment date after 10/24/2016, for the entire issue (January 24, April 24, July 24, October 24 of each year)
	Coupons/dividends		
17	Fixed or floating dividend/coupon	Fixed to floating	Floating
18	Coupon rate and any related index	10.30% then, from 10/17/2018, Euribor 3M + 6.65%	Euribor 3M + 1.70% then, from 10/24/2016, Euribor 3M + 2.70%
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary: "compulsory interest provisions" clause (dividend pusher)	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	Yes
22	Cumulative or non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, instrument type convertible into	N/A	N/A
29	If convertible, issuer of instrument it converts into	N/A	N/A
30	Write-down features	Yes	Yes
31	If write-down, write-down trigger	Event related to the supervisor both after a deterioration of the solvency ratio and at its full discretion, and if a capital increase was not authorized or was insufficient.	Event related to the supervisor both after a deterioration of the solvency ratio and at its full discretion, and if a capital increase was not authorized or was insufficient.
32	If write-down, full or partial	Full or partial write-down	Full or partial write-down
33	If write-down, permanent or temporary	Temporary or permanent	Temporary or permanent
34	If temporary write-down, description of write-up mechanism	Write-up of principal if return to financial health, i.e. consolidated net income recorded two years in a row after the end of the supervisor's intervention.	Write-up of principal if return to financial health, i.e. consolidated net income recorded two years in a row after the end of the supervisor's intervention.
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deeply subordinated instrument, i.e. subordinated to any non-voting loan stock and investments in non-consolidated companies, ordinary subordinated instruments and non-subordinated instruments.	Deeply subordinated instrument, i.e. subordinated to any non-voting loan stock and investments in non-consolidated companies, ordinary subordinated instruments and non-subordinated instruments.
36	Non-compliant features	Yes (but allowed in AT1 under the transitional regime)	Yes (but allowed in AT1 under the transitional regime)
37	If yes, specify non-compliant features	Features not compliant with additional tier 1 capital instruments: - partially discretionary: "compulsory interest provisions" clause (dividend pusher) - non-discretionary better fortunes clause - instrument acquired in full by a subsidiary of the issuer Features not compliant with tier 2 capital instruments: - instrument acquired in full by a subsidiary of the issuer	Features not compliant with additional tier 1 capital instruments: - step-up clause Features not compliant with tier 2 capital instruments: - step-up clause

N/A if not applicable

IV.3.2.3 – Tier 2 (T2) capital instruments

Main features of capital instruments (T2) - 1/4

1	Issuer	Crédit Industriel et Commercial	Lyonnaise de Banque	Crédit Industriel et Commercial
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	FR0000047805	FR0000047789	FR0000584377
3	Governing law of the instrument	French	French	French
	Regulatory treatment			
4	Transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated and sub-consolidated	Consolidated and sub-consolidated	Consolidated and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	- Investments in non-consolidated companies - Art. 62 et seq. of the CRR	- Investments in non-consolidated companies - Art. 62 et seq. of the CRR	- Perpetual subordinated notes - Art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	€11.43 m	€14.36 m	€60.05 m
9	Par value of instrument	€137.20 m	€22.87 m	€76.22 m
9a	Issue price	€137.20 m	€22.87 m	€76.22 m
9b	Redemption price	€178.37 m if call exercised on 05/28/1997 then annual revaluation of 1.5% after 05/28/1997	€29.73 m if call exercised on 06/01/1997 then annual revaluation of 1.5% after 06/01/1997	€76.99 m
10	Accounting classification	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost
11	Original date of issuance	5/28/1985	6/1/1985	7/20/1987
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity date	No maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	- Partial or full call at issuer's discretion: 05/28/1997 at 130% of par value	- Partial or full call at issuer's discretion: 06/01/1997 at 130% of par value	- Partial or full call at issuer's discretion: during a 45-day period from 07/20/1994 at 101% of par value + accrued interest
16	Subsequent call dates, if applicable	On each interest payment date after 05/28/1997	On each interest payment date after 06/01/1997	During a 45-day period from each interest payment date after 07/20/1994
	Coupons/dividends			
17	Fixed or floating dividend/coupon	Floating	Floating	Floating
18	Coupon rate and any related index	40% x annualized money market rate + 43% x annualized money market rate x (Income year N-1 / Income year 1984) with the following limits - minimum 85% (annualized money market rate + average bond yield)/2 - maximum 130% (annualized money market rate + average bond yield)/2.	35% x average bond yield + 35% x average bond yield x (Income year N-1 / Income year 1984) with the following limits - minimum 85% of average bond yield - maximum 130% average bond yield	12-month average yield on long-term government bonds + 0.25%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Cumulative or non-cumulative	N/A	N/A	Cumulative
23	Convertible or non-convertible	No	No	No
24	If convertible, conversion trigger	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, instrument type convertible into	N/A	N/A	N/A
29	If convertible, issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Non-compliant features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

N/A if not applicable

Main features of capital instruments (T2) - 2/4

1	Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	FR0000165847	FR0000189177	FR0010615930
3	Governing law of the instrument	French	French	French
	Regulatory treatment			
4	Transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated and sub-consolidated	Consolidated and sub-consolidated	Consolidated
7	Instrument type (to be specified by each jurisdiction)	- Perpetual progressive interest subordinated notes - Art. 62 et seq. of the CRR	- Redeemable subordinated notes - Art. 62 et seq. of the CRR	- Redeemable subordinated notes - Art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	€11.18 m	€0.03 m	€27.62 m
9	Par value of instrument	€30.49 m	€14.30 m	€300.00 m
9a	Issue price	€30.49 m	€14.30 m	€300.75 m
9b	Redemption price	€30.49 m	€14.30 m	€300.00 m
10	Accounting classification	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost
11	Original date of issuance	12/26/1990	6/18/2003	6/16/2008
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No maturity date	1/4/2016	6/16/2016
14	Issuer call subject to prior supervisory approval	Yes	N/A	N/A
15	Optional call date, contingent call dates and redemption amount	- Partial or full call at issuer's discretion: on 12/26/1999 at par value	N/A	N/A
16	Subsequent call dates, if applicable	On each interest payment date after 12/26/1999	N/A	N/A
	Coupons/dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed
18	Coupon rate and any related index	P1C + 1.75% for interest payable each year since 2006	4.50%	5.50%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Cumulative or non-cumulative	Cumulative	N/A	N/A
23	Convertible or non-convertible	No	No	No
24	If convertible, conversion trigger	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, instrument type convertible into	N/A	N/A	N/A
29	If convertible, issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Non-compliant features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

N/A if not applicable

Main features of capital instruments (T2) - 3/4

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	FR0010690024	FR0011138742	XS0548803757
3	Governing law of the instrument	French	French	English unless subordination
	Regulatory treatment			
4	Transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated	Consolidated	Consolidated
7	Instrument type (to be specified by each jurisdiction)	- Redeemable subordinated notes - Art. 62 et seq. of the CRR	- Redeemable subordinated notes - Art. 62 et seq. of the CRR	- Subordinated notes - Art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	€95.07 m	€586.85 m	€878.17 m
9	Par value of instrument	€500.00 m	€1.00 bn	€1.00 bn
9a	Issue price	€500.00 m	€1.00 bn	€999.39 m
9b	Redemption price	€500.00 m	€1.00 bn	€1.00 bn
10	Accounting classification	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost
11	Original date of issuance	12/16/2008	12/6/2011	10/22/2010
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	12/16/2016	12/6/2018	10/22/2020
14	Issuer call subject to prior supervisory approval	N/A	N/A	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	- Call for the entire issue in case of tax events: at any time at par
16	Subsequent call dates, if applicable	N/A	N/A	N/A
	Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	6.10%	5.30%	4.00%
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Cumulative or non-cumulative	N/A	N/A	N/A
23	Convertible or non-convertible	No	No	No
24	If convertible, conversion trigger	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, instrument type convertible into	N/A	N/A	N/A
29	If convertible, issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Non-compliant features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

N/A if not applicable

Main features of capital instruments (T2) - 4/4

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS1069549761	XS1288858548
3	Governing law of the instrument	English unless subordination	English unless subordination
	Regulatory treatment		
4	Transitional CRR rules	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated	Consolidated
7	Instrument type (to be specified by each jurisdiction)	- Subordinated notes - Art. 62 et seq. of the CRR	- Subordinated notes - Art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	€1.00 bn	€1.00 bn
9	Par value of instrument	€1.00 bn	€1.00 bn
9a	Issue price	€991.43 m	€990.84 m
9b	Redemption price	€1.00 bn	€1.00 bn
10	Accounting classification	Liabilities - amortized cost	Liabilities - amortized cost
11	Original date of issuance	5/21/2014	9/11/2015
12	Perpetual or dated	Dated	Dated
13	Original maturity date	5/21/2024	9/11/2025
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	- Call for the entire issue in case of tax events ("Withholding tax event" or "Tax deduction event"): at any time at par - Call for the entire issue in case of downgrading of tier 2 capital ("Capital Event"): at any time at par - Call for the entire issue in case of "Gross-Up Event": at any time at par	- Call for the entire issue in case of tax events ("Withholding tax event", "Tax deduction event" or "Tax gross-up event"): at any time at par - Call for the entire issue in case of downgrading of tier 2 capital ("Capital Event"): at any time at par
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons/dividends		
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	3.00%	3.00%
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, instrument type convertible into	N/A	N/A
29	If convertible, issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Non-compliant features	No	No
37	If yes, specify non-compliant features	N/A	N/A

N/A if not applicable

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

in M€	Accounting consolidation	Prudential consolidation	Variance
Shareholders' equity			
Shareholders' equity attributable to the Group - excl. OCI			
Subscribed capital	5,820	5,820	-
Issue premiums	-	-	-
Consolidated reserves - Group [1]	25,049	25,049	-
Consolidated net income - Group	2,258	2,258	-
Shareholders' equity attributable to minority interests - excl. OCI [2]			
Consolidated reserves - Minority interests	2,430	1,651	- **779**
Consolidated net income -Minority interests	256	165	- **91**
Unrealized gains or losses attributable to the Group [3]	1,542	1,542	-
of which equity instruments	1,082	1,083	
of which debt instruments	535	535	
of which cash flow hedges	- 33	- 33	
Unrealized gains or losses attributable to minority interests	175	42	- **133**
General banking risks reserve (solo entity under French standards)			
Balance sheet items included in the capital calculation			
intangibles assets [4]	815	576	- **239**
Goodwill (including goodwill included in the value of investments in associates)	4,899	4,887	- **12**
Deferred taxes [5]			
. Assets	1,058	799	- **259**
of which DTA on tax loss carryformards	-	9	**9**
. Liabilities	1,100	396	- **704**
of which DTL on intangible assets (b)	52	52	**-**
Subordinated debt [6]	6,088	6,903	**815**

[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 3)

[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

Regulatory Capital	CET1	AT1	AT2
Capital attributable to owners of the company			
Paid-in capital	5,805		
(-) Indirect holdings in CET1 instruments	0		
Share premiums	0		
Prior retained earnings [1]	25,991		
Gain or loss (attributable to owners of the company)	2,258		
(-) Non-qualifying share of interim or year-end profits	-102		
Capital - Non-controlling interests [2]			
Qualifying non-controlling interests	1,066	0	0
Accumulated other comprehensive income [3]	604		
of which equity instruments	682		
of which debt instruments	-25		
of which cash flow hedge reserve	-33		
General banking risks reserve (solo entity under French standards)	0		
Balance sheet items included in the capital calculation			
(-) Gross amount of other intangible assets including deferred tax liabilities on intangible assets [4]	-524		
(-) Goodwill in intangible assets	-4,887		
(-) Deferred tax assets that rely on future profits and do not arise from temporary differences net of related tax liabilities	-5		
(-) Deductible deferred tax assets that rely on future profits and arise from temporary differences	0		
Subordinated debt [6]			3,905
(-) Securitization positions that may be weighted at 1.250%	-477		
(-) Instruments of relevant entities where the institution does not have a significant investment	0	0	0
(-) Instruments of relevant entities where the institution has a significant investment	0	0	0
Other adjustments			
Prudential filter: cash flow hedge reserve	33		
Prudential filter: value adjustments due to requirements for prudent valuation	-81		
Prudential filter: cumulative gains and losses on liabilities measured at fair value due to changes in own credit standing	0		
Prudential filter: FV gains and losses arising from own credit risk related to derivative liabilities	-4		
Transitional adjustments due to grandfather clauses on capital instruments	0	1,515	61
Transitional adjustments due to grandfathering clauses on additional non-controlling interests	421	10	19
Transitional adjustments on gains and losses on capital instruments	-682		
Transitional adjustments on gains and losses on debt instruments	25		
Other transitional adjustments	208	0	208
Under the internal ratings-based approach, negative difference between provisions and expected losses	-680		
Under the internal ratings-based approach, positive difference between provisions and expected losses			202
Credit risk adjustments (standardized approach)			233
TOTAL	**28,968**	**1,525**	**4,629**

[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 3)

[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 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

		2015	Article Reference of EU Regulation No 575/2013	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
	Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and related share premium accounts	**5,805,300**	26 (1), 27, 28, 29, liste ABE 26 (3)	
	of which shares	5,805,300	liste ABE 26 (3)	
	of which share premiums	0	liste ABE 26 (3)	
2	Retained earnings	**25,990,601**	26 (1) c	
3	Accumulated other comprehensive income (and other reserves)	**603,770**	26 (1)	
3a	General banking risks reserve	**-**	26 (1) f	
4	Amount of qualifying items referred to in Art. 484 (3) and related share premium accounts subject to phase-out from CET1	**-**	486 (2)	
5	Non-controlling interests eligible for CET1	**1,065,820**	84, 479, 480	421,323
5a	Independently audited interim profits net of any foreseeable expense or dividend	**2,156,672**	26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**35,622,163**		
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	**- 80,680**	34, 105	
8	Intangible assets (net of related tax liabilities) (negative amount)	**- 5,411,457**	36 (1) b, 37, 472 (4)	
9	Empty set in the EU			
10	Deferred tax assets that rely on future profits, excluding those arising from temporary differences (net of related tax liabilities when the conditions in Art. 38 (3) are met) (negative amount)	**- 5,375**	36 (1) c, 38, 472 (5)	3,225
11	Fair value reserves related to gains and losses on cash flow hedges	**32,816**	33 a	
12	Negative amounts resulting from the calculation of expected losses	**- 680,411**	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	**- 3,656**	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 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	**- 476,652**	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)*	*- 476,652*	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 the 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	**424,548**		
26a	Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468	**- 453,046**		
	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 (CET 1) capital**	**- 6,653,913**		
29	**Common Equity Tier 1 (CET 1) capital**	**28,968,251**		

30	Capital instruments and 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 related share premium accounts subject to phase-out from AT1	1,515,497	486 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including non-controlling interests not included in row 5) issued by subsidiaries and held by third parties	9,744	85, 86, 480	9,744
35	*of which instruments issued by subsidiaries subject to phase-out*		486 (3)	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**1,525,242**		
	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 by the institution 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 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 Art. 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 Art. 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)	-	56 a	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-		
44	**Additional Tier 1 (AT1) capital**	**1,525,242**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**30,493,492**		
	Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and related share premium accounts	3,904,526	62, 63	
47	Amount of qualifying items referred to in Art. 484 (5) and related share premium accounts subject to phase-out from T2	61,489	486 (4)	
48	Qualifying capital instruments included in consolidated T2 capital (including non-controlling interests and AT1 instruments not included in row 5) issued by subsidiaries and held by third parties	18,943	87,88, 480	18,943
49	*of which instruments issued by subsidiaries subject to phase-out*		486 (4)	
50	Credit risk adjustments	435,746	62 c et d	
51	**Additional Tier 1 (AT1) capital: regulatory adjustments**	**4,420,705**		
	Tier 2 (T2) capital: instruments and provisions			
52	Direct and indirect holdings by an institution of T2 own 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 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(amount above the threshold of 10% 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 Art. 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 Art. 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	208,218	467, 468, 481	
	of which subsidies received by leasing companies	-	481	
	of which unrealized gains on equity instruments reported as additional capital	*208,218*	481	
	of which restatement for holding of capital instrument	-	481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**208,218**		
58	**Tier 2 (T2) capital**	**4,628,923**		
59	**Total capital (TC = T1 + T2)**	**35,122,415**		
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 profits 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**	**192,499,795**		

	Capital ratios and buffers			
61	Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	15.05%	92 (2) a, 465	
62	Tier 1 capital (as a percentage of total risk exposure amount)	15.84%	92 (2) b, 465	
63	Total capital (as a percentage of total risk exposure amount)	18.25%	92 (2) c	
64	Institution-specific buffer requirement (CET1 requirement in accordance with Art. 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 buffer requirements (as a percentage of risk exposure amount)	10.55%	CRD 128	
69	[non-relevant in EU regulations]			
70	[non-relevant in EU regulations]			
71	[non-relevant in EU regulations]			
	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 the 10% threshold and net of eligible short positions)	322,091	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 the 10% threshold and net of eligible short positions)	1,334,150	36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty set in the EU			
75	Deferred tax assets arising from temporary differences (amount below the 10% threshold, net of related tax liabilities when the conditions in Art. 38 (3) are met)	481,040	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)	233,493	62	
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	458,364	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)	202,253	62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	480,878	62	
	CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT (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	1,515,497	484 (4), 486 (3) et (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	- 219,772	484 (4), 486 (3) et (5)	
84	Current cap on T2 instruments subject to phase-out arrangements	61,489	484 (5), 486 (4) et (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	- 26,353	484 (5), 486 (4) et (5)	

IV.3.4 - Complementary surveillance of financial conglomerates

The 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 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 four 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 intra-Group transactions;

- the breakdown of intra-group transactions.

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, 2015, the Crédit Mutuel Group had a coverage ratio of its conglomerate's capital requirements of 220% after the integration of income net of estimated dividends.

The second 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.

The third and the fourth parts identify intra-group transactions between the banking sector and the insurance sector by category (refinancing, off-balance sheet and income).

IV.3.5 - Solvency ratios

The Group's solvency ratios at December 31, 2015, after the integration of income net of the estimated dividend pay-out, totaled:

In € billions	Dec. 31, 2015
COMMON EQUITY TIER1 (CET1) CAPITAL	29.0
Capital	5.8
Eligible reserves before adjustments	28.1
Deductions from Common Equity Tier 1 capital	-7.1
ADDITIONAL TIER 1 (AT1) CAPITAL	1.2
TIER 2 (T2) CAPITAL	4.7
TOTAL CAPITAL	34.9
Risk-weighted assets in respect of credit risk	173.4
Risk-weighted assets in respect of market risk	4.0
Risk-weighted assets in respect of operational risk	15.2
TOTAL RISK-WEIGHTED ASSETS	192

Solvency ratios	
Ratio Common Equity T1 (CET1)	15.0%
Tier 1 ratio	15.7%
Overall ratio	18.1%

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 Group and the ACPR concerning the level of capital adequacy applied 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 added to by the counter-cyclical buffer from January 1, 2016) constitutes the margin making it possible to secure the Group's level of capital. This margin depends on the Group's risk profile and its degree of risk aversion.

in € millions	**Dec. 31, 2015**
CAPITAL REQUIREMENTS IN RESPECT OF CREDIT RISK	**13,802**
Standardized approach	**3,043**
Governments or central banks	103
Regional governments or local authorities	77
Public sector entities	0
Multilateral development banks	
International organizations	
Credit institutions	38
Corporate	838
Retail customers	1,477
Exposures secured by a mortgaga on immovable property	257
Exposures in default	140
Exposures associated with particularly high risk	20
Exposures in the form of covered bonds	3
items representing securitization positions	11
Exposures to institutions and corporates withe a short-term credit assessment	
Exposures in the foem of units or shares in collective investment undertakings (CIUs)	0
Equity exposures	18
Other	61
Internal ratings-based approach	**10,759**
Governments and central banks	-
Credit institutions	510
Corporate	4,698
of wich specialized financing weighted by :	
50%	*23*
70%	*272*
90%	*105*
115%	*51*
250%	*23*
0%	
Retail customers	
Small and medium-sized entities	307
Exposures secured by immovable property collateral	1,264
Renewable exposures	63
Other	341
Equities	
Private equity (190% weighting)	245
Significant financial sector holdings (250% weighting)	267
Listed equities (290% weighting)	122
Other equities (370% weighting)	2,523
Securitization positions	44
Other no credit-obligation assets	373
Counterparty default risk	**2**
CAPITAL REQUIREMENTS IN RESPECT OF MARKET RISK	**317**
Position risk	317
Currency risk	-
Settlement-delivery risk	0
Commodity risk	0
CAPITAL REQUIREMENTS IN RESPECT OF OPERATING RISK	**1,214**
Internal ratings-based approach (IRBA)	938
Standardized approach	164
Foundation approach	112
CAPITAL REQUIREMENTS IN RESPECT OF THE CVA	**67**
CAPITAL REQUIREMENTS IN RESPECT OF MAJOR RISKS	**-**
TOTAL CAPITAL REQUIREMENTS	**15,400**

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% in 2015.

In € billions	Exposures at 12/31/2015			Exposures at 12/31/2014			Average exposures 2015
	IRB	Standard	Total	IRB	Standard	Total	
Governments and central banks		92.1	92.1		81.8	81.8	88.7
Credit institutions	49.2	8.4	57.6	42.4	8.7	51.1	57.5
Corporate	99.8	19.5	119.3	94.8	22.6	117.4	117.9
Retail customers	219.1	43.5	262.6	206.7	36.6	243.2	254.7
Equities	12.0	0.4	12.4	11.6	0.4	12.0	12.2
Securitization	5.1	0.2	5.3	3.6	0.2	3.9	4.9
Other non-credit obligation assets	4.9	0.8	5.7	5.0	0.6	5.5	5.8
TOTAL	**390.1**	**165.0**	**555.1**	**364.0**	**150.9**	**514.9**	**541.7**

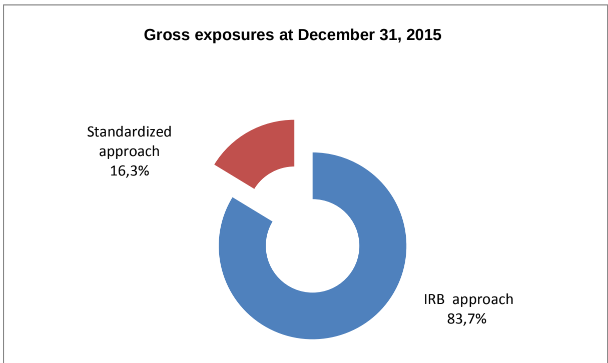
The Group has focused on the advanced forms of the Basel accord, beginning with its core business, retail banking.

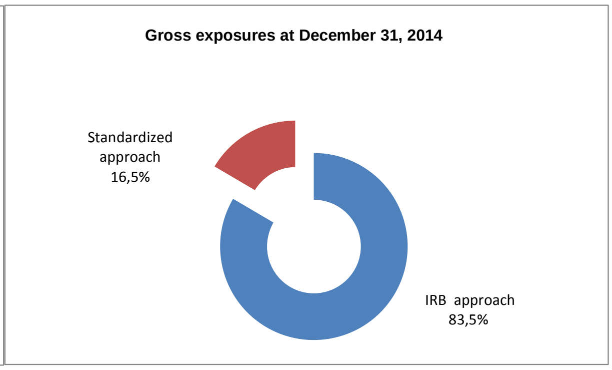
The ACPR has authorized it to use its internal ratings system to calculate its regulatory capital adequacy requirements in respect of credit risk:

- using the advanced method, as from June 30, 2008, for the retail customer portfolio;
- using the advanced method, as from June 30December 31, 2008, for the [Group's][the "Bank" is not defined] portfolio;
- using the advanced method, as from June 30, 2008December 31, 2012, for the Corporate portfolio and [the Group's][the "Bank" is not defined] 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, 2015.

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, 2015.





** Measured within the scope of credit institutions, corporates and retail customers, and the Group*

IV.4.2 - Exposures by region

Breakdown of exposures by category and country of residence (as %) 2015

Exposure category	France	Germany	Luxembourg	Other EEA member countries	Rest of the world	Total at Dec. 31,2015
Governments and central banks	14.9%	0.8%	0.4%	0.6%	1.3%	17.9%
Credit institutions	7.5%	0.3%	0.0%	0.8%	0.6%	9.3%
Corporate	16.9%	0.7%	0.6%	1.7%	1.8%	21.8%
Retail customers	44.3%	3.8%	0.1%	1.3%	1.5%	51.0%
TOTAL (%)	**83.6%**	**5.7%**	**1.1%**	**4.3%**	**5.2%**	**100%**

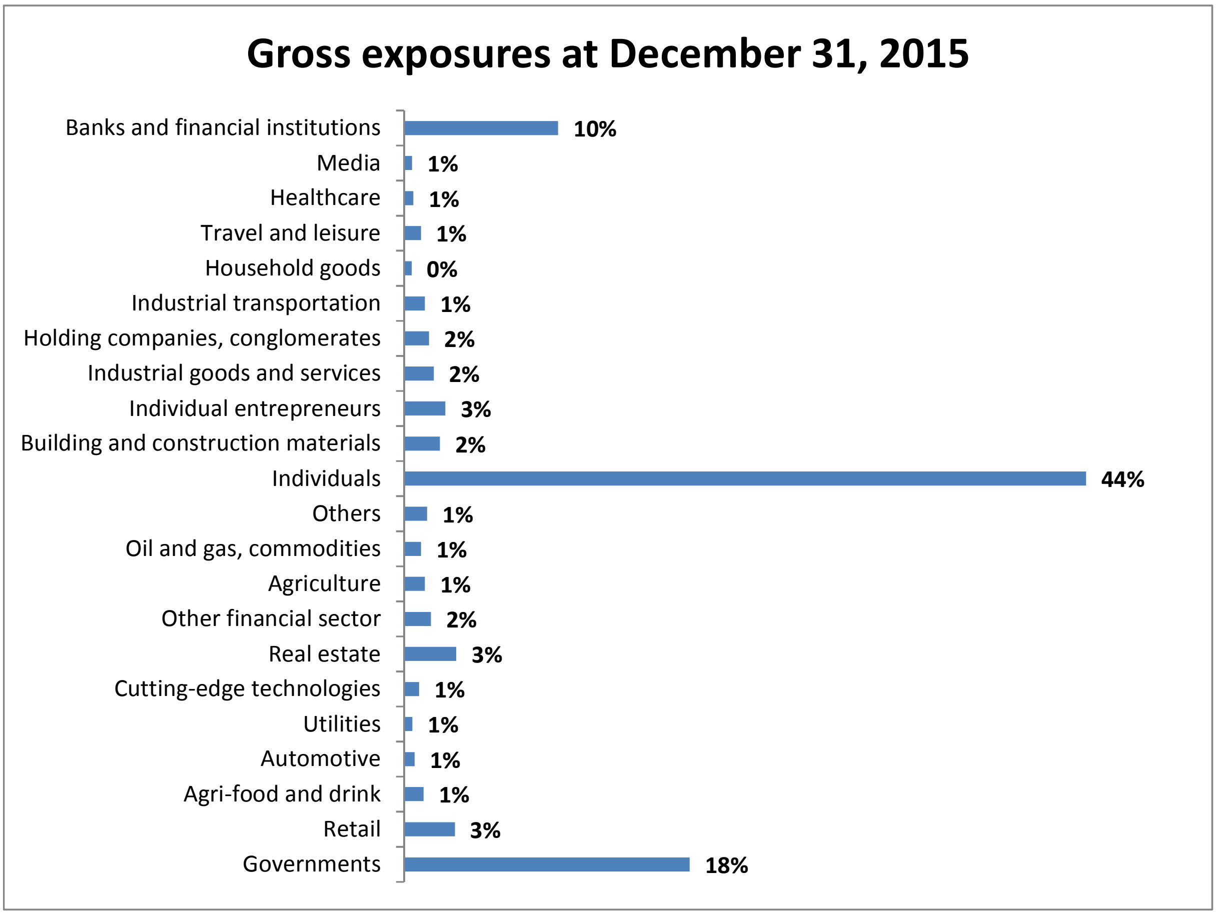
Breakdown of exposures in default (as %) 2015

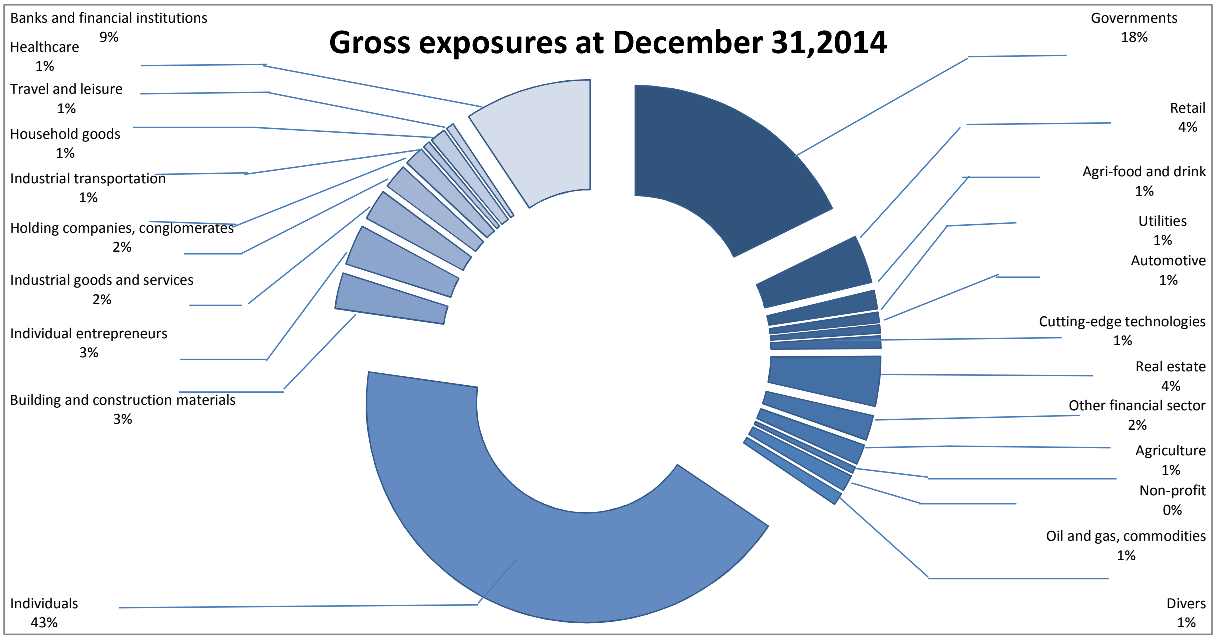
Exposure category	France	Germany	Luxembourg	Other EEA member countries	Rest of the world	Total at Dec. 31,2015
Governments and central banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit institutions	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Corporate	14.3%	0.2%	0.0%	1.0%	2.1%	17.6%
Retail customers	54.3%	20.9%	0.0%	6.8%	0.3%	82.3%
TOTAL (%)	**68.7%**	**21.0%**	**0.0%**	**7.8%**	**2.5%**	**100%**

The Crédit Mutuel Group is primarily a French and European player. The geographic breakdown of gross exposures at Tuesday, December 31, 2015 reflects this as 94.8% of its commitments are in the European Economic Area.

IV.4.3 - Exposure by sector

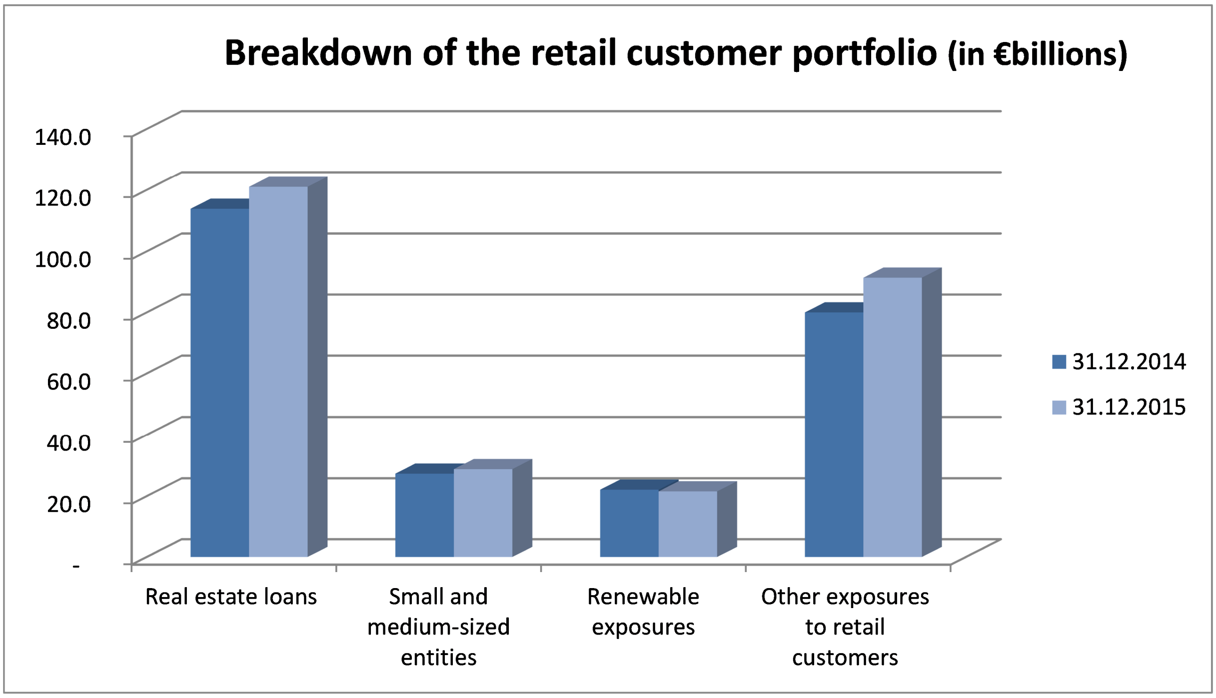
The below sector breakdown reflects loans to governments and central banks, institutions, corporates and retail customers.





IV.4.4 - Breakdown of the retail customer portfolio

Outstanding loans to retail customers totaled €263 billion at December 31, 2015, up 8% compared with 2014. 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, 2015
BALANCE SHEET								
Governments and central banks	45,637	5,827	9,927	2,298	5,390	21,947	221	91,246
Credit institutions	2,939	7,452	9,623	3,104	16,692	5,389	12	45,210
Entreprises	16,956	5,097	6,960	6,239	18,547	15,856	0	69,655
Retail customers	14,969	6,715	17,278	25,102	53,611	114,643	0	232,319
BALANCE SHEET Total	80,501	25,090	43,788	36,742	94,240	157,836	232	438,430
OFF-BALANCE SHEET								
Governments and central banks	7	2	155	5	34	705	4	913
Credit institutions	566	104	252	59	637	540	571	2,730
Entreprises	6,788	774	6,986	5,085	15,010	1,959	4,717	41,321
Retail customers	16,576	1,508	2,375	2,823	702	6,254	1,097	31,335
OFF-BALANCE SHEET Total	23,937	2,389	9,768	7,972	16,384	9,458	6,390	76,298

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 2015 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, 2015 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

	as of Dec. 31, 2015				
in € billions	Gross exposures	EAD	Defaulted EAD	Provisions as of Dec. 31, 2015	Provisions as of Dec. 31, 2014
Governments and central banks					
Credit institutions	49.2	47.9	0.0	0.0	0.0
Corporate	99.8	80.0	1.9	0.8	0.9
Retail customers	219.1	205.6	5.6	2.7	2.7
Exposures secured by a mortgaga on immovable property	116.3	114.9	2.6	0.9	0.8
Revolving	12.8	7.1	0.1	0.1	0.1
Small and medium-sized entities	26.6	23.8	1.9	0.6	1.2
Other	63.3	59.8	0.9	1.2	0.6
Equities	12.0	12.0	N/A	0.0	0.0
Securitization positions	5.1	5.1	N/A	0.0	0.0
Assets other than credit obligations	4.9	4.9	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

	as of Dec. 31, 2015				
in € billions	Gross exposures	EAD	Defaulted EAD	Provisions as of Dec. 31, 2015	Provisions as of Dec. 31, 2014
Governments and central banks	92.1	91.6	0.0	0.0	0.0
Credit institutions	8.4	7.3	0.0	0.0	0.0
Corporate	19.5	13.0	0.3	0.2	0.2
Retail customers	43.5	30.8	1.2	4.2	4.1
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	0.8	0.8	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, 2015 of gross exposures is presented below.

Percentage breakdown of gross exposures by category and country of residence (in %) 2015						
Exposure category	**France**	**Germany**	**Luxembourg**	**Other EEA member countries**	**Rest of the world**	**Total as Dec. 31, 2015**
Governments and central banks	14.9%	0.8%	0.4%	0.6%	1.3%	17.9%
Credit institutiond	7.5%	0.3%	0.0%	0.8%	0.6%	9.3%
Corporate	16.9%	0.7%	0.6%	1.7%	1.8%	21.8%
Retail customers	44.3%	3.8%	0.1%	1.3%	1.5%	51.0%
TOTAL (%)	**83.6%**	**5.7%**	**1.1%**	**4.3%**	**5.2%**	**100%**

Percentage breakdown at December 31, 2015 of gross default exposures.

Percentage breakdown at Dec. 31, 2015 of gross exposures in default						
Exposure category	**France**	**Germany**	**Luxembourg**	**Other EEA member countries**	**Rest of the world**	**Total as Dec. 31, 2015**
Governments and central banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit institutiond	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Corporate	14.3%	0.2%	0.0%	1.0%	2.1%	17.6%
Retail customers	54.3%	20.9%	0.0%	6.8%	0.3%	82.3%
TOTAL (%)	**68.7%**	**21.0%**	**0.0%**	**7.8%**	**2.5%**	**100%**

IV.5 - Standardized approach

IV.5.1 - Exposures under the standardized approach

in € billions	As of Dec. 31, 2015	
Exposures under the standardized approach	**Gross exposure**	**EAD**
Governments and central banks	92.1	91.6
Credit institutions	8.4	7.3
of wich, local and regional authorities	5.1	4.8
Corporate	19.5	13.0
Retail customers	43.5	30.8
Equities	0.4	0.4
Securitization positions	0.2	0.2
Assets other than credit obligations	0.8	0.8
TOTAL	**165.0**	**144.0**

IV.5.2 - Use of external credit rating agencies

The Group uses assessments by rating agencies to measure the sovereign risk of exposures on 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, 2015**
Governments and central banks	91.4	0.2	0.0	0.1	0.0	0.5	**92.1**
Local and regional authorities		5.1	0.0	0.0	0.0		**5.1**

VALUE EXPOSED TO RISK BEFORE MITIGATION	**0%**	**20%**	**50%**	**100%**	**150%**	**250%**	**Total as of Dec. 31, 2015**
Governments and central banks	90.8	0.2	0.0	0.0	0.0	0.5	**91.6**
Local and regional authorities		4.8	0.0	0.0	0.0		**4.8**

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 CM11 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 Confédération Nationale du Crédit Mutuel (CNCM) 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: [note: review the indentation of the first and 10th bullets]

- **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) aim 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 Crédit Mutuel 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 aim to 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 CNCM 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 large 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 by 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.

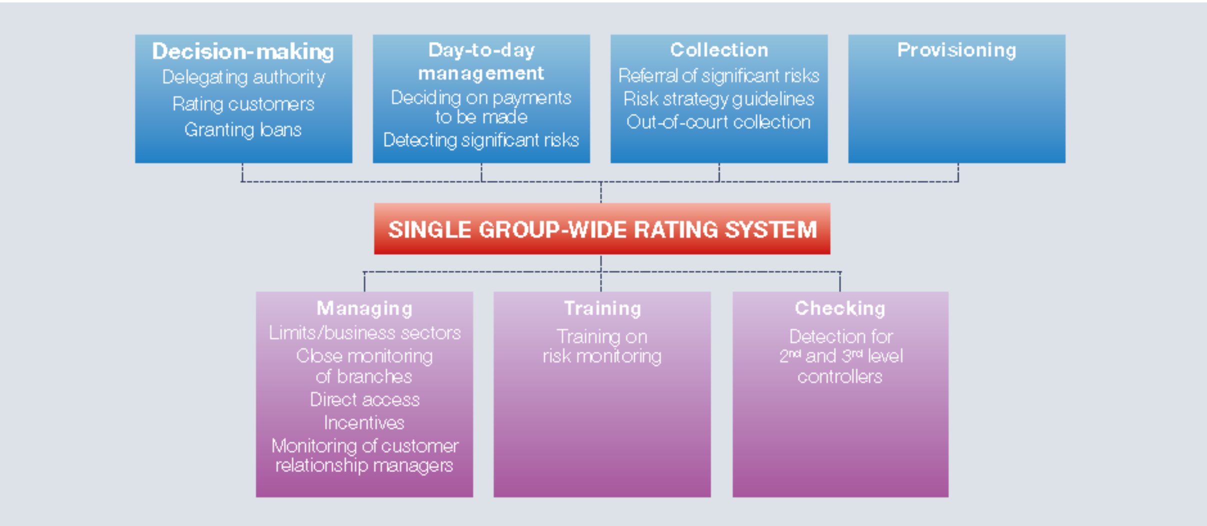
Internal rating system included within the scope of permanent and periodic control

The Group's permanent Basel II control plan comprises two levels. On the one hand, at the national level, permanent control is involved in validating new models and significant adjustments made to existing models. On the other hand, there is a permanent monitoring of the internal rating system (particularly the parameters). At 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 procedures under specific conditions (composition of committees, risk management procedures, etc.). In accordance with the regulations, the Basel 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 buoyed by the following:

- national governance for the internal rating system;

- distribution of national procedures by CNCM ;
- 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, with a 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, the 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, 2015	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	5,584	6	5,584	514	9.2%	0
	2	25,082	332	24,849	193	0.8%	0
	3	6,694	810	6,270	1,062	16.9%	0
	4	8,973	443	8,692	3,245	37.3%	0
	5	1,674	457	1,478	414	28.0%	0
	6	701	113	625	443	71.0%	0
	7	360	53	327	393	120.3%	0
	8	94	56	72	84	116.4%	0
	9	30	6	26	30	113.8%	0
Corporates - Large accounts	1						0
	2	1,546	1,204	918	167	18.2%	0
	3	4,859	3,179	3,269	836	25.6%	0
	4	8,153	5,747	5,465	1,811	33.1%	0
	5	19,299	12,469	12,487	7,206	57.7%	0
	6	7,794	4,011	5,615	4,957	88.3%	0
	7	5,120	2,341	3,869	4,341	112.2%	0
	8	3,999	1,304	3,283	5,004	152.4%	0
	9	895	312	734	1,704	232.1%	0
Corporates - Excl. large accounts	1	5,295	1,238	4,598	1,311	28.5%	4
	2	10,692	1,979	9,699	3,035	31.3%	10
	3	4,673	644	4,336	1,769	40.8%	8
	4	5,380	849	4,956	2,385	48.1%	17
	5	5,245	778	4,640	2,719	58.6%	25
	6	3,886	705	3,562	2,428	68.2%	31
	7	2,016	289	1,863	1,492	80.1%	31
	8	719	95	662	616	93.1%	19
	9	577	89	523	580	111.0%	27
Corporates under the IRB slotting approach		7,730	1,176	7,621	5,921	77.7%	55

Corporates under the IRB slotting approach criteria: Specialized Financing algorithm

INDIVIDUAL RETAIL CUSTOMERS

In € millions as of Dec. 31, 2015	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	16,725	441	16,473	263	1.6	1
	2	20,752	452	20,493	392	1.9	1
	3	13,808	278	13,649	644	4.7	3
	4	12,759	228	12,628	1,160	9.2	7
	5	8,770	160	8,679	1,481	17.1	11
	6	3,665	66	3,627	1,049	28.9	11
	7	3,816	198	3,703	1,473	39.8	19
	8	2,654	32	2,635	1,431	54.3	25
	9	1,447	12	1,440	1,132	78.6	44
Revolving	1	1,400	1,102	519	5	1.0	0
	2	3,834	2,394	1,921	24	1.3	0
	3	2,194	1,251	1,194	37	3.1	1
	4	1,889	991	1,097	70	6.4	1
	5	1,008	479	625	79	12.7	2
	6	867	386	559	120	21.4	4
	7	604	234	417	139	33.3	5
	8	339	104	256	136	53.1	6
	9	154	32	128	116	90.4	9
Other	1	15,437	1,376	14,835	233	1.6	1
	2	15,221	1,557	14,552	300	2.1	1
	3	8,434	1,082	7,988	412	5.2	2
	4	6,626	854	6,272	573	9.1	4
	5	4,199	531	3,987	582	14.6	6
	6	2,159	340	2,038	434	21.3	7
	7	3,077	1,336	2,385	432	18.1	18
	8	1,138	146	1,086	283	26.1	13
	9	512	48	495	212	42.8	20

RETAIL – OTHERS

In € millions as of Dec. 31, 2015	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	6,620	119	6,554	422	6.4	2
	2	8,343	131	8,271	866	10.5	6
	3	3,262	79	3,219	559	17.4	5
	4	3,595	116	3,531	903	25.6	10
	5	2,483	84	2,437	789	32.4	11
	6	2,027	51	1,999	878	43.9	15
	7	1,354	23	1,342	778	58.0	19
	8	747	10	741	505	68.1	17
	9	881	5	879	671	76.3	38
Revolving	1	134	84	67	2	3.4	0
	2	89	51	48	3	6.9	0
	3	38	20	22	3	12.7	0
	4	29	15	17	3	16.3	0
	5	20	9	12	3	23.7	0
	6	41	18	27	9	34.1	0
	7	18	7	12	6	49.3	0
	8	14	5	10	7	66.5	0
	9	11	3	9	8	93.6	1
SME	1	6,385	1,370	5,484	437	8.0	3
	2	5,072	925	4,480	545	12.2	6
	3	2,522	428	2,252	369	16.4	6
	4	2,918	504	2,605	485	18.6	11
	5	2,149	349	1,937	390	20.2	12
	6	2,318	423	2,063	463	22.4	27
	7	1,555	235	1,409	353	25.1	26
	8	964	122	886	282	31.8	29
	9	832	86	777	304	39.2	46
Other	1	1,941	147	1,862	118	6.3	1
	2	1,421	120	1,355	139	10.3	1
	3	473	43	450	70	15.6	1
	4	573	97	519	95	18.3	1
	5	420	93	370	79	21.4	2
	6	338	57	307	70	22.8	2
	7	170	15	162	41	25.5	2
	8	117	10	112	35	31.1	2
	9	104	6	101	42	41.8	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 degree, 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 the 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-sale 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 activities traditionally buy securities. Nevertheless, purchases of credit default swaps for hedging may be authorized and, as applicable, are governed by the capital markets procedures.

IV.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

	2015			
EAD (in € billion)	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**
Credit quality	Standadized approach	Internal ratings based-approach	Internal ratings based-approach	Internal ratings based-approach
Investor				
Traditional securitization	0.2	5.5	1.3	
Synthetic securitization				1.1
Traditional resecuritization				
Synthetic resecuritization				
Sponsor		0.0		
Total	0.2	5.6	1.3	1.1

Detailed breakdown of outstandings by credit rating

	2015			
EAD (in € billion)	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**
Credit quality	Standadized approach	Internal ratings based-approach	Internal ratings based-approach	Internal ratings based-approach
E1	0.1	4.0	1.3	
E2		0.7	0.0	
E3		0.0	0.0	
E4		0.2		
E5		0.1	0.0	
E6	0.1	0.0		
E7		0.1	0.0	
E8	0.0	0.0		
E9	0.0	0.0		
E10		0.0		
E11		0.0		
Positions weighted at 1250%	0.0	0.5	0.0	
Total	0.2	5.6	1.3	1.1

Capital requirements

Capital requirement (in € millions)	2015 Banking portfolio		Trading portfolio	Correlation portfolio
	Standadized approach	Internal ratings based-approach	Internal ratings based-approach	Internal ratings based-approach
Total	10.7	44.1	14.8	17.7

Exposures using the Internal Ratings method weighted at 1,250% are deducted from capital.

IV.9 - Equities

in € billions	Value exposed to risk Dec. 31,2015
Equities	**0.0**
Internal ratings-based approach	**12.0**
Private equity (190%)	1.6
Significant holdingd in the financial sector (weighted at 250%)	1.3
Exposures to listed equities (290%)	0.5
Other equity exposures	8.5
Standardized approach	**0.4**
Of wich, 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, 2015 are principally measured using the IRB approach.

Counterparty risk	Value exposed to risk	
in € billions	12/31/2015	12/31/2014
Derivatives	5.1	5.3
Repurchase agreements *	6.5	0.4
Total	11.6	5.7

* 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 are 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, 2015	Dec. 31, 2014
Specific interest-rate risk (excl. securitization and correlation portfolios)	71	62
Specific interest-rate risk - securitization and correlation portfolios	32	29
General interest-rate risk	111	123
Equity risk	103	100
Currency risk	0	0
Commodity risk	0	0
TOTAL CAPITAL REQUIREMENTS	**317**	**314**

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 12/31/2015, the amount and characteristics of encumbered and unencumbered bonds for the Group broke down as follows:

Table A - Assets (in € thousands)

Reporting institution's assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Reporting institution's assets	88,638,605		409,547,231	
Capital instruments	309,587	302,954	4,482,811	4,489,444
Debt securities	12,207,668	12,232,628	52,850,118	52,323,445
Other assets	76,121,350		352,214,302	

Guarantees received	Fair value of the encumbered counter-guarantee received or of encumbered own debt securities issued	Fair value of the counter-guarantee received or of own debt securities issued available to be encumbered
Guarantees received by the institution	10,118,199	6,835,538
Capital instruments	1,536,325	596,857
Debt securities	8,581,874	3,117,333
Other guarantees received	-	3,121,348
Own debt securities issued, other than own guaranteed bonds or own asset-backed securities	-	-

Encumbered assets/guarantees received and related liabilities	Corresponding liabilities, contingent liabilities or securities loaned	Assets, counter-guarantees received and own debt securities issued other than covered bonds and securities backed by encumbered assets
Carrying amount of selected financial liabilities	**80,413,196**	**98,756,804**

V1.15 - Description of procedures used to manage the risk of excessive leverage

The procedures to manage the risk of excessive leverage have been validated by the CNCM's Board of Directors and center on the following points:

- the leverage ratio is one of the key solvency indicators and leverage ratio monitoring is incorporated into the CNCM's and the regional groups' Risk Committee files;
- an internal limit has been set at the national level and for each Crédit Mutuel Group;
- a special procedure has been established for any breaches of the limit set by the supervisory body. This procedure involves the executive management of the Group concerned as well as the Boards of Directors of the Group and the CNCM and it applies to all Crédit Mutuel Group.

Reconciliation of consolidated accounting assets and exposures used in the leverage ratio

In € Millions		Exposure at Dec. 31, 2015
1	**Consolidated assets as published in the financial statements**	570,644
2	**Adjustments on entities consolidated for accounting purposes** but outside the regulatory scope	- 72,458
4	Adjustments on derivatives	- 1,512
5	Adjustments on securities financing transactions (SFTs)	- 2,013
6	Adjustments on off-balance sheet items (conversion of off-balance sheet items to credit equivalents)	31,164
EU-6a	(Adjustments on intra-group exposures excluded from the calculation of the leverage ratio, in accordance with Article 429.7 of the CRR)	-
EU-6b	(Adjustments on exposures excluded from the calculation of the leverage ratio, in accordance with Article 429.14 of the CRR) – CDC debt	-
7	Other adjustments	- 12,593
8	**Total leverage ratio exposure**	513,232

Presentation of the main components of the leverage ratio

In € Millions		Exposure at Dec. 31, 2015
Balance sheet (excluding derivatives and securities financing transactions)		
1	**Balance sheet items** (excluding derivatives, securities financing transactions and fiduciary assets, but including collateral)	462,384
2	**(Assets deducted** to determine Tier 1)	-
3	**Total balance sheet exposure** (excluding derivatives, securities financing transactions and fiduciary assets) - sum of lines 1 and 2	**462,384**
Derivatives		
4	**Replacement cost** associated with all derivatives (i.e. net of eligible margin calls received)	2,149
5	**Add-on** for potential future exposures associated with derivatives (market price valuation method)	2,987
7	**(Deductions of margin calls in cash** paid under derivatives transactions**)**	- 0
9	**Adjusted effective notional amount of written credit derivatives**	6,085
10	**(Adjusted effective notional offsets and add-on deductions for written credit derivatives)**	- 3,403
11	**Total derivative exposures** - sum of lines 4 to 10	**7,818**
Securities financing transaction exposures		
12	**Gross SFT assets** (with no recognition of netting), after adjusting for sale accounting transactions	11,419
14	**Counterparty credit risk exposure** for SFT assets	447
16	**Total securities financing transaction exposures** - sum of lines 12 to 15a	**11,866**
Other off-balance sheet exposures		
17	**Off-balance sheet exposures** at gross notional amount	77,202
18	(**Adjustments** to credit risk equivalent amounts)	- 46,038
19	**Other off-balance sheet exposures** - sum of lines 17 to 18	**31,164**
Exempted exposures pursuant to Articles 429.7 and 429.14 of the CRR (on-balance sheet and off-balance sheet)		
EU-19a	(**Exemption of intra-group exposures** (individual basis) pursuant to Article 429.7 of the CRR [on-balance sheet and off-balance sheet])	0
EU-19b	(**Exemption of exposures** pursuant to Article 429.14 of the CRR [on-balance sheet and off-balance sheet]	0
Equity and total exposure		
20	**Tier 1**	**29,103**
21	**Total exposures - sum of lines 3, 11, 16, 19, EU-19a and EU-19b**	**513,232**
Leverage ratio		
22	**Leverage ratio**	**5.7%**
Choice of transitional arrangements and amounts of derecognized fiduciary items		
EU-23	**Choice of transitional arrangements for defining capital measurement**	**YES**

Breakdown of exposures taken into account for the leverage ratio

In € Millions		Exposure at Dec. 31, 2015
EU-1	**Total balance sheet exposures*, of which:**	**462,384**
EU-2	**Trading book exposures**	9,464
EU-3	**Banking book exposures, of which:**	**452,920**
EU-4	Guaranteed bonds	4,404
EU-5	Exposures treated as sovereign exposure	91,080
EU-6	Exposures on regional governments, multilateral development banks, international organizations and public-sector entities not treated as sovereign exposure	4,641
EU-7	Credit institutions	36,164
EU-8	Exposures secured by a mortgage on immovable property	127,465
EU-9	Retail exposures	104,633
EU-10	Corporate exposures	56,437
EU-11	Exposures in default	5,187
EU-12	Other exposures (equities, securitizations and other assets not related to credit exposures)	22,909

** excluding derivatives, securities financing transactions and exempted exposures.*

Description of the processes used to manage excessive leverage risk

The procedures for managing excessive leverage risk have been approved by CNCM's board of directors and mainly concern the following points:

- the leverage ratio is one of the capital adequacy key indicators and its monitoring is the responsibility of the confederal risk committees and the regional groups;
- an internal limit has been defined at the national level and for each Crédit Mutuel group;
- if the limit set by the supervisory body is breached, the specific procedure involving the executive management of the group in question and the boards of directors of the group and of CNCM has been defined and applies to all the Crédit Mutuel groups.

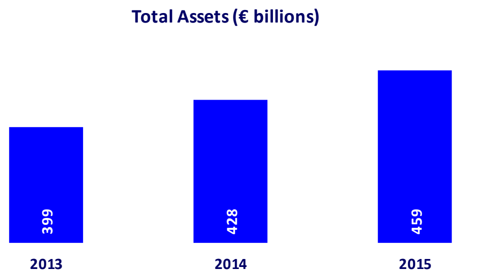
V. FINANCIAL INFORMATION ABOUT BFCM GROUP

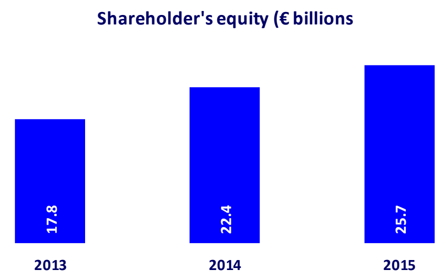
V.1 - BFCM Group's key figures

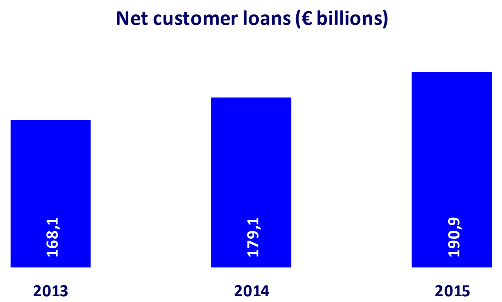
The 2013 figures have been restated pursuant to IFRS 10/11

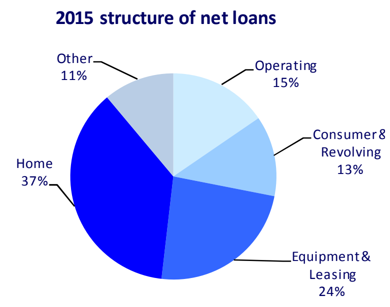
in millions €	2015	2014	2013
Net banking income	9,219	8,456	8,358
Operating income	3,065	2,458	2,269
Net income	1,877	1,701	1,484
Net income attributable to the group	1,542	1,384	1,211
Cost-to-income ratio[1]	59%	62%	62%

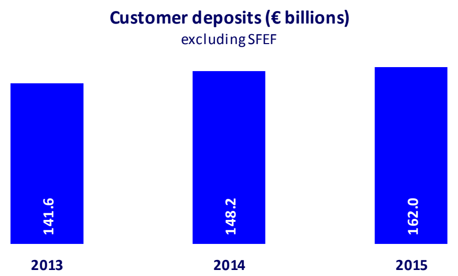
(1) Ratio of overheads to net banking income

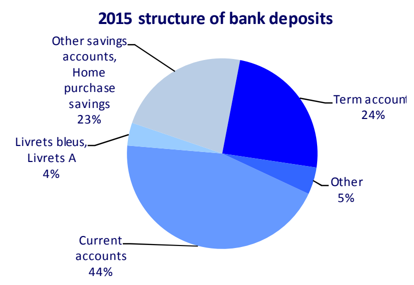


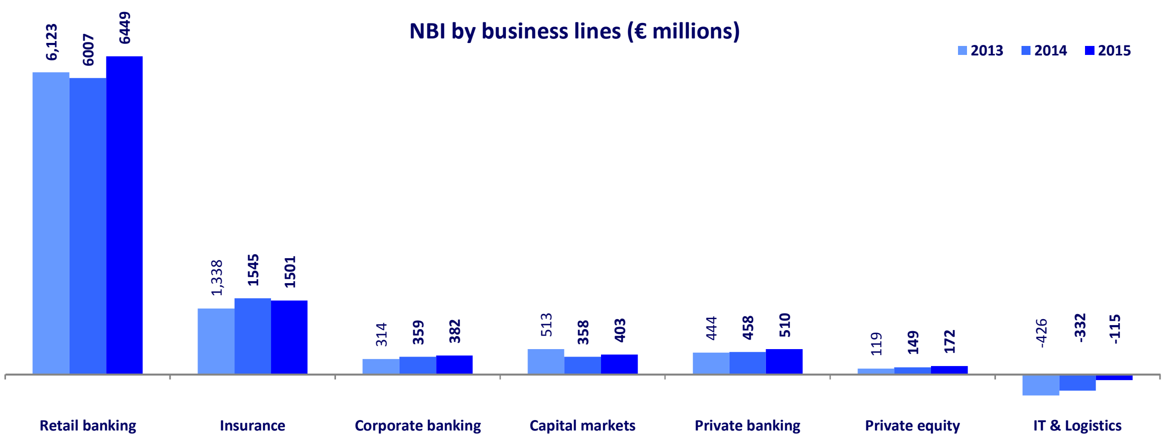












V.2 - BFCM Group Management Report

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 2015

Global growth slowed in 2015, yet its pace accelerated in developed countries where consumption was boosted by the drop in oil prices caused by a structural oversupply. In fact, the gaps are widening. In developed countries, the pace of growth is increasingly out of sync with monetary policy, at a time when the term "BRIC" (Brazil, Russia, India and China), which paints emerging countries as a single entity with the same economic momentum, has lost its meaning.

Central banks provided support at the beginning of the year

At the beginning of the year, the ECB decided to strike hard by launching a large-scale asset purchase program (quantitative easing) on January 22. This decision aimed to guarantee low financing costs, but also to drive the single currency down in order to boost exports. The euro continued the slide that began in 2014 and hit a low of 1.05 in March even as business indicators confirmed encouraging momentum driven by demand. In the United States, however, the Fed remained cautious in the first part of the year in light of low wages, which fueled doubts about the strength of the growth.

In May, assets corrected sharply down. Yields on government bonds, which had hit all-time lows and were close to 0% in Germany on the ten-year maturity, rebounded sharply while the first signs of a shift in inflation rates quashed any expectations that the economy was falling into a deflationary spiral. At the same time, the European equity markets, which had risen strongly until April, corrected down. Mounting concerns about the soundness of China's growth also weighed on confidence. On the commodities side, U.S. oil production fell only slightly, contrary to expectations, due to a steepening fall in operating costs. In response, the Persian Gulf states increased their production, causing oil prices to plunge once again to $37 in December.

This continued drop in oil prices largely explains the economic growth increment in the eurozone in 2015. This environment was positive for France, which reported more than 1% growth in 2015, despite the ongoing struggles in the real estate market even with the adjustments decided on by the government to support this sector. The policy measures taken to improve competitiveness led to a recovery of corporate profitability, but these efforts were not enough. France's competitiveness continues to lag, as demonstrated once again by its modest export momentum.

Turmoil in Greece, then China, changed the equation

Greece also contributed to the volatility as it was increasingly in the news in the first half of the year. The showdown between the country's government, which came to power in early 2015, and its international creditors finally came to a head. The situation turned ugly and caused Greek banks to close. Since then, the Greek Parliament has approved a series of austerity measures and the European partners have funded the country, but the economic situation will not stabilize until the public debt has been restructured. Elsewhere in Southern Europe, the legislative elections in Portugal and Spain in the second half of the year continued to fuel uncertainty.

At the end of August, investors had to cope with poor management of the stock market crisis in China, which once again shook their confidence. The abrupt bursting of an unprecedented equity bubble pulled other markets down while fueling fears of a sharp slowdown in growth. Since then, the authorities have adopted a number of measures (both fiscal and monetary) to support the economy and have issued numerous reassuring statements to turn the situation around, but balances are deteriorating and China's ability to reaccelerate is low. More broadly, emerging countries remained under pressure, particularly as expectations of the Fed's first rate hike (in addition to concerns about China) weighed on the exchange rates between their currencies and the dollar for the entire year. The most fragile countries paid the highest price, particularly Brazil, which also experienced intense political tumult with no prospect of an economic recovery in the short term. Russia suffered under the sanctions implemented over Ukraine, and from the collapse in oil prices.

Resilient growth capped off the year

Lastly, the fourth quarter was marked by the attacks in and outside of France, although for the time being this has not shattered confidence. The resilience of developed country economies, combined with the healthy job market in the United States, even allowed the U.S. central bank to finally raise its key rates, albeit modestly, on December 16 from 0-0.25% to 0.25-0.5%. This suggests a gradual improvement in returns on savings. The Group believes the Fed will nevertheless remain very cautious about the pace of rate hikes in 2016 as the industrial sector continues to be hurt by the renewed strength of the dollar. The European Central Bank stepped up its actions in early December due to the weak eurozone inflation expectations. The moderation it exercised led to a correction in the overly upbeat equity markets.

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 such 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, 2015. These standards include IAS 1-41, IFRS 1-8 and 10-13, and any SIC and IFRIC interpretations adopted as of that date. These standards are available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm. Standards not adopted by the European Union have not been applied.

The financial statements are presented in accordance with the format recommended by Recommendation No. 2013-04 of the French accounting standards authority concerning IFRS 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.

Standards and interpretations adopted since January 1, 2015

The amendments adopted by the European Union did not have a material impact on the financial statements. They concerned:

- IFRS 3: scope exclusion for the financial statements of a joint arrangement (no such cases)
- IFRS 3 and IAS 40: clarification on the standard to be applied to the acquisition of an investment property
- IFRS 13: scope of the portfolio approach
- IFRIC Interpretation 21: Levies. The impact of first-time adoption is presented in the consolidated statement of changes in shareholders' equity.

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

Standard	Topic	Mandatory effective date	Consequences of application
IAS 1	Disclosure initiative	1/1/2016	Limited
IAS 19	Employee contributions	1/1/2016	Not applicable
IAS 16/ IAS 38	Property, plant and equipment and intangible assets — clarifications on the revenue-based method of depreciation and amortization	1/1/2016	Not applicable
IFRS 11	Accounting for acquisitions in joint operations. Accounting for an additional interest by a joint operator in a joint operation.	1/1/2016	Not applicable

IFRS 9 - Financial Instruments

IFRS 9 published by the IASB is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement*. It defines new rules for classification and measurement of financial instruments, for financial asset credit risk impairment and for hedge accounting, excluding macro-hedging.

It had not yet been adopted by the European Union on December 31, 2015 and will be mandatorily effective for annual periods beginning on or after January 1, 2018. It therefore did not apply as of December 31, 2015.

The section on credit risk impairment responds to criticisms raised concerning the IAS 39 incurred credit loss model that credit loss recognition was too little, too late. It represents a move from incurred credit loss provisioning to expected credit loss provisioning. Impairments will be recorded, for financial assets for which there is no objective evidence of loss on an individual basis, based on past losses as well as on reasonable and supportable projections of future cash flows.

This more forward-looking approach to credit risk is already taken into account when collective provisions are currently recorded for similar portfolios of financial assets under IAS 39. It was confirmed by the results of the asset quality review conducted by the European Central Bank in 2014.

BFCM Group established a project task force in the second quarter of 2015 to bring the different departments together (Finance, Risk, IT, etc.). The project covers all the relevant BFCM Group activities, including insurance, where adoption of the standard will have to be delayed due to its interactions with the future IFRS 4, still under discussion within the IASB.

At this stage of the IFRS 9 implementation project, which is focused mainly on analyzing the standard, it is not possible to quantify the potential financial impacts of its adoption.

V.2.1.2.1 - Consolidation scope

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: exclusive control is considered to be exercised when BFCM Group holds power over the entity, is exposed or 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 by BFCM 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 CM11 Group and the BFCM Group are jointly controlled entities within the meaning of IFRS 11.

- Entities over which the BFCM Group exercises significant influence: these are the entities that are not controlled by the consolidating entity, but in which the [CM11 or BFCM?] Group has the power to participate in determining their financial and operating policies. The share capital of the entities in which the BFCM Group exercises a significant influence is consolidated using the equity method.

Entities controlled by the BFCM 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 consolidation scope regardless of the 1% threshold if it is regarded as a strategic investment given its activity or its development.

Shareholdings 20% to 50% 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 through profit or loss option.

V.2.1.2.2 - Changes in consolidation scope

The changes in the consolidation scope for the year ended December 31, 2015 were as follows:

- Additions: Aseroramineto en Seguros y Reaseguros SA, Atlantis Aserores SL, Atlantis Correduria de Seguros y Consultoria Acturial SA, Atlantis Seguros, Atlantis Vida, Banco Banif Mais SA Spain, Banco Banif Mais SA Slovakia, Banco Cofidis SA, Banco Cofidis SA (Spółka Akcyjna) Oddział w Polsce, Banif Plus Bank, Centax SPA, CM-CIC Bail Spain, Cofidis SGPS SA, GACM Espana, Margem-Mediação Seguros Lda.

- Merger/absorption: Pasche Finance SA with Banque Pasche, Divhold with Banque du Luxembourg, Sofemo with Cofidis France, Centax SAP with Cofidis Italy, Dernières Nouvelles de Colmar and Alsace Média Participation with Dernières Nouvelles d'Alsace, Massimob and Massimob Property with Foncière Massena.

- Removals: BFCM Frankfurt, Serficom Brasil Gestao de Recursos Ltda, Serficom Family Office Brasil Gestao de Recursos Ltda, Serficom Family Office SA, Trinity SAM.

- Change of name: CM-CIC Capital Finance renamed CM-CIC Investissement, CM-CIC Investissement renamed CM-CIC Investissement SCR, CM-CIC Capital Innovation renamed CM-CIC Innovation, Est Bourgogne Rhone Alpes (EBRA) renamed Société d'Investissement Médias (SIM), RACC Seguros renamed Amgen Seguros Generales Compania de Seguros y Reaseguros SA.

V.2.1.3 - BFCM Group activity and results

V.2.1.3.1 - Analysis of the consolidated statement of financial position

BFCM Group had total IFRS consolidated assets of €458.5 billion at end-2015 compared with €428.2 billion at end-2014 (up 7.1%).

The change stemmed mainly from the €14 billion rise in "amounts due to credit institutions" and the €13.9 billion increase in "amounts due to customers."

Financial liabilities measured at fair value through profit or loss came to €12.9 billion in 2015 compared to €16.4 billion in 2014. These were mainly derivatives and other financial liabilities held for trading, as well as amounts due to credit institutions measured at fair value through profit or loss.

Other amounts due to credit institutions came to €49.3 billion compared with €35.3 billion in 2014 (up 39.5%).

Issues of securities other than those measured at fair value through profit or loss totaled €105.2 billion, flat versus 2014. These consisted mostly of bonds, with a total of €53.9 billion, followed by interbank market securities and negotiable debt securities at €47.6 billion. The balance comprised short-term notes and various other securities.

The item "Due to customers" on the liabilities side of the statement of financial position is made up of customer savings deposits, including accrued interest. These deposits rose by 9.4% to €162 billion in 2015. The contribution of CIC entities alone represented 80% of this total, i.e. €129.7 billion, while Targobank Germany contributed 7.5% (€12.1 billion) and BECM 6.9% (€11.2 billion).

Technical provisions on insurance policies, representing commitments to policyholders, came to €76.8 billion (up 4.8%), of which €66.2 billion was made up of customer savings.

The non-controlling interests shown as liabilities (€3.8 billion at the end of 2015) mainly related to other Crédit Mutuel companies' shareholdings in Groupe des Assurances du Crédit Mutuel (GACM), external shareholders of CIC and external shareholders of the Cofidis Group.

On the assets side, interbank investments increased by 41.1% between 2014 and 2015 to €86.9 billion; the change stemmed from the increase in overnight accounts with central banks.

Total loans and receivables due from customers rose 6.6% from €179.1 billion to €190.9 billion in 2015.

More than 82% of all loans are granted through CIC entities (€156.8 billion). The loan portfolio of Targobank Germany represents 5.9% of total loans outstanding (€11.2 billion), followed by those of BECM (€11.4 billion) and the Cofidis Group (€9.6 billion).

Financial instruments measured at fair value through profit or loss came to €26.4 billion compared to €29.2 billion in 2014.

Goodwill on the assets side (totaling €3.9 billion) resulted mainly from the acquisition of Targobank Germany securities in December 2008 (€2.8 billion), the acquisition of a €0.4 billion stake in the Cofidis Group at the beginning of March 2009, and CIC securities (residual goodwill of €506 million).

V.2.1.3.2 - Analysis of the consolidated income statement

Net banking income

BFCM Group net banking income grew from €8,456 million in 2014 to €9,219 million in 2015, an increase of 9%. The main reasons underlying this change in BFCM Group net banking income between 2014 and 2015 are detailed below and result from factors identical to those that affected CM11 Group:

- Fee and commission income rose 8% due to high home loan volumes and continued insurance policy sales in the network and the private banking business;
- Net interest margin of €3.8 billion rose 2.2%; the margin in 2014 had suffered from the one-time impact of reimbursements of loan administration fees required by the German courts;
- Net banking income from other banking activities, corporate banking, capital markets and refinancing activities, private banking and private equity (CM-CIC Investissement) rose in 2015;
- Insurance, the Group's second-largest business line, recorded €10.3 billion in premium income, stable relative to the record achieved in 2014;
- Lastly, net banking income in the holding company services activity improved by 34.2% on the realization of capital gains on sales of available-for-sale securities and the lower cost to refinance BFCM's and CIC's working capital requirements.

Retail banking accounted for the greatest proportion of BFCM Group's earnings, followed by insurance and corporate banking & 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 "—"V.2.1.3.3 - Breakdown by activity".

	year ended December 31		
(€ millions)	**2015**	**2014**	*change **
Retail banking	6,449	6,007	+6.8%
Insurance	1,501	1,545	-2.8%
Corporate banking and capital markets	785	718	+9.4%
Private banking	510	458	+11.3%
Private equity	172	149	+15.5%
IT, Logistics and holding company	(115)	(332)	-65.3%
Intra Group transactions	(82)	(88)	-6.9%
Total	**9,219**	**8,456**	**+8.6%**

** at constant scope*

BFCM Group net banking income from retail banking rose by 6.8% compared with 2014, a performance consistent with that of CM11 Group net banking income from retail banking.

In general, BFCM Group net banking income from other activities is similar to that of CM11 Group (see breakdown above), aside from logistics and holding company services activities.

France accounted for 74% of BFCM Group net banking income, excluding logistics and holding company services, in 2015 (as in 2014). The table below shows the breakdown of Group net banking income by geographic zone for the financial years 2014 and 2015.

	Year ended December 31		
(€ millions)	**2015**	**2014**	**Change (2015/ 2014)**
France	6,794	6,405	+6.1%
Europe, excluding France	2,216	1,855	+19.5%
Rest of the world	209	196	+6.8%
Total	**9,219**	**8,456**	**+8.6%***

** at constant scope*

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 CM11 Group has a site.

The country in which each entity is located is mentioned in the consolidation scope. The CM11 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	1,203	276	-113	37	-60	7,071	0
Belgium	126	33	-6	2	-8	574	0
Spain	255	100	-23	0	-8	1,511	0
United States	136	75	-8	-39	-5	84	0
France	6,790	3,274	-915	4	-989	27,988	0
Hungary	18	7	0	0	-2	172	0
Italy	32	1	0	0	-1	190	0
Luxembourg	294	138	-35	5	-18	801	0
Morocco	0	65	0	0	0	0	0
Monaco	3	2	0	0	0	9	0
Poland	0	0	0	0	0	0	0
Portugal	136	79	-21	0	-4	596	0
Czech Republic	7	-2	0	0	-1	154	0
UK	43	32	-7	1	-2	47	0
Saint Martin	2	1	0	0	0	8	0
Singapore	71	13	-1	0	-3	232	0
Slovakia	0	-1	0	0	0	1	0
Switzerland	103	20	-3	0	-10	308	0
Tunisia	0	17	0	0	0	0	0
Total	**9,219**	**4,130**	**-1,131**	**10**	**-1,111**	**39,746**	**0**

Operating income before provisions

BFCM Group gross operating income totaled €3,761 million in 2015 compared with €3,206 million in 2014, a 16.8% increase at constant scope, reflecting the growth in net banking income, while general operating expenses (including depreciation, amortization, impairment and provisions) increased by 3.7% at constant scope to €5,458 million in 2015 compared with €5,249 million in 2014. BFCM Group's cost-to-income ratio was 59.2% in 2015, compared with 62.1% in 2014.

Retail banking gross operating income was €2,553 million in 2015, compared with €2,238 million in 2014, an increase of 13.4% at constant scope. Retail banking cost-to-income ratio stood at 60.4% in 2015, compared with 62.7% in 2014.

Net additions to/reversals from provisions for loan losses

BFCM Group's net additions to/reversals from provisions for loan losses fell significantly to €696 million in 2015, compared with €748 million in 2014. As for CM11 Group, the CIC network, Cofidis, Targobank Germany and corporate banking accounted for this improvement.

Operating income

BFCM Group's operating income totaled €3,065 million in 2015, compared with €2,458 million in 2014, i.e. an increase of 24.2% at constant scope, which reflects the marked improvement in net additions to/reversals from provisions for loan losses and the growth in net banking income.

Net income

Net income attributable to BFCM Group was €1,542 million in 2015, compared with €1,384 million in 2014, i.e. an increase of 11.4%.

Transactions with CM11 Group entities

In 2015, €731 million of BFCM Group's gross operating income was from transactions undertaken with CM11 Group entities not part of BFCM Group (mainly the local cooperative banks and CFde CM).

Net interest income from these transactions amounted to €816 million in 2015, compared with €898 million in 2014. As of December 31, 2015, outstanding loans to CM11 Group entities not part of BFCM Group totaled €36.5 billion (€38.6 billion as of December 31, 2014). Net fee and commission income was a loss of €35 million in 2015 (loss of €125 million in 2014).

Net expenses on other activities recognized by these entities were €7 million in 2015, compared with net expenses of €13 million in 2014.

V.2.1.3.3 - Breakdown by activity:

The business segments reflect the same organizational structure as CM11 Group, which is presented in detail on page 1617. 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

The retail banking division continued to improve the quality of its network, which comprised 2,496 branches at end-2015. Loans to retail customers grew by €7.6 billion (5.1%) to €156.9 billion while deposits rose by 11.2% to €129.3 billion.

	year ended December 31		
(€ millions)	**2015**	**2014**	*change **
Net banking income	**6,449**	**6,007**	**+6.8%**
Operating expenses	(3,896)	(3,768)	+3.0%
Gross operating income	**2,553**	**2,238**	**+13.4%**
Cost of risk	(685)	(775)	-12.1%
Operating income	**1,868**	**1,463**	**+26.9%**
Gains (losses) on other assets	73	62	+18.7%
Income before tax	**1,942**	**1,525**	**+26.5%**
Corporate income tax	(674)	(519)	+29.2%
Net income	**1,268**	**1,006**	**+25.2%**

** at constant scope*

The retail banking segment’s net banking income totaled €6,449 million compared with €6,007 million in 2014. General operating expenses remained under control at €3,896 million. Net additions to/reversals from provisions for loan losses improved by €90 million to €685 million. Income before tax was €1,942 in 2015 million compared with €1,525 million in 2014.

V.2.1.3.3.2 - Insurance

The insurance business performed well, with a 5.9% increase in the number of policies to 27 million and premium income of €10.3 billion.

	year ended December 31		
(€ millions)	**2015**	**2014**	*change*
Net banking income	**1,501**	**1,545**	**-2.8%**
Operating expenses	(449)	(407)	+10.1%
Gross operating income	**1,053**	**1,138**	**-7.5%**
Cost of risk	0	0	ns
Operating income	**1,053**	**1,138**	**-7.5%**
Gains (losses) on other assets	29	(56)	ns
Income before tax	**1,081**	**1,082**	**-0.1%**
Corporate income tax	(373)	(422)	-11.6%
Net income	**708**	**660**	**+7.3%**

Net insurance income totaled €1,501 million in 2015 compared with €1,545 million in 2014. General operating expenses rose by 10.1% to €449 billion. Income before tax was stable at €1,081 million.

V.2.1.3.3.3 - Corporate banking

This business line managed €14.2 billion in loans (up 23.1%) and €6.2 billion in deposits (down 18.8%).

(€ millions)	*year ended December 31* 2015	2014	*change*
Net banking income	**382**	**359**	**+6.5%**
Operating expenses	(101)	(92)	+10.0%
Gross operating income	**281**	**267**	**+5.2%**
Cost of risk	(21)	(50)	-57.2%
Operating income	**260**	**217**	**+19.7%**
Gains (losses) on other assets	0	0	ns
Income before tax	**260**	**217**	**+19.7%**
Corporate income tax	(94)	(66)	+41.6%
Net income	**166**	**151**	**+10.1%**

Net banking income totaled €382 million (€359 million in 2014). Net additions to/reversals from provisions for loan losses decreased from €29 million to €21 million at end-2015. Income before tax increased by 19.7% to €260 million.

V.2.1.3.3.4 - Capital markets activities

(€ millions)	*year ended December 31* 2015	2014	*change*
Net banking income	**403**	**358**	**+12.3%**
Operating expenses	(186)	(193)	-3.8%
Gross operating income	**217**	**165**	**+31.2%**
Cost of risk	2	79	-97.9%
Operating income	**218**	**244**	**-10.6%**
Gains (losses) on other assets	(0)	(0)	ns
Income before tax	**218**	**244**	**-10.6%**
Corporate income tax	(93)	(58)	+61.9%
Net income	**125**	**186**	**-33.1%**

At December 31, 2015, net banking income totaled €403 million (€358 million in 2014). Income before tax fell from €244 million at end-2014 to €218 million at end-2015.

V.2.1.3.3.5 - Private banking

This business line's bank deposits rose by 12.7% to €18.6 billion in 2015. Assets under management and in custody increased by 7.7% to €85.4 billion. Customer loans were up 15% to €12 billion.

(€ millions)	*year ended December 31* 2015	2014	*change*
Net banking income	**510**	**458**	**+11.3%**
Operating expenses	(371)	(338)	+9.8%
Gross operating income	**139**	**120**	**+15.4%**
Cost of risk	9	(2)	ns
Operating income	**147**	**118**	**+25.0%**
Gains (losses) on other assets	(4)	1	ns
Income before tax	**143**	**119**	**+20.7%**
Corporate income tax	(41)	(32)	+31.1%
Gains & losses net of taxes on discontinued operations	(23)	0	ns
Résultat net	**79**	**87**	**-9.0%**

Net banking income rose from €458 million in 2014 to €510 million at end-2015, while income before tax rose by 20.7% to €143 million.

V.2.1.3.3.6 - Private equity

Investments totaled €1.9 billion, including €310 million invested in 2015. The portfolio comprises 435 equity holdings, of which the vast majority are CM11 Group network corporate customers.

	year ended December 31		
(€ millions)	**2015**	**2014**	*change*
Net banking income	**172**	**149**	**+15.5%**
Operating expenses	(41)	(37)	+9.0%
Gross operating income	**131**	**111**	**+17.7%**
Cost of risk	0	(0)	ns
Operating income	**131**	**111**	**+17.8%**
Gains (losses) on other assets	0	(0)	ns
Income before tax	**131**	**111**	**+17.8%**
Corporate income tax	(5)	0	ns
Net income	**126**	**111**	**+13.6%**

Net banking income was €172 million as of December 31, 2015 compared to €149 million in 2014, and income before tax stood at €131 million versus €111 million the previous year.

V.2.1.3.3.7 – IT, Logistics and holding company

	year ended December 31		
(€ millions)	**2015**	**2014**	*change*
Net banking income	**(115)**	**(332)**	**-65.3%**
Operating expenses	(496)	(501)	-1.0%
Gross operating income	**(611)**	**(833)**	**-26.6%**
Cost of risk	(1)	1	ns
Operating income	**(612)**	**(832)**	**-26.5%**
Gains (losses) on other assets	(143)	60	ns
Income before tax	**(755)**	**(772)**	**-2.2%**
Corporate income tax	160	272	-41.2%
Net income	**(595)**	**(500)**	**+19.0%**

Logistics and holding company services posted negative net banking income of €115 million in 2015 compared with €332 million in 2014 and a net loss of €595 million in 2015 compared with a net loss of €500 million in 2014.

V.2.2 - Recent developments and outlook

The Group intends to expand the strategy set out in 2015 in 2016 to account for the low interest rate environment and tougher competition. The Group aims to focus on winning new customers, across all markets, and building their loyalty; on increasing lending, in particular in consumer credit and secured financing (factoring, finance leases) for business and professional customers; and on developing services, especially in insurance and technology.

To support these changes, the Group's 2014-2016 medium-term plan will be extended to 2018 and the Group aims to implement an IT and organization plan over the next three years to improve the tools and assistance provided to customer relationship managers and the networks so as to better serve customers.

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 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 43 to 56.
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 the Group classifies into several risk-based categories that help determine the targeting of marketing efforts. A loan file is prepared to support the loan origination process.

Risk assessment

Risk assessment 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 is common to the entire Crédit Mutuel Group and the
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 constitute a single risk because one of them, directly or indirectly, has control over the other or others or because they are so interconnected that, if one of them were to experience financial problems, in particular funding or repayment difficulties, the others would be likely to encounter funding or repayment difficulties, are considered a "group of connected customers."

Risk groups are established based on a procedure that incorporates the provisions of Article 4.1.39 of EU regulation 575/2013.

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 relevant 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 the personal approval powers, the decision falls to a Loan Origination Committee, whose operating rules are set by procedures.
Approval powers reflect a range of commitment caps based on:

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

Role of the lending unit

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.

V.2.3.1.2 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).

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

Commitment monitoring

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

This Lending Unit monitoring is conducted independently from the loan origination process, in addition to and in coordination with the actions taken mainly by first-level control, 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 commitment managers.

The Group also applies "Major Risks" limits, determined based on either the relevant 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 (ANC (*Autorité des Normes Comptables* — Accounting Standards Authority) Regulation 2014-07 of November 26, 2014/Regulation (EU) 575/2013), this definition draws a correlation between the Basel concept of loans in 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 considered "At-risk Items" and then allocating them to the category corresponding to their situation: sensitive (not downgraded), non-performing, irrecoverable 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.

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 by dedicated teams specialized by market, type of counterparty or collection method.

V.2.3.1.3 Quantified data

V.2.3.1.3.1 Summary credit-risk exposure (balance sheet and off-balance sheet)

Exposure

Total gross exposure came to €270.8 billion, up by 16.6% compared with year-end 2014. Loans to customers totaled €191.2 billion, up by 6.5% relative to 2014, while loans to credit institutions were up by 51%.

Loans and receivables (excluding repurchase agreements)

(in € millions, year-end principal balances)	12/31/2015	12/31/2014
Loans & receivables		
Credit institutions	79,650	52,755
Customers	191,187	179,535
Gross exposure	**270,837**	**232,290**
Impairment provisions		
Credit institutions	0	-3
Customers	-7,207	-7,313
Net exposure	**263,630**	**224,975**

Source: Accounting - excluding repurchase agreements.

Exposure on commitments given

(in € millions, year-end principal balances)	12/31/2015	12/31/2014
Financing commitments given		
Credit institutions	3,437	3,647
Customers	40,768	37,874
Guarantee commitments given		
Credit institutions	1,291	1,708
Customers	14,939	14,708
Provision for risks on commitments given	**108**	**120**

Source: Accounting - excluding repurchase agreements.

V.2.3.1.3.2 Customer loans

Loans to customers, excluding repos, totaled €191.2 billion, up by 6.5% in 2015 compared with 2014. On-balance sheet medium- and long-term loans increased by 6.7%, while short-term loans were up by 7.9% in 2015 versus the previous year.

(in € millions, year-end principal balances)	12/31/2015	12/31/2014
Short-term loans	**53,448**	**49,515**
Overdrawn current accounts	6,925	7,058
Commercial loans	6,128	4,951
Short-term credit facilities	39,644	36,986
Export credits	750	521
Medium- and long-term loans	**126,668**	**118,666**
Equipment loans	37,529	34,356
Housing loans	70,523	66,461
Finance leases	9,681	9,290
Other loans	8,934	8,559
Total gross customer loans, excluding non-performing loans and accrued interest	**180,115**	**168,181**
Non-performing loans	10,674	10,829
Accrued interest	398	525
Total gross customer loans	**191,187**	**179,535**

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 top eight categories accounted for 97.2% of the outstanding loans.

Performing loans to customers by internal rating:

Performing loans to customers by internal rating	Dec. 31, 2015 in %	Dec. 31, 2014 in %
A+ and A-	31.9%	30.6%
B+ and B-	27.8%	29.7%
C+ and C-	26.2%	27.6%
D+ and D-	11.4%	9.5%
E+	2.8%	2.7%

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 Home loans

Outstanding home loans increased by 6.1% in 2015 and accounted for 39% of total gross customer loans. Home loans are divided among a very large number of customers and are 84% backed by real property sureties or first-rate guarantees.

(in € millions, year-end principal balances)	12/31/2015	12/31/2014
Housing loans	**70,523**	**66,461**
Secured by Crédit Logement or Cautionnement Mutuel Habitat	29,087	24,883
Secured by mortgage or equivalent, low-risk guarantee	30,256	30,552
Other guarantees (1)	11,181	11,025

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.

	12/31/2015 in %	12/31/2014 in %
Retail	66%	66%
Corporates	29%	29%
Large corporates	2%	2%
Specialized financing and other	3%	2%

Source: Risk Management.
Group BFCM scope (excluding CIC foreign branchs), incl. Targobank Germany and Cofidis

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, 2014 in %
France	83%	84%
Europe, excluding France	14%	13%
Rest of the world	3%	3%

Source: Accounting.

Concentration risk/Exposure by segment

The tables shown below derive from the credit risk calculator for 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, 2015			Exposure as of Dec. 31, 2014			Average 2015 exposures
	IRB	Standard	Total	IRB	Standard	Total	
Governments and central banks		92	92	-	82	82	89
Institutions	49	8	58	42	9	51	58
Corporates	100	20	119	95	23	117	118
Retail customers	219	44	263	207	37	243	255
Stock	12	0	12	12	0	12	12
Securitization	5	0	5	4	0	4	5
Other non-credit obligation assets	5	1	6	5	1	6	6
TOTAL	**390**	**165**	**555**	**364**	**151**	**515**	**542**

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, 2015.

Exposure by country of residence of the CM11 Group’s counterparty

As of December 31, 2015

Category of exposure as of Dec. 31, 2015	France	Germany	Luxembourg	Other EEA member countries	Rest of the world	Total
Governments and central banks	14.9%	0.8%	0.4%	0.6%	1.3%	17.9%
Institutions	7.5%	0.3%	0.0%	0.8%	0.6%	9.3%
Corporates	16.9%	0.7%	0.6%	1.7%	1.8%	21.8%
Retail customers	44.3%	3.8%	0.1%	1.3%	1.5%	51.0%
TOTAL	**83.6%**	**5.7%**	**1.1%**	**4.3%**	**5.2%**	**100.0%**

Source: *Credit risks calculator - CM11 Group consolidation scope*

As of December 31, 2014

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%**

The Group is primarily a French and European player. The geographic breakdown of exposures as of December 31, 2015 reflects this as 94.8% 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.

Exposure by sector at Dec. 31, 2015

Sector	Dec. 31, 2015 in %	Dec. 31, 2014 in %
Governments and central banks	19.5%	17.6%
Individuals	33.6%	42.6%
Banks and financial institutions	12.4%	9.3%
Sole traders	2.0%	3.0%
Agriculture	0.8%	1.5%
Non-profit	0.2%	0.5%
Other subsidiaries	0.2%	1.2%
Travel and leisure	1.3%	
Chemicals	0.4%	3.5%
Retail	4.1%	0.8%
Automotive	0.9%	2.6%
Building and construction materials	3.1%	2.3%
Industrial goods and services	2.6%	0.6%
Healthcare	0.8%	1.8%
Other financial sector	2.2%	1.4%
Industrial transportation	1.8%	0.5%
Household goods	0.7%	3.6%
Real estate	4.2%	0.6%
Utilities	0.7%	1.4%
Agri-food and drink	1.7%	0.5%
Media	0.7%	1.8%
Holding companies, conglomerates	2.2%	0.9%
Cutting-edge technologies	1.4%	1.2%
Oil and gas, commodities	1.6%	
Telecommunications	0.5%	0.9%
Other	0.5%	
Total	**100.0%**	**100.0%**

Source: Credit risks calculator - CM11 Group consolidation scope exl. 10278

Major risks

CORPORATE

Concentration of customer credit risk	12/31/2015	12/31/2014
Gross commitments in excess of €300m		
Number of counterparty groups	44	38
Total commitments (€m)	26,792	24,697
of which total statement of financial position (€m)	*9,665*	*8,993*
of which total off-statement of financial position guarantee and financing commitments	*17,127*	*15,704*
Gross commitments in excess of €100m		
Number of counterparty groups	148	137
Total commitments (€m)	43,334	40,386
of which total statement of financial position (€m)	*17,046*	*15,892*
of which total off-statement of financial position guarantee and financing commitments	*26,288*	*24,494*

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

Concentration of customer credit risk	12/31/2015	12/31/2014
Gross commitments in excess of €300m		
Number of counterparty groups	9	9
Total commitments (€m)	5,460	5,458
of which total statement of financial position (€m)	*3,786*	*3,311*
of which total off-statement of financial position guarantee and financing commitments	*1,674*	*2,146*
Gross commitments in excess of €100m		
Number of counterparty groups	33	33
Total commitments (€m)	9,566	9,742
of which total statement of financial position (€m)	*6,973*	*6,519*
of which total off-statement of financial position guarantee and financing commitments	*2,593*	*3,223*

** source : DGR Group CM11 scope excl. unit 10278*

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

At-risk items and cost of risk

Non-performing loans and loans in litigation remained stable at €10,674 million as of December 31, 2015, compared with a total of €10,829 million as of end-December 2014. These loans accounted for 5.4% of total customer loans compared with 5.8% at the end of 2014.

At year-end 2015, actual net provisioning for known risks represented 0.366% of gross outstanding customer loans, compared with 0.423% at year-end 2014. The cost of total customer risk, which includes provisions for collectively impaired receivables, amounted to 0.357% of the gross outstanding customer loans, compared with 0.425% as of December 31, 2014.

The table below summarizes the main components.

Net additions to/reversals from provisions for loan losses

	12/31/2015	12/31/2014
Cost of total customer risk	**0.36%**	**0.42%**
Banking networks [a]	0.17%	0.22%
Individuals	*0.07%*	*0.09%*
Housing loans	*0.06%*	*0.07%*
Consumer credit - Targobank Germany	1.02%	1.17%
Consumer credit - Cofidis	2.89%	3.34%
Financingb	0.16%	0.15%
Private banking	-0.07%	0.03%

Source: DGR and Accounting

a. CIC network, 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)	12/31/2015	12/31/2014
Individually impaired receivables	10,674	10,829
Individual impairment	6,773	6,733
Collective impairment	434	591
Coverage ratio	67.5%	67.6%
Coverage ratio (individual impairment only)	63.5%	62.2%

Source: Accounting.

Outstanding loans to customers that are overdue but not impaired

Dec. 31, 2015 (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	**1,167**	**414**	**213**	**0**	**1,794**
Due to central banks	0	0	0	0	0
Governments	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial sector	26	42	2	0	70
Non-financial companies	151	27	58	0	237
Retail customers	989	344	153	0	1,486
Total	**1,167**	**414**	**213**	**0**	**1,794**

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

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.

*V.2.3.1.3.3 - Interbank loans**

Interbank loans by geographic region

	Dec. 31, 2015 in %	**Dec. 31, 2014 in %**
France	79.2%	78.3%
Europe, excluding France	13.3%	14.6%
Rest of the world	7.5%	7.1%

Source: Counterparty Financial Information Department.

Banks only

The structure of interbank lending by geographic region is broken down into the country in which the borrowing institution is located.

At year-end 2015, exposures mainly concerned European banks, in particular French and German banks. The weight of interbank loans located in Europe outside France decreased slightly, while the weight of loans in France and in other countries increased.

Structure of interbank exposure by internal rating (internal ratings-based approach)

	Equivalent external rating	**Dec. 31, 2015 in %**	**Dec. 31, 2014 in %**
A +	AAA/AA+	11.3%	11.0%
A -	AA/AA-	51.0%	56.3%
B +	A+/A	13.6%	24.0%
B -	A-	18.2%	2.3%
C and below (excluding default ratings)	BBB+ and below	5.8%	6.5%
Not rated		0.0%	0.0%

Source: Counterparty Financial Information Department.

Banks only (excluding Targobank Germany and Cofidis).

Interbank exposure is almost exclusively concentrated in the highest internal rating bands, with 94.2% of exposures rated between A+ and B- at end-2015 (or an external equivalent of AAA to A-), compared with 93.5% in 2014.

V.2.3.1.3.4 - Sovereign risk

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

V.2.3.1.3.5 - 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, 2015	Carrying amount as of Dec. 31, 2014
Debt securities	**111,525**	**105,032**
Government securities	26,104	24,769
Bonds	85,420	80,263
Derivative instruments	**9,224**	**11,269**
Repurchase agreements & securities lending	**14,319**	**15,736**
Gross exposure	**135,069**	**132,037**
Provisions for impairment of securities	-65	-96
Net exposure	**135,004**	**131,941**

Source: Accounting.

V.2.3.2 - Asset-liability management (ALM) risk

V.2.3.2.1 - ALM 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 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 Chief Risk Officer, as well as BFCM and Marketing representatives.
- The 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 Group's ALM risks.

Hedging decisions aim to maintain the risk indicators (net interest income sensitivity and gaps) within the limits set for the Group as a whole and below the alert thresholds for each of the banks that make up the Group. The hedges are assigned to the relevant banks, in accordance with their needs.

ALM analyses are also presented every quarter to the Group Risk Committee. Interest-rate risk and liquidity risk are also reviewed every six months by the boards of directors of CFdeCM, FCMCEE, BFCM and the other Group entities (CIC regional banks, BECM, etc.).

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 relevant 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 relevant 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.

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 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 the Group. Each Group bank is subject to the same alert threshold levels as the limits applicable to the Group scope as a whole. 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 on and off the balance sheet whose cash flows are considered to be certain over a one to ten year horizon, governed by limits or alert thresholds 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 or alert thresholds. 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% rise in market interest rates and a 0.33% rise in inflation – refinancing the short-term interest rate gap;
- scenario 2 (core scenario): a 1% fall in market interest rates and a 0.33% fall in inflation – refinancing the short-term interest rate gap;
- 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 on existing loans + 20% on new loans and 80% at long rates on new loans;
- 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, 2015, the net interest income of BFCM Group and the 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 -€160.0 million in year 1 and -€177.9 million in year 2, equivalent to -2.1% and -2.3% of forecast net banking income for each year, respectively.

- For the Group commercial banking scope of consolidation (excluding the holding company), the interest sensitivity was -€121.5 million in year 1 and -€258.0 million in year 2, equivalent to -1.2% and -2.5% 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.

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

Sensitivity as a % of NBI	1 year	2 years
Scenario 1	1.7%	3.1%
Scenario 2	-1.2%	-2.5%
Scenario 3	2.8%	5.4%
Scenario 4A	0.7%	-0.6%
Scenario 4B	4.7%	0.2%
Scenario 5A	0.7%	-2.8%
Scenario 5B	1.0%	-2.5%

4 - **Sensitivity of Net Asset Value (NAV)** arising from the application of the Basel III indicator:

Since December 31, 2015, the sensitivity of Basel III net asset value (NAV) has been calculated in accordance with the EBA's recommendations:

- Exclusion of capital and maturity of fixed assets on d+1
- Discounting of flows using a swap rate curve (with no liquidity spread and no credit spread)
- As the average duration of non-maturing deposits is less than five years, the five-year cap required by the regulations is irrelevant.

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	+7.4%
Sensitivity -200 bp	-9.0%

MACRO-AGGREGATE	Amount outstanding at Dec. 31, 2015	1 year	2 years	5 years	10 years
INTERBANK ASSETS	82,761	5,649	5,050	2,143	683
LOANS	165,343	93,331	72,349	34,667	9,960
SECURITIES	19,920	2,241	1,743	789	151
LONG-TERM INVESTMENTS	18,577	18,674	18,674	17,974	17,974
OTHER ASSETS	13,527	0	0	0	0
Total assets	**300,127**	**119,895**	**97,817**	**55,574**	**28,768**
INTERBANK LIABILITIES	-93,305	-9,034	-6,019	-1,347	-803
DEPOSITS	-138,199	-60,399	-48,070	-32,236	-15,007
SECURITIES	-32,864	-25,207	-21,179	-12,240	-1,000
SHAREHOLDERS' EQUITY	-21,728	-21,381	-21,381	-21,381	-21,381
OTHER LIABILITIES	-16,058	0	0	0	0
Total liabilities	**-302,153**	**-116,021**	**-96,649**	**-67,204**	**-38,192**
Total statement of financial position	**-2,026**	**3,874**	**1,168**	**-11,631**	**-9,423**
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL ASSETS	61,183	21,536	18,331	10,690	1,023
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL LIABILITIES	-63,064	-26,735	-20,169	-5,698	-313
Total off-statement of financial position	**-1,880**	**-5,199**	**-1,837**	**4,991**	**711**
Grand Total	**-3,906**	**-1,325**	**-670**	**-6,639**	**-8,713**

* Unaudited figures by the auditors

V.2.3.2.3 Liquidity risk management

The Group's liquidity risk management mechanism is based on the following procedures:

- compliance with the liquidity coverage ratio, which is representative of the Group's short-term liquidity situation;
- calculating the static liquidity gap, based on contractual and agreed maturities and incorporating off-balance sheet commitments; Transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to five years 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):

2015	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	1,407	370	3,698	2,560	3,566	1,837	49	13,487
Financial assets at fair value through profit or loss	74	35	0	1	307	48	1,792	2,256
Derivatives used for hedging purposes (assets)	8	0	4,533	114	350	186	4	5,195
Available-for-sale financial assets	2,563	5,439	10,068	4,452	9,627	7,068	1,680	40,897
Loans and receivables (including finance leases)	71,135	16,775	23,168	27,539	56,109	79,976	1,789	276,492
Held-to-maturity investments	0	0	591	0	9	0	0	600
Other assets	7,147	4,404	1,666	5	25	5	681	13,933
Liabilities								
Central bank deposits	0	0	0	0	0	0	0	0
Financial liabilities held for trading	1,304	97	1,093	644	1,844	2,048	129	7,159
Financial liabilities at fair value through profit or loss	50	121	73	0	0	0	0	243
Derivatives used for hedging purposes (liabilities)	19	28	2,538	292	2,363	488	5	5,733
Financial liabilities carried at amortized cost	148,751	29,015	49,817	24,118	43,393	30,076	4,496	329,666

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.

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.

V.2.3.2.4 - Currency risk

The Group automatically centralizes the foreign currency positions of each CIC and BFCM Group entity 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 euros 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

The 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 €986 million as at December 31, 2015 compared with €734 million at December 31, 2014 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:

€2,085 million under the fair value option, of which €1,836 million represented the private equity business line (see Note 5a to the consolidated financial statements).

€8,812 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

Equities classified as available-for-sale and various long-term investments amounted to €8,036 million and €2,458 million respectively (see Note 7 to the consolidated financial statements).

Long-term investments included:

- investments in non-consolidated companies totaling €1,900 million and in subsidiaries and associates totaling €384 million: the main holdings concern Club Sagem (€45 million), Desjardins (€60 million), Foncières des Régions (€428 million) and Caisse de Refinancement de l'Habitat (CRH) for €118 million;
- other long-term securities (€173 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 reversals of impairment charges through profit or loss totaled €98 million in 2015 compared to €39 million in 2014.

At December 31, 2015, the acquisition value of impaired stocks was €3,215 million and the corresponding impairment provision was €1,398 million. Their market value was €1,817 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 450 investment lines, relating mainly to small- and medium-sized enterprises.

Risks related to the private equity business

	12/31/2015	12/31/2014
Number of listed investment lines	34	34
Number of unlisted, active investment lines	354	375
Revalued proprietary portfolio (€m)	2,078	1,996
Managed funds (€m)	302	360
Number of managed funds	47	50

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 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 investment (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 Group. It seeks to diversify its investor base in Paris , London, and now also in the United States (US 144A format) and Asia (samurai format), 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 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 investment business line), which are aimed at institutional, corporate and retail customers of Crédit Mutuel's and CIC's various networks.
On January 1, 2016, the CM-CIC Securities teams were integrated into CM-CIC Marchés to create CM-CIC Market Solutions, a comprehensive platform of market solutions for customers on all primary and secondary markets that also offers depository solutions (collective investment undertaking depository and securities account keeping). This should enable the Group to better assist customers with their market financing.

V.2.3.3.1.3 - Fixed-income/equity/credit investment

This business line is organized around desks specialized in investments in equities/hybrid instruments, credit (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 2015, 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 capital markets activities of the branches and to present the CRD4 regulatory changes, in particular the stressed VaR and the IRC as well as VaR risk measurement/stress tests, as part of the “market risk internal model” project, and regulatory risk measurement (CAD and European CAR under Basel III standards).
All methodologies are catalogued 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.
CIC's 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 Department, 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 control 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 for, among other things, 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 Group's business line periodic control 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 CM-CIC Marchés (in France and in the branches) within the framework of 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 officers of CIC and BFCM, the front office, post-market, back-office, accounting and regulatory control, and risks and results control managers, and the managers of the Group Risk Department and the 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, 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 the various types of market risk (interest-rate, currency, equity and counterparty). The aggregate limit is broken down into sub-limits for each type of risk and each activity.

If the overall limit and/or the limit assigned to each business line is exceeded, the Group risk department is responsible for monitoring and managing the excess exposure.

Risks are monitored based on first-level indicators (sensitivity to various market risk factors), mainly for traders, and second-level indicators (potential losses) that provide decision-makers directly with an overview of the risks.

The capital allocated to the fixed-income, equity and credit investment and commercial business lines in mainland France, which had remained stable from 2010 to 2012 and been reduced in 2013, slightly increased in mid-2015 relative to 2014. At end-2015, the limits on these activities were reconfirmed for 2016. The calculation of a capital allocation for the credit valuation adjustment (CVA) charge rounds out the risk monitoring procedure.

CM11 value at risk was €7.5 million at year-end 2015. A stress mechanism was introduced as part of risk management, with an escalation procedure in the event that limits are exceeded.

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. 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, lowered from €10 billion to €7 billion for 2016, with an intermediate warning limit, the two limits being set by management and approved by the boards of directors of CIC and BFCM. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal 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 2015, the overall consumption of risk capital under French standards rose from €101.8 million to €118.1 million with a peak of €138.1 million in November. This change was attributable to an increase in the European Capital Adequacy requirement, due to a more stringent methodology, partially offset by a decrease at year-end in the CAD requirement in respect of General Interest Rate Risk which returned to its level at the beginning of the year (use of derivatives to hedge the short-term paper component of the liquidity buffer).

2 - Hybrid instruments: consumption of risk capital was €79 million on average in 2015 and ended the year at €74.9 million. The stock of convertible bonds reached €2 billion at year-end 2015 (€1.9 billion

in 2014).

3 - Credit: these positions correspond to either securities/credit default swap (CDS) arbitrages, iTraxx/CDX index or tranche positions, or asset-backed securities (ABS). For the corporate and financial institution loan portfolio, which includes positions based on iTraxx/CDX indices or tranches, consumption of risk capital stayed at around €54 million throughout 2015 before ending the year at €49 million. The decrease was due to maturing iTraxx tranches. As for the ABS portfolio, consumption of risk capital was about €40 million (€41.3 million at year end), due to risk management in peripheral countries and scaled-back positions in these countries.

4 - M&A and various equities: consumption of risk capital was €47 million on average in 2015, reaching a maximum of €64 million in September. This rise followed the change in outstandings and the removal of corporate actions from M&A. Outstandings in respect of this activity therefore totaled €391 million at year-end 2015 (peaking at €554 million at end-September), compared with €329 million at year-end 2014.

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. With respect to Italy, investments fell below €200 million at year-end 2015 and have remained low since the redemption of €1.7 billion in September 2014. Total government bond investments rose to €2.8 billion at year-end 2015 (€3.1 billion at year-end 2014), €1.9 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.

V.2.3.3.4. - Model-related risk

CM-CIC Marché's Risks and Results Control (RRC) team is in charge of developing the specific models used for valuing its positions. In 2015, there were four such models. These models are governed by a general policy validated annually by the Market Risk 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 Risk Department for presentation to the Market Risk Committee. These models are also included in the audit program undertaken by the Group's Periodic Control team.

V.2.3.3.5 - Credit derivatives

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.

V.2.3.3.6 - Securitization

During 2015, Group securitization investments rose by €1.2 billion (up 21%), and represented a carrying amount of €6.8 billion as of December 31, 2015.

The Group aims to manage securitization portfolios on a prudent basis, and these portfolios are mainly comprised of senior securities with strong credit ratings. The increase in investments in 2015, consisting mainly of AAA securities, further improved the overall quality of the portfolios, as 74% of securities are rated AAA (versus 69% in 2014) and 16% between A and AA. The portfolios are diversified, both in terms of type of exposure (RMBS, CMBS, CLO, auto loan ABS, consumer loan ABS, credit card ABS) and geographic region (United States, Netherlands, United Kingdom, 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 90% 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 monitoring of end-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 were conducted by the ECB with satisfactory results. The Group intends to repeat this exercise in 2016, based on year-end 2015 investments.

Breakdown of securitization investments by portfolio (in millions of euros)	2015	*2014*
Banking portfolio	6,154	*4,374*
Trading portfolio	594	*1,218*
Total	**6,748**	***5,592***

Breakdown of Inv. Grade and Non-Inv. Grade (as %)	2015	*2014*
Investment Grade category (of which 74% AAA)	92%	*90%*
Non-Investment Grade category	8%	*10%*
Total	**100%**	***100%***

Geographic breakdown of investments	
USA	41.8%
Germany	12.6%
Netherlands	10.9%
UK	9.4%
Italy	7.7%
France	6.3%
Spain	1.9%
Portugal	1.5%
Norway	1.4%
Ireland	1.1%
Belgium	0.7%
Finland	0.5%
Greece	0.2%
Australia	0.1%
Rest of the world	4.0%
Total	**100.0 %**

The Group has very little exposure to the most weakened EU countries (Ireland: 1.1%; Portugal: 1.5%; Greece: 0.2%). 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 €437 million, managed on a run-off basis. All expected losses on this portfolio are provisioned in full.

V.2.3.4 – European capital adequacy ratio*

Under Article 8 of Regulation (EU) 575/2013, 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 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 risks*

In the context of the Basel III capital adequacy regulations, the 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, the Group has been authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk. This authorization was extended to Cofidis France on July 1, 2014 and a request was filed for approval for Targobank Germany in June 2015 (pending ECB authorization).

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.

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 Groupgroup-wide;

• from an economic standpoint, to protect margins by effectively managing risk across all activities, ensure returns on the investments made to achieve compliance with banking regulations, optimize capital allocated in respect of risk and adapt insurance policies to the risks identified;

• from a regulatory standpoint: to respond effectively to Basel III and supervisory authority requirements, develop a reliable system of internal control (decree of November 3, 2014 on internal control), optimize emergency and business continuity plans (EBCP) 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 by deploying a dedicated team and also assists the operational risk managers in the regional groups.

The regional operational risk management function implements the risk management procedure and verifies that it is consistent with the national risk management policy. It is coordinated by the regional operational risk manager.

V.2.3.5.3 - Measurement and control procedures

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 national level and 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.

V.2.3.5.4 - Reporting and general oversight

The Group monitors application of the operational risk management policy and the 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 effective managers 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 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 the Group and regional levels cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track plans.

These procedures are based on:

• a crisis committee, chaired by the CEO of the bank at the regional level or by the Group CEO at the national level, which makes key decisions, determines the order of priority of actions and handles internal and external communications;

• 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 capital

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 capital 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 - Inventory of BFCM Group operational losses

In 2015, total operational losses amounted to €94.5 million, including €170 million of actual losses and €75.5 million of net reversals of provisions in respect of prior-year losses.

This total breaks down as follows:

• fraud: €41.8 million;

• legal risk: €39.1 million;

• industrial relations: €5.4 million;

• natural disasters and system malfunctions: €4.2 million;

• human/procedural error: €4 million.

V.2.3.6 - Other risks

V.4.6.1- Legal risks

Legal risks are incorporated into operational risks and concern, among other things, exposure to fines, penalties and damages attributable to faults by the business in respect of its operations.

V.4.6.2- Industrial and environmental risks

Industrial and environmental risks are included in operational risks and are analyzed from the perspective of system malfunctions and the occurrence of natural disasters (100-year events, floods, earthquakes, pollution, etc.), their impact on the business and means of prevention and protection to be put in place, notably crisis management and EBCP.

V.3 - BFCM Group consolidated financial statements

Consolidated statement of financial position (IFRS) - Assets

in € millions	Dec. 31, 2015	Dec. 31, 2014	Notes
Cash and amounts due from central banks	9,853	23,341	4a
Financial assets at fair value through profit or loss	26,392	29,206	5a, 5c
Hedging derivative instruments	5,195	5,931	6a, 5c, 6c
Available-for-sale financial assets	100,324	91,290	7a, 5c
Loans and receivables due from credit institutions	86,879	61,586	4a
Loans and receivables due from customers	190,903	179,105	8a
Remeasurement adjustment on interest-risk hedged investments	791	599	6b
Held-to-maturity financial assets	11,385	10,943	9
Current tax assets	596	649	13a
Deferred tax assets	780	803	13b
Accruals and other assets	14,509	13,908	14a
Non-current assets held for sale	116	0	3e
Investments in associates	2,455	2,514	15
Investment property	1,834	1,867	16
Property and equipment	1,870	1,805	17a
Intangible assets	700	808	17b
Goodwill	3,932	3,891	18
Total assets	**458,515**	**428,244**	

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

in € millions	Dec. 31, 2015	Dec. 31, 2014	Notes
Due to central banks	0	59	4b
Financial liabilities at fair value through profit or loss	12,859	16,351	5b, 5c
Hedging derivative instruments	5,733	6,670	6a,5c,6c
Due to credit institutions	49,290	35,336	4b
Due to customers	162,041	148,174	8b
Debt securities	105,176	105,245	18
Remeasurement adjustment on interest-risk hedged investments	-676	-1,364	6b
Current tax liabilities	389	354	12a
Deferred tax liabilities	1,018	1,163	12b
Accruals and other liabilities	11,500	11,387	13b
Technical reserves of insurance companies	76,835	73,310	20
Provisions	1,824	2,050	21
Subordinated debt	6,741	7,143	22
Shareholders' equity	**25,653**	**22,367**	
Shareholders’ equity attributable to the Group	**21,843**	**18,704**	
Subscribed capital and issue premiums	6,197	4,788	23a
Consolidated reserves	12,816	11,570	23a
Gains and losses recognized directly in equity	1,287	962	23c
Net income for the year	1,542	1,384	
Shareholders' equity attributable to minority interests	**3,810**	**3,663**	
Total liabilities and shareholders' equity	**458,515**	**428,244**	

CONSOLIDATED INCOME STATEMENT (IFRS)

in € millions	Dec. 31, 2015	Dec. 31, 2014	Notes
Interest income	12,844	14,736	25
Interest expense	-9,014	-10,988	25
Fee and commission income	3,254	2,854	26
Fee and commission expense	-1,004	-769	26
Net gain (loss) on financial instruments at fair value through profit or loss	676	436	27
Net gain (loss) on available-for-sale financial assets	412	146	28
Income from other activities	13,188	12,910	29
Expenses on other activities	-11,137	-10,869	29
Net banking income	**9,219**	**8,456**	
Operating expenses	-5,172	-4,979	30a, 30b
Depreciation, amortization and impairment of non-current assets	-286	-270	30c
Gross operating income	**3,761**	**3,206**	
Net additions to/reversals from provisions for loan losses	-696	-748	31
Operating income	**3,065**	**2,458**	
Share of net income (loss) of associates	59	87	15
Gains (losses) on other assets	-14	1	32
Change in value of goodwill	-90	-21	33
Net income before tax	**3,020**	**2,525**	
Corporate income tax	-1,120	-824	34
Gains and losses net of tax on abandoned assets	-23		3e
Net income	**1,877**	**1,701**	
Net income attributable to minority interests	335	317	
Net income attributable to the Group	**1,542**	**1,384**	
Earnings per share (in €)*	**47.28**	**47.69**	**34**

** Basic and diluted earnings per share were identical*

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

in € millions	Dec. 31, 2015	Dec. 31, 2014	Notes
Net income	**1,877**	**1,701**	
Translation adjustments	79	67	
Remeasurement of available-for-sale financial assets	172	519	
Remeasurement of hedging derivative instruments	-2	6	
Share of unrealized or deferred gains and losses of associates	-1	53	
Total gains and losses recognized directly in equity that may be recycled to profit or loss	**248**	**644**	
Remeasurement of non-current assets	0	0	
- Actuarial gains and losses on defined benefit plans	47	-77	
Total gains and losses recognized directly in equity that may not be recycled to profit or loss	**47**	**-77**	**23c, 23d**
Net income and gains and losses recognized directly in shareholders' equity	**2,172**	**2,268**	
attributable to the Group	*1,867*	*1,808*	
attributable to minority interests	*305*	*461*	

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in € millions	Capital stock	Issue premiums	Reserves (1)	Gains and losses recognized directly in equity				Net income attributable to the Group	Shareholders' equity attributable to the Group	Minority interests	Total consolidated shareholders' equity
				Translation adjustments	Available-for-sale assets	Hedging derivative instruments	Actuarial gains and losses				
Shareholders' equity at December 31, 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	-270
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**	**-249**	**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 used					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**
Shareholders' equity at January 1, 2015	***1,573***	***3,215***	***11,570***	***60***	***1,127***	***-23***	***-202***	***1,384***	***18,704***	***3,663***	***22,367***
IFRIC 21 impact			***21***						***21***	***4***	***25***
Shareholders' equity at January 1, 2015	**1,573**	**3,215**	**11,592**	**60**	**1,127**	**-23**	**-202**	**1,384**	**18,725**	**3,667**	**22,393**
Appropriation of earnings from previous year			1,384					-1,384	0		0
Capital increase	115	1,294							1,409		1,409
Distribution of dividends			-131						-131	-125	-256
Change in investments in subsidiaries not resulting in loss of control									0	-29	-29
Sub-total: movements arising from shareholder relations	**115**	**1,294**	**1,253**	**0**	**0**	**0**	**0**	**-1,384**	**1,279**	**-154**	**1,125**
Consolidated net income for the year								1,542	1,542	335	1,877
Change in fair value of available-for-sale financial assets and derivative instruments used					195	1			197	-37	160
Change in actuarial gains and losses							45		45	2	47
Translation adjustments				83					83	5	88
Sub-total	**0**	**0**	**0**	**83**	**195**	**1**	**45**	**1,542**	**1,867**	**305**	**2,172**
Impact of acquisitions and disposals on minority interests			0						0	0	0
Other movements			-29			0			-29	-8	-37
Shareholders' equity at December 31, 2015	**1,689**	**4,509**	**12,816**	**142**	**1,323**	**-22**	**-157**	**1,542**	**21,842**	**3,810**	**25,653**

(1) Reserves as of December 31, 2015 include the legal reserve of €152 million, regulatory reserves for a total of €2,481 million and other reserves amounting to €10,183 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

in € millions	Dec. 31, 2015	Dec. 31, 2014
Net income	1,877	1,701
Corporate income tax	1,120	824
Income before corporate income tax	**2,997**	**2,525**
+/- Net depreciation/amortization expense on property, equipment and intangible assets	294	265
- Impairment of goodwill and other non-current assets	133	-19
+/- Net additions to/reversals from provisions and impairment losses	-99	8
+/- Share of net income/loss of associates	-59	-87
+/- Net loss/gain from investing activities	-28	1
+/- Income/expense from financing activities	0	0
+/- Other movements	4,261	-1,042
= Total non-monetary items included in income before tax and other adjustments	**4,503**	**-875**
+/- Cash flows relating to interbank transactions	4,851	13,865
+/- Cash flows relating to customer transactions	3,219	-6,368
+/- Cash flows relating to other transactions affecting financial assets and liabilities	-9,727	-2,276
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	-392	1,107
- Corporate income tax paid	-1,022	-636
= Net decrease/increase in assets and liabilities from operating activities	**-3,072**	**5,693**
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**4,428**	**7,342**
+/- Cash flows relating to financial assets and investments in non-consolidated companies	23	14
+/- Cash flows relating to investment property	14	-210
+/- Cash flows relating to property, equipment and intangible assets	-263	-129
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**-226**	**-325**
+/- Cash flows relating to transactions with shareholders	1,153	2,431
+/- Other cash flows relating to financing activities	-1,042	3,633
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**110**	**6,064**
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**425**	**417**
Net increase (decrease) in cash and cash equivalents	**4,738**	**13,498**
Net cash flows from (used in) operating activities	4,428	7,342
Net cash flows from (used in) investing activities	-226	-325
Net cash flows from (used in) financing activities	110	6,064
Impact of movements in exchange rates on cash and cash equivalents	425	417
Cash and cash equivalents at beginning of year	**26,488**	**12,990**
Cash accounts and accounts with central banks and post office banks	23,282	14,310
Demand loans and deposits - credit institutions	3,206	-1,320
Cash and cash equivalents at end of year	**31,226**	**26,488**
Cash accounts and accounts with central banks and post office banks	9,853	23,282
Demand loans and deposits - credit institutions	21,373	3,206
CHANGE IN CASH AND CASH EQUIVALENTS	**4,738**	**13,498**

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 such 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, 2015. These standards include IAS 1-41, IFRS 1-8 and 10-13, and any SIC and IFRIC interpretations adopted as of that date. These standards are available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm. Standards not adopted by the European Union have not been applied.

The financial statements are presented in accordance with the format recommended by Recommendation No. 2013-04 of the French accounting standards authority concerning IFRS 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.

Standards and interpretations adopted since January 1, 2015

The amendments adopted by the European Union do not have a material impact on the financial statements. They relate mainly to:
- IFRS 3: exclusion from the application scope of partnership accounts (no cases)
- IFRS 3 and IAS 40: clarification on the standard to apply in the case of the acquisition of investment property
- IFRS 13: scope of the portfolio approach
- IFRIC 21: "Levies". The impact of the first-time application is disclosed in the consolidated statement of changes in shareholders' equity.

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

Standard	Subject addressed	Mandatory date of application	Consequences of application
IAS 1	Disclosure initiative	01.01.2016	Limited
IAS 19	Employee contributions	01.01.2016	n/a
IAS 16 /IAS 38	Property, plant and equipment and intangible assets – clarifications on the revenue-based depreciation method	01.01.2016	n/a
IFRS 11	Accounting for acquisitions of interests in joint operations. Accounting for a co-investor's acquisition of additional interests in a joint operation.	01.01.2016	n/a

IFRS 9 - Financial Instruments

IFRS 9, published by the IASB, is to replace IAS 39 Financial Instruments: Recognition and Measurement. It defines new rules for classifying and measuring financial instruments, providing for impairment provisions for credit losses on financial assets, and hedge accounting, excluding macro-hedging.

IFRS 9 had not yet been adopted by the European Union as of December 31, 2015. Its application will become mandatory for accounting periods beginning on or after January 1, 2018. It has not therefore been applied as of December 31, 2015.

The section of IFRS 9 relating to credit risk impairment responds to the criticisms raised concerning the incurred credit loss model under IAS 39, i.e. that it causes accounting for credit losses to be delayed and the amounts of the credit losses recognized to be too low. It allows provisioning for incurred credit losses to be replaced by provisioning for expected credit losses. Impairment provisions will be recognized, as regards financial assets for which there are no objective indications of losses on an individual basis, based not only on past losses observed but also on reasonable and justifiable cash flow forecasts.

This more forward-looking approach to credit risk is already taken into account to a certain extent when collective provisions are currently recognized on portfolios of financial assets with similar characteristics, pursuant to IAS 39.

In the second quarter of 2015, the Group launched an initiative, currently at the project stage, bringing together the various departments concerned (finance, risk, IT, etc.). It covers all the Group's relevant activities, including insurance, for which delayed application of the standard is still being considered by the IASB and the EU, given the interactions with the future IFRS 4.

As regards the planned implementation of IFRS 9, the Group is currently directing most of its efforts to an analysis of the standard. It is not therefore possible as yet to quantify the potential financial impacts of its adoption.

1.2 Scope and basis of consolidation

Consolidation scope

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 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.
Companies that are 20%-50% owned by the Group's private equity businesses and over which the Group has joint control or exercises significant influence are excluded from the scope of consolidation and accounted for under the fair value through profit or loss option.

- **Changes in the consolidation scope**

The changes in the consolidation scope for the year ended December 31, 2015 were as follows:

- Additions: Aseroramineto en Seguros y Reaseguros SA, Atlantis Aserores SL, Atlantis Correduria de Seguros y Consultoria Acturial SA, Atlantis Seguros, Atlantis Vida, Banco Banif Mais SA Espagne, Banco Banif Mais SA Slovaquie, Banco Cofidis SA, Banco Cofidis SA (Spółka Akcyjna) Oddział w Polsce, Banif Plus Bank, Centax SPA, CM-CIC Bail Espagne, Cofidis SGPS SA, GACM Espana and Margem-Mediação Seguros Lda.

- Merger/absorption: Pasche Finance SA with Banque Pasche, Divhold with Banque du Luxembourg, Sofemo with Cofidis France, Centax SAP with Cofidis Italie, Dernières Nouvelles de Colmar and Alsace Média Participation with Dernières Nouvelles d'Alsace, and Massimob and Massimob Property with Foncière Massena.

- Removals: BFCM Francfort, Serficom Brasil Gestao de Recursos Ltda, Serficom Family Office Brasil Gestao de Recursos Ltda, Serficom Family Office SA and Trinity SAM.

- Change of name: CM-CIC Capital Finance became CM-CIC Investissement, CM-CIC Investissement became CM-CIC Investissement SCR, CM-CIC Capital Innovation became CM-CIC Innovation, EST BOURGOGNE RHONE ALPES (EBRA) became Société d'Investissements Médias (SIM) and RACC Seguros became Amgen Seguros Generales Compañía de Seguros y Reaseguros SA.

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. Reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustments" as differences arise from the retranslation at the year-end rate of the opening capital stock. 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". These amounts are recognized through the income statement on liquidation or disposal of some or all of the interests held in a foreign entity.

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 Group acquires a controlling interest in a new entity, the 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 fair value net of selling costs and carrying amount. IFRS 3R enables 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 the goodwill is positive, it is recognized as an asset and, if it is negative, it is recognized immediately in the income statement under "Change in value of goodwill".

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 the 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.

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).

The restructuring of a loan due to the borrower's financial problems requires amendment or novation of the contract. Following the definition of this concept by the European Banking Authority, it was incorporated in the Group's information systems in order for the accounting and prudential definitions to be 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.

Commissions received in connection with the commercial renegotiation of loans are recognized over more than one period. The renegotiation involves the amendment or derecognition of the former loan.

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:

c) 1) financial instruments held for trading purposes, consisting mainly of instruments that:

   a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
   b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
   c. represent derivatives not classified as hedges.

d) 2) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39. This option is designed to help entities produce more relevant information, by enabling:

   a. certain hybrid instruments to be measured at fair value without separating the embedded derivatives, 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 for 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 a liability to be issued is usually the current bid price, and for an asset to be acquired or a liability held, the ask price.
When the relevant 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.

No transfers have been made since 2008: the purpose of these portfolio transfers is to better reflect the new management intention for these instruments, and to give a more faithful picture of their impact on the Group's 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 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. In the event of a subsequent appreciation in value, this will be recognized in equity within "Unrealized or deferred gains and losses".

- *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 investments in non-consolidated companies owned or not 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 relevant 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 interest-risk hedged investments”, 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 signature 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 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 home loan in a second stage. They generate two types of commitments for the distributing institution:

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

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 "Payroll costs" 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 retirement bonuses 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 retirement bonuses 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 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 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 applying to the assets and liabilities generated by the issuing of insurance contracts are established pursuant to IFRS 4. They also apply to reinsurance contracts issued or effected, 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 include 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
- Vehicles and moveable equipment : 3-5 years
- Computer equipment : 3-5 years

<u>Intangible 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 paid as consideration for an ongoing service are accounted for over the duration of the rendered service. 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 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.

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 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, 2015	Retail banking	Insurance	Corporate banking and capital markets	Private banking	Private equity	IT, Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks	2,361	0	3,334	2,173	0	1,985	9,853
Financial assets at fair value through profit or loss	137	10,649	13,372	146	2,087	0	26,392
Hedging derivative instruments	1,466	0	2,122	3	0	1,604	5,195
Available-for-sale financial assets	759	59,428	36,664	2,396	5	1,073	100,324
Loans and receivables due from credit institutions	14,980	946	31,417	899	2	38,635	86,879
Loans and receivables due from customers	156,885	345	21,585	11,992	0	97	190,903
Held-to-maturity financial assets	9	10,785	0	0	0	591	11,385
Investments in associates	1,208	139	0	0	0	1,108	2,455
LIABILITIES							
Cash, central banks, post office banks	0	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss	111	5,458	7,146	144	0	0	12,859
Hedging derivative instruments	794	0	4,689	186	0	65	5,733
Due to credit institutions	27,024	0	22,266	0	0	0	49,290
Due to customers	129,337	76	10,731	18,601	0	3,296	162,041
Debt securities	29,608	0	75,554	14	0	0	105,176

Dec. 31, 2014	Retail banking	Insurance	Corporate banking and capital markets	Private banking	Private equity	IT, 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

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

Dec. 31, 2015	Retail banking	Insurance	Corporate banking and capital markets	Private banking	Private equity	IT, Logistics and holding company	Intra Group transactions	Total
Net banking income (expense)	6,449	1,501	785	510	172	-115	-82	9,219
General operating expenses	-3,896	-449	-287	-371	-41	-496	82	-5,457
Gross operating income	2,553	1,053	498	139	131	-611	0	3,762
Net additions to/reversals from provisions for loan losses	-685		-20	9	0	-1		-696
Net gain (loss) on disposal of other assets	73	29		-4		-143		-46
Net income before tax	1,942	1,081	478	143	131	-755		3,020
Corporate income tax	-674	-373	-187	-41	-5	160		-1,120
Gains and losses net of tax on abandoned assets				-23				-23
Net income (loss)	**1,268**	**708**	**291**	**79**	**126**	**-595**		**1,877**
Net income attributable to minority interests								335
Net income attributable to the Group								**1,543**

Dec. 31, 2014	Retail banking	Insurance	Corporate banking and capital markets	Private banking	Private equity	IT, Logistics and holding company	Intra Group transactions	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**

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

	Dec. 31, 2015				Dec. 31, 2014			
	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	2,371	4,145	3,337	9,853	18,336	2,147	2,858	23,341
Financial assets at fair value through profit or loss	25,188	533	671	26,392	27,856	521	829	29,206
Hedging derivative instruments	5,189	4	2	5,195	5,928	3	0	5,931
Available-for-sale financial assets	93,316	4,594	2,414	100,324	86,142	4,172	977	91,290
Loans and receivables due from credit institutions	84,061	1,661	1,157	86,879	57,984	2,181	1,421	61,586
Loans and receivables due from customers	158,261	26,785	5,857	190,903	150,410	24,017	4,677	179,105
Held-to-maturity financial assets	11,344	41	0	11,385	10,943	0	0	10,943
Investments in associates	1,207	637	611	2,455	1,267	682	566	2,514
LIABILITIES								
Cash, central banks, post office banks	0	0	0	0	0	59	0	59
Financial liabilities at fair value through profit or loss	12,357	386	116	12,859	15,702	479	170	16,351
Hedging derivative instruments	5,537	187	10	5,733	6,445	207	18	6,670
Due to credit institutions	35,536	8,111	5,644	49,290	20,595	9,698	5,044	35,336
Due to customers	130,284	30,895	862	162,041	119,624	27,912	638	148,174
Debt securities	97,203	1,887	6,086	105,176	98,534	2,352	4,358	105,245

** USA, Singapore, Tunisia and Morocco*

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

	Dec. 31, 2015				Dec. 31, 2014			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income (expense)	6,794	2,216	209	9,219	6,405	1,855	196	8,456
General operating expenses	-3,879	-1,472	-107	-5,458	-3,796	-1,366	-87	-5,249
Gross operating income	2,915	744	103	3,761	2,609	488	109	3,206
Net additions to/reversals from provisions for loan losses	-491	-183	-22	-696	-586	-236	74	-748
Net gain (loss) on disposal of other assets**	-137	10	82	-46	67	18	-18	67
Net income before tax	2,287	570	163	3,020	2,090	270	165	2,525
Net income	1,377	385	115	1,877	1,376	200	125	1,701
Net income attributable to the Group	1,112	322	108	1,542	1,101	149	134	**1,384**

** USA, Singapore, Tunisia and Morocco*

** In 2015, 27.9% 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, 2015			Dec. 31, 2014		
		Percent control	Percent interest	Method *	Percent control	Percent interest	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	94	FC
CIC Iberbanco	France	100	100	FC	100	100	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	94	94	FC	94	94	FC
CIC London (a branch of CIC)	UK	100	94	FC	100	94	FC
CIC New York (a branch of CIC)	United States	100	94	FC	100	94	FC
CIC Singapore (a branch of CIC)	Singapore	100	94	FC	100	94	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							
Bancas	France	50	50	EM	50	50	EM
Banco Popular Español	Spain	4	4	EM	4	4	EM
Banco Cofidis SA	Portugal	100	55	FC			
Banco Banif Mais SA Espagne (a branch of Banco Cofidis SA)	Spain	100	55	FC			
Banco Banif Mais SA Slovaquie (a branch of Banco Cofidis SA)	Slovakia	100	55	FC			
Banco Cofidis SA (Spółka Akcyjna) Oddział w Polsce (a branch of Banco Cofidis SA)	Poland	100	55	FC			

	Country	Dec. 31, 2015			Dec. 31, 2014		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
Banif Plus Bank	Hungary	100	55	FC			
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
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
Centax SA	Italy			MER			
CM-CIC Asset Management	France	74	73	FC	74	73	FC
CM-CIC Bail	France	99	93	FC	99	93	FC
CM-CIC Bail Espagne (a branch of CM-CIC Bail)	Spain	99	93	FC			
CM-CIC Epargne salariale	France	100	94	FC	100	94	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	97	FC
CM-CIC Leasing Benelux	Belgium	100	93	FC	100	93	FC
CM-CIC Leasing GmbH	Germany	100	93	FC	100	93	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	99	99	FC	100	100	FC
Monabanq	France	100	55	FC	100	55	FC
SCI La Tréflière	France	46	46	EM	46	46	EM
SOFEMO - Société Fédérative Europ.de Monétique et de Financement	France			MER	100	55	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			NC	100	100	FC
Cigogne Management	Luxembourg	100	96	FC	100	96	FC
CM-CIC Securities	France	100	94	FC	100	94	FC
Diversified Debt Securities SICAV - SIF	Luxembourg	100	94	FC	100	94	FC
Divhold	Luxembourg			MER	100	94	FC
Ventadour Investissement	France	100	100	FC	100	100	FC
D. Private banking							
Banque de Luxembourg	Luxembourg	100	94	FC	100	94	FC
Banque Pasche	Switzerland	100	94	FC	100	94	FC
Banque Transatlantique	France	100	94	FC	100	94	FC
Banque Transatlantique Belgium	Belgium	100	94	FC	100	94	FC
Banque Transatlantique London (a branch of BT)	United Kingdom	100	94	FC	100	94	FC
Banque Transatlantique Luxembourg	Luxembourg	100	94	FC	100	94	FC
Banque Transatlantique Singapore	Singapore	100	94	FC	100	94	FC
CIC Switzerland	Switzerland	100	94	FC	100	94	FC
Dubly-Douilhet Gestion	France	100	94	FC	100	94	FC
Pasche Finance SA Fribourg	Switzerland			MER	100	94	FC
Serficom Brasil Gestao de Recursos Ltda	Brazil			NC	97	91	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	Brazil			NC	100	94	FC
Serficom Family Office SA	Switzerland			NC	100	94	FC
Transatlantique Gestion	France	100	94	FC	100	94	FC
Trinity SAM (formerly Banque Pasche Monaco SAM)	Monaco			NC	100	94	FC
E. Private equity							
CM-CIC Capital et Participations	France	100	94	FC	100	94	FC
CM-CIC Conseil	France	100	94	FC	100	94	FC
CM-CIC Innovation (formely CM-CIC Capital Innovation)	France	100	94	FC	100	94	FC
CM-CIC Investissement (formely CM-CIC Capital Finance)	France	100	94	FC	100	94	FC
CM-CIC Investissement SCR (formely CM-CIC Investissement)	France	100	94	FC	100	94	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							
Adepi	France	100	94	FC	100	94	FC
CIC Participations	France	100	94	FC	100	94	FC
CM Akquisitions	Germany	100	100	FC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	France	45	45	EM	45	45	EM
Cofidis Participations	France	55	55	FC	55	55	FC
Cofidis SGPS SA	Portugal	100	55	FC			
Euro-Information	France	26	26	EM	26	26	EM
Euro Protection Surveillance	France	25	25	EM	25	25	EM
Gesteurop	France	100	94	FC	100	94	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	100	FC	100	100	FC
L'Est Républicain	France	92	92	FC	92	92	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
Société d'Investissement Medias (SIM) (formely EBRA)	France	100	100	FC	100	100	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

	Country	Dec. 31, 2015			Dec. 31, 2014		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
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	95	69	FC	73	60	FC
Agrupació Bankpyme Pensiones	Spain	95	69	FC	73	60	FC
Agrupació Serveis Administratius	Spain	95	69	FC	73	60	FC
AMDIF	Spain	95	69	FC	73	60	FC
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA (formely Royal Automobile Club de Catalogne)	Spain	100	72	FC	49	35	EM
AMSYR	Spain	95	69	FC	73	60	FC
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	58	FC			
Assistencia Avançada Barcelona	Spain	95	69	FC	73	60	FC
Astree	Tunisia	30	22	EM	30	22	EM
Atlantis Asesores SL	Spain	80	58	FC			
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	43	FC			
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	65	FC			
Atlantis, Compañía de Seguros y Reaseguros SA	Spain	100	72	FC			
GACM España	Spain	100	72	FC			
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
Margem-Mediação Seguros, Lda	Portugal	100	55	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
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	64	FC
H. Other companies							
Affiches D'Alsace Lorraine	France	100	100	FC	100	98	FC
Alsace Média Participation	France			MER	100	98	FC
Alsacienne de Portage des DNA	France	100	100	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	100	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
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	100	FC	100	98	FC
Les Dernières Nouvelles de Colmar	France			MER	100	98	FC
Lumedia	Luxembourg	50	50	EM	50	50	EM
Massena Property	France			MER	100	72	FC
Massimob	France			MER	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
SCI ACM	France	87	62	FC	87	62	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
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 December 21, 2015.

Country	Net banking income	Profit/loss before tax	Current tax	Deferred tax	Other taxes	Number of employees	Government subsidies
Germany	1,203	276	-113	37	-60	7,071	0
Belgium	126	33	-6	2	-8	574	0
Spain	255	100	-23	0	-8	1,511	0
United States	136	75	-8	-39	-5	84	0
France	6,790	3,274	-915	4	-989	27,988	0
Hungary	18	7	0	0	-2	172	0
Italy	32	1	0	0	-1	190	0
Luxembourg	294	138	-35	5	-18	801	0
Morocco	0	65	0	0	0	0	0
Monaco	3	2	0	0	0	9	0
Poland	0	0	0	0	0	0	0
Portugal	136	79	-21	0	-4	596	0
Czech Republic	7	-2	0	0	-1	154	0
UK	43	32	-7	1	-2	47	0
Saint Martin	2	1	0	0	0	8	0
Singapore	71	13	-1	0	-3	232	0
Slovakia	0	-1	0	0	0	1	0
Switzerland	103	20	-3	0	-10	308	0
Tunisia	0	17	0	0	0	0	0
Total	**9,219**	**4,130**	**-1,131**	**10**	**-1,111**	**39,746**	**0**

3c - Fully-consolidated entities with significant minority interests

Dec. 31, 2015	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%	208	2,190	-78	92,214	1,036	1,501	694
Cofidis Belgium	45%	6	309	0	794	-1	95	13
Cofidis France	45%	11	314	0	6,861	-4	553	35

* Amounts before elimination of accounts and intercompany transactions

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

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, 2015.
- 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, 2015	Securitization vehicles (SPV)	Asset management (UCITS/SCPI)*	Other structured entities **
Total assets	0	7,992	1,890
Carrying amount of financial assets	0	4,530	671

* The amounts indicated relate to UCITS in which the group owns at least a stake of 20% and for which it performs asset management, excluding units of account held by insured parties.
** Other structured entities correspond to asset financing entities.

3e - Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, Banque Pasche's business is classified under the headings "Non-current assets held for sale", "Liabilities associated with non-current assets held for sale" and "Post-tax gain/(loss) on discontinued operations and assets held for sale".

Banque Pasche's contribution to the consolidated financial statements	Dec. 31, 2015	Dec. 31, 2014
Total assets	116	304
Net banking income	0	6
Shareholders' equity	78	137
Net loss attributable to owners of the company	-21	-15

NOTE 4 - Cash and amounts due from central banks

4a - Loans and receivables due from credit institutions

	Dec. 31, 2015	Dec. 31, 2014
Cash and amounts due from central banks		
Due from central banks	9,142	22,581
including reserve requirements	1,394	1,534
Cash	711	760
Total	**9,853**	**23,341**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts(1)	4,827	5,008
Other current accounts	1,562	4,848
Loans	71,142	40,486
Other receivables	727	610
Securities not listed in an active market	935	1,494
Resale agreements	7,399	8,833
Individually impaired receivables	0	3
Accrued interest	286	306
Impairment provisions	0	-3
Total	**86,879**	**61,586**

(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, 2015	Dec. 31, 2014
Due to central banks	0	59
Due to credit institutions		
Crédit Mutuel network accounts	0	0
Other current accounts	9,293	1,828
Borrowings	15,494	15,132
Other debt	678	166
Resale agreements	23,765	18,161
Accrued interest	59	50
Total	**49,290**	**35,395**

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, 2015			Dec. 31, 2014		
	Transaction	Fair value option	Total	Held for trading	Fair value option	Total
Securities	9,464	12,728	22,193	10,161	13,685	23,846
- Government securities	1,638	1	1,638	2,668	1	2,669
- Bonds and other fixed-income securities	6,840	1,830	8,671	6,759	2,501	9,259
. Quoted	*6,840*	*1,399*	*8,239*	*6,759*	*2,210*	*8,969*
. Not quoted	*0*	*432*	*432*	*0*	*290*	*290*
- Equities and other variable-income securities	986	10,898	11,884	734	11,184	11,918
. Quoted	*986*	*9,033*	*10,019*	*734*	*9,352*	*10,086*
. Not quoted	*0*	*1,865*	*1,865*	*0*	*1,832*	*1,832*
. Trading derivative instruments	4,029	0	4,029	5,338	0	5,338
. Other financial assets		170	170		21	21
including resale agreements		*0*	*0*		*21*	*21*
TOTAL	**13,493**	**12,898**	**26,392**	**15,499**	**13,707**	**29,206**

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

	Dec. 31, 2015	Dec. 31, 2014
Financial liabilities held for trading	7,163	9,299
Financial liabilities at fair value by option through profit or loss	5,697	7,052
TOTAL	**12,859**	**16,351**

Financial liabilities held for trading

	Dec. 31, 2015	Dec. 31, 2014
Short selling of securities	2,810	3,401
- Government securities	0	2
- Bonds and other fixed-income securities	1,577	2,440
- Equities and other variable-income securities	1,233	959
. Trading derivative instruments	4,238	5,709
. Other financial liabilities held for trading	115	189
TOTAL	**7,163**	**9,299**

Financial liabilities at fair value by option through profit or loss

	Dec. 31, 2015			Dec. 31, 2014		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	109	109	0	0	0	0
. Interbank liabilities	5,588	5,587	1	6,951	6,951	0
. Due to customers	0	0	0	101	101	0
Total	**5,697**	**5,696**	**1**	**7,052**	**7,052**	**-0**

5c - Fair value hierarchy Dec. 31, 2015

Dec. 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	93,878	2,763	3,683	100,325
- Government and similar securities - AFS	24,029	438	0	24,466
- Bonds and other fixed-income securities - AFS	61,181	2,219	1,953	65,354
- Equities and other variable-income securities - AFS	7,800	25	211	8,037
- Investments in non-consolidated companies and other LT investments - AFS	856	74	1,144	2,074
- Investments in associates - AFS	12	6	375	394
Held for trading / Fair value option (FVO)	17,171	5,835	3,385	26,392
- Government and similar securities - Held for trading	1,289	349	0	1,638
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	4,873	1,474	493	6,840
- Bonds and other fixed-income securities - FVO	1,181	331	318	1,830
- Equities and other variable-income securities - Held for trading	985	0	1	986
- Equities and other variable-income securities - FVO	8,825	456	1,617	10,898
- Loans and receivables due from credit institutions - FVO	0	170	0	170
- Loans and receivables due from customers - FVO	0	0	0	0
- Derivative instruments and other financial assets - Held for trading	18	3,055	956	4,029
Hedging derivative instruments	0	5,135	60	5,195
Total	**111,050**	**13,733**	**7,129**	**131,912**
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	2,888	9,113	859	12,859
- Due to credit institutions - FVO	0	5,588	0	5,588
- Due to customers - FVO	0	0	0	0
- Debt securities - FVO	0	109	0	109
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	2,888	3,416	859	7,163
Hedging derivative instruments	0	5,676	57	5,733
Total	**2,888**	**14,789**	**916**	**18,593**

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**

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	Opening	Purchases	Sales	Gains and losses recognized in profit	Other movements	Closing
- Equities and other variable-income securities - FVO	1,465	232	-339	103	156	1,617

5d - Offsetting financial assets and financial liabilities

Dec. 31, 2015					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	9,224	0	9,224	-2,072	0	-4,780	2,372
Resale agreements	14,551	0	14,551	0	-13,518	-65	969
Total	**23,775**	**0**	**23,775**	**-2,072**	**-13,518**	**-4,845**	**3,341**

Dec. 31, 2015					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	9,916	0	9,916	-2,093	0	-5,175	2,648
Resale agreements	31,778	0	31,778	0	-31,343	-94	341
Total	**41,694**	**0**	**41,694**	**-2,093**	**-31,343**	**-5,269**	**2,989**

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	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					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	12,375	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**

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, 2015		Dec. 31, 2014	
	Assets	Liabilities	Assets	Liabilities
. Cash flow hedges	0	0	3	1
. Fair value hedges (change in value recognized through profit or loss)	5,195	5,733	5,927	6,669
TOTAL	**5,195**	**5,733**	**5,931**	**6,670**

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, 2015	Fair value Dec. 31, 2014	Change in fair value
Fair value of interest-risk by investment category			
. financial assets	791	599	192
. financial liabilities	-676	-1,364	688

6c - Analysis of derivative instruments

	Dec. 31, 2015			Dec. 31, 2014		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
Swaps	145,099	2,920	2,982	166,926	3,788	4,040
Other forward contracts	15,177	6	2	23,459	8	6
Options and conditional transactions	21,018	125	271	18,926	157	282
Foreign exchange derivative instruments						
Swaps	93,553	60	61	97,397	58	49
Other forward contracts	117	337	289	190	387	338
Options and conditional transactions	23,372	177	165	20,679	97	98
Derivative instruments other than interest-rate and foreign exchange						
Swaps	13,872	126	187	14,029	106	157
Other forward contracts	1,876	0	26	2,190	0	0
Options and conditional transactions	8,705	278	255	17,102	737	739
Sub-total	**322,789**	**4,029**	**4,238**	**360,899**	**5,338**	**5,709**
Hedging derivative instruments						
Fair value hedges						
Swaps	124,123	5,194	5,733	116,724	5,927	6,669
Other forward contracts	0	0	0	261	0	0
Options and conditional transactions	1	1	0	1	0	0
Cash flow hedges						
Swaps	0	0	0	0	3	1
Other forward contracts	0	0	0	0	0	0
Options and conditional transactions	0	0	0	0	0	0
Sub-total	**124,124**	**5,195**	**5,733**	**116,985**	**5,931**	**6,670**
Total	**446,913**	**9,224**	**9,971**	**477,885**	**11,269**	**12,379**

The CVA (credit value adjustment) and DVA (debt value adjustment) involve a reduction of proprietary credit risk and at December 31, 2015 amounted to -€42 million (-€36 million on December 31, 2014 and €3 million (like on December 31, 2014) respectively. The FVA (funding value adjustment), which corresponds to costs or earnings linked to the financing of certain unhedged derivative instruments, amounted to -€22 million on December 31, 2015 (-€19 million on December 31, 2014).

Note 7 - Available-for-sale financial assets

7a - Available-for-sale financial assets

	Dec. 31, 2015	Dec. 31, 2014
. Government securities	24,341	21,976
. Bonds and other fixed-income securities	65,227	59,930
- Listed	64,742	59,602
- Unlisted	485	328
. Equities and other variable-income securities	8,036	6,815
- Listed	7,884	6,634
- Unlisted	152	181
. Long-term investments	2,458	2,083
- Investments in non-consolidated companies	1,900	1,521
- Other long-term investments	173	182
- Investments in associates	384	380
- Securities lent	0	1
- Current account advances related to non-performing SCI	0	0
. Accrued interest	262	486
TOTAL	**100,324**	**91,290**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*567*	*645*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*1,100*	*945*
Including impairment of bonds and other fixed-income securities	*-54*	*-82*
Including impairment of equities and other variable-income securities and long-term investments	*-1,398*	*-1,804*

The Visa Europe shares were the subject of a memorandum of agreement for their purchase by Visa Inc. As a result these shares, which were recognized in unlisted available-for-sale variable-income securities, were revalued through equity in the amount of €245 million. The terms of the memorandum of agreement provided for an estimated selling price comprising a cash component, a preference share component and a clause concerning an earn-out payable at the end of the four-year period following the actual disposal of the shares.
The valuation was determined as of December 31, 2015 by applying a 50% discount to the preference share component and a 100% discount to the earn-out.
These discounts reflect the effect of the following uncertainties surrounding valuation:
- *actual completion of the transaction, since it is conditional on approval from the European authorities;*
- *the final allocation of the selling price between the vendors;*
- *the liquidity risk associated with the preference shares;*
- *the valuation of any disputes relating to Visa Europe's business;*

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

		% held	Shareholders' equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 10%	1,513	9,367	216	70
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 40%	562	49,081	4	1
Foncière des Régions	Quoted	< 10%	7,300	17,566	799	120

The figures above (excluding the percentage of interest) relate to 2014

7c - Exposure to sovereign risk

Countries benefiting from aid packages

Net exposure*	Dec. 31, 2015		Dec. 31, 2014	
	Portugal	Ireland	Portugal	Ireland
Financial assets at fair value through profit or loss	42		39	
Available-for-sale financial assets	60	101	67	101
Held-to-maturity financial assets				
TOTAL	**102**	**101**	**106**	**101**

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

Residual contractual maturity	Portugal	Ireland	Portugal	Ireland
< 1 year			6	
1 to 3 years	62		2	
3 to 5 years	12	94	50	89
5 to 10 years	18	7	39	5
> 10 years	10		8	7
Total	**102**	**101**	**106**	**101**

Other sovereign risk exposures in the banking portfolio

Net exposure	Dec. 31, 2015		Dec. 31, 2014	
	Spain	Italy	Spain	Italy
Financial assets at fair value through profit or loss	98	63	139	73
Available-for-sale financial assets	390	910	195	1,028
Held-to-maturity financial assets				
TOTAL	**488**	**973**	**334**	**1,101**

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	333	338	76	351
1 to 3 years	106	373	167	192
3 to 5 years		203	17	389
5 to 10 years	32	58	34	50
> 10 years	17	1	40	119
Total	**488**	**973**	**334**	**1,101**

NOTE 8 - Customers

8a - Loans and receivables due from customers

	Dec. 31, 2015	Dec. 31, 2014
Performing loans	177,538	166,093
. Commercial loans	6,128	4,951
. Other customer loans	170,584	160,037
- Home loans	70,523	66,461
- Other loans and receivables, including repurchase agreements	100,060	93,576
. Accrued interest	400	527
. Securities not listed in an active market	426	578
Insurance and reinsurance receivables	216	206
Individually impaired receivables	10,324	10,501
Gross receivables	**188,079**	**176,801**
Individual impairment	-6,634	-6,595
Collective impairment	-434	-591
SUB-TOTAL I	**181,011**	**169,615**
Finance leases (net investment)	10,031	9,617
. Furniture and movable equipment	5,767	5,569
. Real estate	3,914	3,720
. Individually impaired receivables	350	327
Impairment provisions	-139	-127
SUB-TOTAL II	**9,892**	**9,490**
TOTAL	**190,903**	**179,105**
of which non-voting loan stock	*10*	*12*
of which subordinated notes	*16*	*27*

Finance leases with customers

	Dec. 31, 2014	Acquisition	Sale	Other	Dec. 31, 2015
Gross carrying amount	9,617	1,246	-846	15	10,031
Impairment of irrecoverable rent	-127	-27	26	-12	-139
Net carrying amount	9,490	1,219	-820	3	9,892

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	2,801	5,250	2,250	10,301
Present value of future lease payments	2,265	3,590	253	6,108
Unearned finance income	**536**	**1,660**	**1,997**	**4,193**

8b - Amounts due to customers

	Dec. 31, 2015	Dec. 31, 2014
. Regulated savings accounts	43,823	41,252
- demand	31,949	30,807
- term	11,874	10,445
. Accrued interest	3	2
Sub-total	**43,826**	**41,254**
. Current accounts	71,626	59,919
. Term deposits and borrowings	43,532	42,606
. Resale agreements	2,539	3,825
. Accrued interest	443	475
. Insurance and reinsurance payables	76	96
Sub-total	**118,215**	**106,920**
TOTAL	**162,041**	**148,174**

NOTE 9 - Held-to-maturity financial assets

	Dec. 31, 2015	Dec. 31, 2014
Securities	11,393	10,956
- Government securities	0	0
- Bonds and other fixed-income securities	11,393	10,956
. Quoted	8,622	10,923
. Not quoted	2,771	34
. Translation	0	0
. Accrued interest	3	1
GROSS TOTAL	**11,396**	**10,957**
of which impaired assets	*20*	*23*
Impairment provisions	-11	-15
NET TOTAL	**11,385**	**10,943**

NOTE 10 - Movements in impairment provisions

	Dec. 31, 2014	Additions	Reversals	Other	Dec. 31, 2015
Loans and receivables due from credit institutions	-3	0	2	0	0
Loans and receivables due from customers	-7,313	-1,209	1,350	-35	-7,207
Available-for-sale securities	-1,886	-31	494	-29	-1,452
Held-to-maturity securities	-15	0	4	0	-11
Total	**-9,216**	**-1,239**	**1,849**	**-64**	**-8,670**

At December 31, 2015, provisions on loans and receivables due from customers amounted to €7,207 million (versus €7,313 million at end-2014), of which €434 million in collective provisions. Individual provisions relate mainly to ordinary accounts in debit for €557 million (€620 million at end-2014) and to provisions on commercial receivables and other receivables (including home loans) for €6,076 million (€5,975 million at end- 2014).

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, 2015		Dec. 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables portfolio	1,179	1,179	1,669	1,755
AFS portfolio	2,418	2,393	2,681	2,656

	Dec. 31, 2015	Dec. 31, 2014
Gains/(losses) that would have been recognized in the income statement at fair value if the assets had not been reclassified	-115	122
Unrealized gains/(losses) that would have been recognized in equity if the assets had not been reclassified	64	-432
Gains/(losses) recognized in income (net banking income and net additions to/reversals from provisions for loan losses) relating to reclassified assets	49	343

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, 2015	Carrying amount Dec. 31, 2014
RMBS	3,198	2,012
CMBS	413	605
CLO	1,666	1,246
Other ABS	1,564	1,242
Sub-total	***6,840***	*5,105*
RMBS hedged by CDS	0	62
CLO hedged by CDS	38	142
Other ABS hedged by CDS	0	0
Liquidity facilities for RMBS programs	0	
Liquidity facilities for ABCP programs	223	199
TOTAL	**7,101**	5,508

Unless otherwise stated, securities are not covered by CDS.

Exposures at 12/31/2015	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,078	71	135	51	1,335
AFS	1,482	342	1,267	1,337	4,427
Loans	638		264	175	1,078
TOTAL	**3,198**	**413**	**1,666**	**1,564**	**6,840**
France	9	-	22	379	409
Spain	85	-	-	51	136
United Kingdom	374	19	50	188	632
Europe excluding France, Spain and United Kingdom	740	60	553	928	2,281
USA	1,983	333	770	17	3,103
Rest of the world	7	-	272	-	279
TOTAL	**3,198**	**413**	**1,666**	**1,564**	**6,840**
US Agencies	1,514	-	-	-	1,514
AAA	800	360	1,625	998	3,782
AA	266	-	-	327	593
A	92	-	16	161	269
BBB	40	53	4	60	157
BB	31	-	2	-	33
B or below	455	-	2	17	474
Not rated	-	-	18	-	18
TOTAL	**3,198**	**413**	**1,666**	**1,564**	**6,840**
Originating 2005 or before	363	53	0	-	416
Originating 2006-2008	812	333	195	50	1,390
Originating 2009-2011	248	-	-	37	285
Originating 2012-2014	1,775	26	1,471	1,477	4,748
TOTAL	**3,198**	**413**	**1,666**	**1,564**	**6,840**

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**

NOTE 13 - Corporate income tax

13a - Current income tax

	Dec. 31, 2015	Dec. 31, 2014
Asset (through income statement)	596	649
Liability (through income statement)	389	354

13b - Deferred income tax

	Dec. 31, 2015	Dec. 31, 2014
Asset (through income statement)	612	642
Asset (through shareholders' equity)	169	161
Liability (through income statement)	492	542
Liability (through shareholders' equity)	526	621

Breakdown of deferred income tax by major categories

	Dec. 31, 2015		Dec. 31, 2014	
	Assets	Liabilities	Assets	Liabilities
. Temporary differences on:				
- Deferred gains (losses) on available-for-sale securities	169	526	161	621
- Impairment provisions	432		413	
- Unrealized finance lease reserve		223		245
- Earnings of fiscally transparent (pass-through) companies		0		0
- Remeasurement of financial instruments	614	576	807	778
- Accrued expenses and accrued income	127	50	106	42
- Tax losses(1)(2)	0		59	
- Insurance activities	27	205	30	226
- Other timing differences	34	62	59	84
. Netting	-623	-622	-833	-833
Total deferred tax assets and liabilities	780	1,018	803	1,163

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 (34.43%)
(1) Of which, in respect of the United States: €25 million at December 31, 2014
(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, 2015	Dec. 31, 2014
Accruals - assets		
Collection accounts	56	400
Currency adjustment accounts	624	333
Accrued income	392	370
Other accruals	3,888	2,478
Sub-total	**4,960**	**3,580**
Other assets		
Securities settlement accounts	90	89
Guarantee deposits paid	5,579	6,998
Miscellaneous receivables	3,463	2,871
Inventories	15	17
Other	2	-2
Sub-total	**9,150**	**9,974**
Other insurance assets		
Technical reserves - reinsurers' share	296	264
Other expenses	103	90
Sub-total	**400**	**353**
Total	**14,509**	**13,908**

14b - Accruals and other liabilities

	Dec. 31, 2015	Dec. 31, 2014
Accruals - liabilities		
Accounts unavailable due to collection procedures	231	99
Currency adjustment accounts	40	4
Accrued expenses	748	705
Deferred income	657	697
Other accruals	5,114	4,423
Sub-total	**6,790**	**5,928**
Other liabilities		
Securities settlement accounts	242	474
Outstanding amounts payable on securities	51	77
Other payables	4,223	4,728
Sub-total	**4,516**	**5,280**
Other insurance liabilities		
Deposits and guarantees received	194	179
Other	0	0
Sub-total	**194**	**179**
Total	**11,500**	**11,387**

NOTE 15 - Investments in associates

Equity value and share of net income (loss)

				Dec. 31, 2015			
		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%	41	10	7	NC
ASTREE Assurance	Quoted	Tunisia	30.00%	19	2	1	22
Banco Popular Español	Quoted	Spain	3.94%	426	-45	6	260
Banque de Tunisie	Quoted	Tunisia	34.00%	180	15	7	208
Banque Marocaine du Commerce Extérieur	Quoted	Morocco	26.21%	998	51	17	934
CMCP	Unlisted	France	45.05%	1	0	0	NC
Euro Information	Unlisted	France	26.36%	286	22	0	NC
Euro Protection Surveillance	Unlisted	France	25.00%	17	5	0	NC
RMA Watanya	Unlisted	Morocco	22.02%	80	14	14	NC
Royal Automobile Club de Catalogne	Unlisted	Spain	100.00%	0	3	0	NC
SCI Treflière	Unlisted	France	46.09%	10	0	0	NC
Other	Unlisted			2	0	0	NC
TOTAL (1)				**2,060**	**77**	**52**	
Joint ventures							
Bancas	Unlisted	France	50.00%	1	0	0	NC
Banque Casino	Unlisted	France	50.00%	46	-25	0	NC
Targobank Spain	Unlisted	Spain	50.00%	348	7	0	NC
TOTAL (2)				**395**	**-19**	**0**	
TOTAL (1) + (2)				**2,455**	**59**	**52**	

NC: not communicated

		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

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, 2015, which resulted in the recognition of a €45.4 million impairment provision in respect of the year. 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 a €13 million 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 €3 million.

Financial data published by the major associates

	Dec. 31, 2015					
	Total assets	NBI or revenue	Operating income before provisions	Net income	OCI reserves	Shareholders' equity
Entities over which significant influence is exercised						
ACM Nord	190	153	30	19	2	76
ASTREE Insurance(1)(2)	395	124	15	13	49	153
Banco Popular Español	158 650	3 431	1 689	105	-222	12 515
Banque de Tunisie(1)(2)	4 030	196	104	88	NC*	628
Banque Marocaine du Commerce Extérieur(1)(3)	247 243	11 497	5 004	2 692	141	20 803
Euro Information (1)	1 010	953	104	66	0	849
Euro Protection Surveillance (1)	117	132	26	18	0	79
RMA Watanya(1)(3)	281 907	4 840	3 276	385	3 248	5 005
Joint ventures						
Banque Casino	829	93	39	-1	0	71
Targobank Spain	2 526	94	31	14	0	329

*(1) 2014 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams *NC: not communicated*

	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*

NOTE 16 - Investment property

	Dec. 31, 2014	Additions	Disposals	Other movements	Dec. 31, 2015
Historical cost	2 138	6	-22	13	2 136
Depreciation, amortization and impairment	-271	-31	1	0	-302
Net amount	**1 867**	**-25**	**-20**	**12**	**1 834**

The fair value of investment property recognized at amortized costs was €2,423 million at December 31, 2015.

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2014	Additions	Disposals	Other movements	Dec. 31, 2015
Historical cost					
Land used in operations	388	58	-3	-1	443
Buildings used in operations	2,869	97	-33	-12	2,922
Other property and equipment	1,241	151	-110	7	1,290
Total	**4,499**	**307**	**-145**	**-7**	**4,654**
Accumulated depreciation and impairment provisions					
Land used in operations	-2	-2	1	-1	-3
Buildings used in operations	-1,723	-114	27	9	-1,801
Other property and equipment	-969	-55	52	-7	-980
Total	**-2,694**	**-171**	**80**	**1**	**-2,784**
Net amount	**1,805**	**136**	**-65**	**-6**	**1,870**

17b - Intangible assets

	Dec. 31, 2014	Additions	Disposals	Other movements	Dec. 31, 2015
Historical cost					
. Internally developed intangible assets	16	0	0	0	16
. Purchased intangible assets	1,444	32	-54	-22	1,400
- software	487	11	-41	9	467
- other	957	21	-13	-32	933
Total	**1,460**	**32**	**-54**	**-22**	**1,416**
Accumulated depreciation and impairment provisions					
. Internally developed intangible assets					
. Purchased intangible assets	-652	-138	39	35	-715
- software	-401	-58	35	-8	-432
- other	-251	-80	3	43	-284
Total	**-652**	**-138**	**39**	**35**	**-715**
Net amount	**808**	**-106**	**-15**	**13**	**700**

NOTE 18 - Goodwill

	Dec. 31, 2014	Additions	Disposals	Impairment losses/reversals	Other movements	Dec. 31, 2015
Goodwill, gross	4,127	130	0		-34	4,223
Impairment provisions	-236	0		-90	36	-291
Goodwill, net	**3,891**	**130**	**0**	**-90**	**2**	**3,932**

Subsidiaries	Goodwill as of Dec. 31, 2014	Additions	Disposals	Impairment losses/reversals	Other movements	Goodwill as of Dec. 31, 2015
Targobank Germany	2783				-1	2,781
Crédit Industriel et Commercial (CIC)	506					506
Cofidis Participations	387					387
Cofidis Italy	0	9				9
Cofidis SGPS SA	0	70				70
SA (formely Royal Automobile Club de Catalogne)	0	51				51
CM-CIC Investissement	21					21
Monabanq	8			-8		0
CIC Iberbanco	15					15
Banque de Luxembourg	13					13
Banque Transatlantique	6					6
Transatlantique Gestion	5					5
Other expenses	146			-82		67
TOTAL	**3,891**	**130**	**0**	**-90**	**-1**	**3,932**

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 2,5% 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%	9.00%	9.00%
Effect of 50 basis point increase in capital cost	-357	-41.2	-203
Effect of 1% decrease in future cash flows	-72	-5.8	-30

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

NOTE 19 - Debt securities

	Dec. 31, 2015	Dec. 31, 2014
Retail certificates of deposit	200	219
Interbank instruments and money market securities	50,810	50,502
Bonds	52,783	53,193
Accrued interest	1,384	1,330
TOTAL	**105,176**	**105,245**

NOTE 20 - Technical reserves of insurance companies

	Dec. 31, 2015	Dec. 31, 2014
Life	66,954	64,397
Non-life	2,770	2,479
Unit of account	6,824	6,217
Other expenses	287	217
TOTAL	**76,835**	**73,310**
Of which deferred profit-sharing - liability	**7,687**	**8,616**
Deferred profit sharing - assets	**0**	**0**
Reinsurers' share of technical reserves	**296**	**264**
TOTAL - Net technical reserves	**76,539**	**73,046**

NOTE 21 - Provisions

	Dec. 31, 2014	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2015
Provisions for risks	**334**	**101**	**-30**	**-167**	**6**	**245**
Signature commitments	120	34	-2	-45	1	108
Financing and guarantee commitments	1	2	0	0	0	3
On country risks	0	0	0	0	0	0
Provision for taxes	39	10	-17	-10	18	40
Provisions for claims and litigation	58	50	-10	-23	-3	72
Provision for risks on miscellaneous receivables (1)	116	5	-1	-89	-10	22
Other provisions	**934**	**129**	**-121**	**-79**	**23**	**885**
Provisions for home savings accounts and plans	29	16	0	0	0	45
Provisions for miscellaneous contingencies	445	64	-33	-51	52	477
Other provisions(2)	460	49	-88	-28	-29	363
Provision for retirement benefits	**782**	**44**	**-11**	**-74**	**-49**	**694**
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses	637	36	-3	-66	-34	571
Supplementary retirement benefits	63	4	-4	-4	0	60
Long service awards (other long-term benefits)	50	1	0	-3	0	48
Sub-total recognized	750	42	-7	-72	-34	679
Supplementary retirement benefit - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls(3)	32	2	-4	-1	-15	15
Fair value of assets						
Sub-total recognized	32	2	-4	-1	-15	15
Total	**2,050**	**274**	**-162**	**-320**	**-20**	**1,824**

Assumptions used	**2015**	**2014**
Discount rate(4)	2.0%	1.7%
Annual increase in salaries(5)	Minimum 0.8%	Minimum 1.2%

(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 €299 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, 2014	Discounted amount	Financial income	Cost of services performed	Other costs incl. Past service	Actuarial gains (losses) relating to changes in assumptions		Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31,2015
						demographic	financial					
Commitments	1,020	18	0	38	2	0	-65	-34	0	-1	-16	962
Non-group insurance contract and externally managed assets	382	0	8	0		0	-2	0	4	0	0	392
Provisions	**638**	**18**	**-8**	**38**	**2**	**0**	**-63**	**-34**	**-4**	**0**	**-16**	**571**

	Dec. 31, 2013	Discounted amount	Financial income	Cost of services performed	Other costs incl. Past service	Actuarial gains (losses) relating to changes in assumptions		Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31,2014
						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**

A change of plus or minus 50 basis points in the discount rate would result in, respectively, a fall of €70 million / an increase of €82 million in the commitment. The term of the commitments (excluding foreign entities) is 18 years.

Change in the fair value of plan assets

in € thousands	Fair value of assets Dec. 31, 2014	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 2015
Fair value of plan assets	585,777	4,069	-4,774	10,111	3,375	2,270	-12,965	0	0	587,863

in € thousands	Fair value of assets Dec. 31, 2013	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 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

Details of the fair value of plan assets

	Dec. 31, 2015				Dec. 31, 2014			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Assets listed on an active market	76%	21%	0%	2%	77%	18%	0%	4%
Assets not listed on an active market	0%	0%	1%	0%	0%	0%	1%	0%
Total	76%	21%	1%	2%	77%	18%	1%	4%

Provisions for signature risk on home savings accounts and plans

	Dec. 31, 2015	Dec. 31, 2014
Home savings plans		
Contracted less than 10 years ago	5,822	4,394
Contracted more than 10 years ago	2,625	2,821
Total	**8,447**	**7,215**
Amounts outstanding under home savings accounts	**587**	**594**
Total	**9,034**	**7,809**

Home savings loans	Dec. 31, 2015	Dec. 31, 2014
Balance of home savings loans giving rise to provisions for risks reported in assets	79	113

Provisions for home savings accounts and plans	**Openig**	**Net additions/ reversals**	**Other movements**	**Closing**
On home savings accounts	10			5
On home savings plans	16	23		39
On home savings loans	3	(1)		2
Total	**29**	**22**		**46**
Maturity analysis				
Contracted less than 10 years ago	4	19		23
Contracted more than 10 years ago	12	4		16
Total	**16**	**23**		**39**

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, 2015	Dec. 31, 2014
Subordinated debt	4,726	4,935
Non-voting loan stock	26	26
Perpetual subordinated loan stock	1,932	2,111
Other debt	0	1
Accrued interest	57	70
TOTAL	**6,741**	**7,143**

Main subordinated debt issues

(in € millions)	**Type**	**Issue date**	**Amount issued**	**Amount as of Dec. 31, 2015**	**Rate**	**Maturity**
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	€912m	4.00	Oct. 22, 2020
Banque Fédérative du Crédit Mutuel	Subordinated note	May 21, 2014	€1,000m	€1,000m	3.00	May 21, 2024
Banque Fédérative du Crédit Mutuel	Subordinated note	Sept. 11, 2015	€1,000m	€1,000m	3.00	Sept. 11, 2025
CIC	Non-voting loan stock	May 28, 1985	€137m	€11m	(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	€738m	(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	€226m	(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, 2015	Dec. 31, 2014
. Capital stock and issue premiums	6,197	4,788
- Capital stock	1,689	1,573
- Issue premiums	4,509	3,215
. Consolidated reserves	12,816	11,570
- Regulated reserves	6	7
- Other reserves (including effects related to first-time application of standards)	12,809	11,568
- Retained earnings	1	-4
. Net income for the year	1,542	1,384
TOTAL	**20,556**	**17,743**

23b - Unrealized or deferred gains and losses

	Dec. 31, 2015	Dec. 31, 2014
Unrealized or deferred gains and losses* relating to:		
. Available-for-sale financial assets		
- equities	1,034	825
- bonds	560	596
. Hedging derivative instruments (cash flow hedges)	-20	-18
. Actuarial gains and losses	-162	-209
. Translation adjustments	159	80
. Share of unrealized or deferred gains and losses of associates	14	15
TOTAL	**1,584**	**1,289**
Attributable to the Group	*1,287*	*962*
Attributable to minority interests	*298*	*328*

** Net of tax.*

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

	Changes 2015	Changes 2014
Translation adjustments		
- Reclassification in income	0	0
- Other movements	79	67
- Translation adjustment	*79*	*67*
Remeasurement of available-for-sale financial assets		
- Reclassification in income	-60	39
- Other movements	233	480
Remeasurement of available-for-sale financial assets	*172*	*519*
Remeasurement of hedging derivative instruments		
- Reclassification in income	0	0
- Other movements	-2	6
Remeasurement of hedging derivatives	*-2*	*6*
- Share of unrealized or deferred gains and losses of associates	-1	53
Share of unrealized or deferred gains and losses of associates	*-1*	*53*
TOTAL - Recyclable gains and losses	**248**	**644**
- Remeasurement of non-current assets	0	0
- Actuarial gains and losses on defined benefit plans	47	-77
TOTAL - Non-recyclable gains and losses	**47**	**-77**
Total gains and losses recognized directly in shareholders' equity	**295**	**567**

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

	Changes 2015			Changes 2014		
	Gross amount	›rporate income ta	Net amount	Gross amount	›rporate income ta	Net amount
Translation adjustments	79		79	67		67
Remeasurement of available-for-sale financial assets	263	-90	172	791	-272	519
Remeasurement of hedging derivative instruments	-3	1	-2	9	-3	6
Remeasurement of non-current assets	0		0	0		0
Actuarial gains and losses on defined benefit plans	72	-25	47	-118	41	-77
Share of unrealized or deferred gains and losses of associates	-1		-1	53		53
Total gains and losses recognized directly in shareholders' equity	**409**	**-114**	**295**	**802**	**-235**	**567**

NOTE 24 - Commitments given and received

Commitments and guarantees given	Dec. 31, 2015	Dec. 31, 2014
Financing commitments		
Commitments given to credit institutions	3,437	3,647
Commitments given to customers	40,768	37,874
Guarantee commitments		
Guarantees given on behalf of credit institutions	1,291	1,708
Guarantees given on behalf of customers	14,939	14,708
Commitments on securities		
Other commitments given	783	228
Commitments given by the Insurance business line	1,071	548

Commitments and guarantees received	Dec. 31, 2015	Dec. 31, 2014
Financing commitments		
Commitments received from credit institutions	4,586	6,952
Guarantee commitments		
Commitments received from credit institutions	33,210	29,342
Commitments received from customers	10,741	7,531
Commitments on securities		
Other commitments received	503	74
Commitments received by the Insurance business line	3,714	3,199

Securities sold under repurchase agreements	Dec. 31, 2015	Dec. 31, 2014
Amounts received under resale agreements	31,433	28,854
Related liabilities	31,758	28,729

Assets given as collateral for liabilities	Dec. 31, 2015	Dec. 31, 2014
Loaned securities	0	1
Security deposits on market transactions	5,579	6,998
Total	**5,579**	**6,999**

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, 2015		Dec. 31, 2014	
	Income	Expense	Income	Expense
. Credit institutions and central banks	999	-580	1,159	-552
. Customers	8,992	-3,963	8,985	-4,186
- of which finance leases and operating leases	2,751	-2,482	2,677	-2,388
. Hedging derivative instruments	2,126	-2,503	3,810	-4,189
. Available-for-sale financial assets	473		455	
. Held-to-maturity financial assets	255		327	
. Debt securities		-1,916		-1,990
. Subordinated debt		-52		-70
TOTAL	**12,844**	**-9,014**	**14,736**	**-10,988**

NOTE 26 - Fees and commissions

	Dec. 31, 2015		Dec. 31, 2014	
	Income	Expense	Income	Expense
Credit institutions	3	-38	4	-7
Customers	1,054	-13	941	-14
Securities	742	-63	695	-59
of which funds managed for third parties	*516*		*482*	
Derivative instruments	3	-7	2	-4
Foreign exchange	23	-2	18	-2
Financing and guarantee commitments	96	-10	59	-9
Services provided	1,333	-871	1,135	-675
TOTAL	**3,254**	**-1,004**	**2,854**	**-769**

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

	Dec. 31, 2015	Dec. 31, 2014
Trading derivative instruments	430	227
Instruments designated under the fair value option(1)	173	158
Ineffective portion of hedging instruments	1	17
. Cash flow hedges	0	0
. Fair value hedges	1	17
. Change in fair value of hedged items	-57	-980
. Change in fair value of hedging items	58	997
Foreign exchange gains (losses)	72	34
Total changes in fair value	**676**	**436**

(1) of which €166 million relating to the Private equity business line as of Déc. 31, 2015 v €142 million as of Déc. 31, 2014

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

	Dec. 31, 2015			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		216	0	216
. Equities and other variable-income securities	55	77	11	143
. Long-term investments	36	-69	87	54
. Other expenses	0	-1	0	-1
Total	**92**	**222**	**98**	**412**

(1) Following TUP CIC Group entities wearing BPM titles, it was found in 2015, €98 million of confusion Mali and €89 million of reversals of provisions for risks and charges (see Note 21) .

	Dec. 31, 2014			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		75	-	75
. Equities and other variable-income securities	19	- 13	-	6
. Long-term investments	30	- 3	39	66
. Other expenses	-	0	-	0
Total	**49**	**58**	**39**	**146**

NOTE 29 - Other income and expense

	Dec. 31, 2015	Dec. 31, 2014
Income from other activities		
. Insurance contracts	12,301	12,063
. Investment property	2	5
- Reversals of depreciation, amortization and impairment charges	1	3
- capital gains on disposals	1	3
. Rebilled expenses	75	69
. Other income	811	773
Sub-total	**13,188**	**12,910**
Expenses on other activities		
. Insurance contracts	-10,529	-10,253
. Investment property	-37	-55
- depreciation, amortization and impairment charges (based on the accounting method selected)	-37	-55
- losses on disposals	0	0
. Other expenses	-570	-561
Sub-total	**-11,137**	**-10,869**
Other income and expense, net	**2,051**	**2,041**

Net income from the Insurance business line

	Dec. 31, 2015	Dec. 31, 2014
Earned premiums	9,987	9,960
Claims and benefits expenses	-6,407	-6,008
Movements in provisions	-4,132	-4,251
Other technical and non-technical income and expense	78	80
Net investment income	2,244	2,028
Total	**1,771**	**1,810**

NOTE 30 - General operating expenses

	Dec. 31, 2015	Dec. 31, 2014
Payroll costs	-2,920	-2,827
Other operating expenses	-2,537	-2,423
TOTAL	**-5,458**	**-5,249**

30a - Payroll costs

	Dec. 31, 2015	Dec. 31, 2014
Salaries and wages	-1,924	-1,831
Social security contributions(1)	-664	-696
Employee benefits - short-term	-2	-2
Incentive bonuses and profit-sharing	-140	-110
Payroll taxes	-191	-183
Other expenses	1	-4
TOTAL	**-2,920**	**-2,827**

(1) The CICE tax credit for competitiveness and employment is recognized as a credit to payroll costs and amounted to €34,2 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 requirements, 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 members to not only remain in closer contact with their customer relationship managers but also to achieve energy savings;
- IT developments concerning new telephone-based means of payment and related services,
- IT developments concerning the redesigning of the website providing customers and members with better overall information about the accounts and services offered;
- research into new services benefiting our merchant customers,
- searching for new domestic and international markets.

Number of employees

Average number of employees	Dec. 31, 2015	Dec. 31, 2014
Banking staff	25,176	24,926
Management	14,570	14,391
Total	**39,746**	**39,317**
Analysis by country		
France	27,987	28,175
Rest of the world	11,759	11,142
Total	**39,746**	**39,317**

	Dec. 31, 2015	Dec. 31, 2014
Number of employees at end of year*	**42,825**	**42,366**

** 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, 2015	Dec. 31, 2014
Taxes and duties	-248	-229
External services	-2,010	-1,935
Other miscellaneous expenses (transportation, travel, etc.)	5	11
Total	**-2,252**	**-2,152**

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

	Dec. 31, 2015	Dec. 31, 2014
Depreciation and amortization	-265	-262
- property and equipment	-172	-176
- intangible assets	-93	-86
Impairment losses	-21	-8
- property and equipment	2	0
- intangible assets	-23	-9
Total	**-286**	**-270**

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

Dec. 31, 2015	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	-2	0	0	27
Customers	-1,176	1,209	-596	-308	164	-707
. Finance leases	-7	4	-2	-2	1	-7
. Other customer items	-1,169	1,206	-594	-306	163	-700
Sub-total	**-1,176**	**1,239**	**-598**	**-308**	**164**	**-679**
Held-to-maturity financial assets	0	4	0	0	0	4
Available-for-sale financial assets	0	28	-32	-23	1	-26
Other	-40	48	-2	-1	0	5
Total	**-1,216**	**1,320**	**-633**	**-332**	**165**	**-696**

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**

NOTE 32 - Gains (losses) on other assets

	Dec. 31, 2015	Dec. 31, 2014
Property, equipment and intangible assets	-8	0
. Losses on disposals	-15	-5
. Gains on disposals	6	5
Gain (loss) on consolidated securities sold	-6	1
TOTAL	**-14**	**1**

NOTE 33 - Change in value of goodwill

	Dec. 31, 2015	Dec. 31, 2014
Impairment of goodwill	-90	-21
Negative goodwill taken to income	0	0
TOTAL	**-90**	**-21**

NOTE 34 - Corporate income tax

Breakdown of income tax expense

	Dec. 31, 2015	Dec. 31, 2014
Current taxes	-1,121	-775
Deferred taxes	11	-56
Adjustments in respect of prior years	-10	7
TOTAL	**-1,120**	**-824**

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

	Dec. 31, 2015	Dec. 31, 2014
Taxable income	2,939	2,439
Theoretical tax rate	38.00%	38.00%
Theoretical tax expense	**-1,117**	**-927**
Impact of preferential "SCR" and "SICOMI" rates	-43	39
Impact of the reduced rate on long-term capital gains	-6	26
Impact of different tax rates paid by foreign subsidiaries	42	19
Permanent timing differences	15	50
Other impacts	-11	-30
Tax expense	**-1,120**	**-824**
Effective tax rate	38.12%	33.79%

NOTE 35 - Earnings per share

	Dec. 31, 2015	Dec. 31, 2014
Net income attributable to the Group	1,542	1,384
Number of stock units at beginning of year	31,467,593	26,585,134
Number of stock units at end of year	33,770,590	31,467,593
Weighted average number of stock units	32,619,092	29,026,364
Basic earnings per share	47.28	47.69
Additional weighted average number of stock units assuming full dilution	0	0
Diluted earnings per share	47.28	47.69

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, 2015 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.

	Dec. 31, 2015					
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets	**298,511**	**289,167**	**9,344**	**12,285**	**100,055**	**186,171**
Loans and receivables due from credit institutions	86,509	86,879	-370	269	86,212	27
- Debt securities	936	935	1	269	640	27
- Loans and advances	85,572	85,944	-372	0	85,572	0
Loans and receivables due from customers	199,124	190,903	8,221	146	12,842	186,135
- Debt securities	421	426	-4	146	43	232
- Loans and advances	198,702	190,477	8,225	0	12,799	185,904
Held-to-maturity financial assets	12,879	11,385	1,494	11,869	1,001	8
Liabilities	**329,747**	**323,249**	**6,498**	**0**	**238,552**	**91,195**
Due to credit institutions	49,145	49,290	-145	0	49,145	0
Due to customers	162,908	162,041	866	0	71,713	91,195
Debt securities	110,361	105,176	5,185	0	110,361	0
Subordinated debt	7,333	6,741	592	0	7,333	0

	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

NOTE 37 - Related party transactions

Statement of financial position items concerning related party transactions

	Dec. 31, 2015			Dec. 31, 2014		
	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	795	2,663	36,490	687	2,525	38,581
Loans and receivables due from customers	32	48	0	27	26	0
Securities	0	432	1,020	0	484	1,346
Other assets	4	45	6	5	30	6.794
Total	831	3,187	37,517	719	3,065	39,934
Liabilities						
Deposits						
Due to credit institutions	55	2,475	7,676	0	3,102	356
Due to customers	403	2,037	30	269	2,022	28
Debt securities	0	759	0	0	803	0
Other liabilities	62	90	831	34	98	508
Total	520	5,361	8,537	303	6,025	893
Financing and guarantee commitments						
Financing commitments given	410	5	2,200	270	7	2,200
Guarantee commitments given	13	10	15	11	10	14
Guarantee commitments received	0	486	1,223	0	438	1,094

Income statement items concerning related party transactions

	Dec. 31, 2015			Dec. 31, 2014		
	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	14	28	887	16	34	1,010
Interest paid	-1	-39	-72	-1	-62	-112
Fees and commissions received	19	0	7	17	0	6
Fees and commissions paid	-22	-5	-42	-21	-5	-131
Other income (expense)	11	8	-7	17	23	-13
General operating expenses	-367	0	-43	-330	0	-41
Total	-346	-8	731	-302	-10	720

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, 2015*	*Dec. 31, 2014*
Amounts in € thousands	Total compensation	Total compensation
Corporate officers - Management Committee - Board members who receive compensation	5,723	5,734

** See also the section on corporate governance.*

· 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, 2015.
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 €18,411 in 2015.

. At its meeting of February 26, 2015, the Board of Directors of BFCM approved a severance payment in case of termination of Mr. Thery'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 €690,000 (including social security contributions). A provision was recognized for the outstanding amount as of December 31, 2015.
Mr. Thery 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 €18,411 in 2015.

NOTE 38 - Events after the reporting period and other information

The consolidated financial statements of the BFCM group at December 31, 2015 were approved by the Board of Directors at its meeting of February 26, 2016.

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		%	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Audit								
Statutory audit and contractual audits								
- BFCM	175	149	5%	5%	175	153	3%	3%
- Fully consolidated subsidiaries	2,570	2,495	78%	80%	4,014	3,855	62%	74%
Other assignments and services directly related to the statutory audit(1)								
- BFCM	209	253	6%	8%	1,917	397	30%	8%
- Fully consolidated subsidiaries	153	150	5%	5%	96	404	1%	8%
Sub-total	***3,107***	***3,048***	***94%***	***97%***	***6,202***	***4,809***	***96%***	***92%***
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and corporate advisory services	22	20	1%	1%	106	88	2%	2%
- Other	170	62	5%	2%	156	313	2%	6%
Sub-total	***192***	***82***	***6%***	***3%***	***262***	***401***	***4%***	***8%***
Total	**3,299**	**3,130**	**100%**	**100%**	**6,464**	**5,210**	**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 €6,892 thousand for the fiscal year 2015.

V.4 - Report of the Statutory Auditors on the consolidated financial statements of BFCM Group

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

KPMG Audit
Tour Eqho
2, avenue Gambetta
92066 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

To the Shareholders,

Banque Fédérative du Crédit Mutuel

Year ended December 31, 2015

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, 2015 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, 2015 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 19, 2016.

French original signed by

The Statutory Auditors

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

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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, 2015 showed total assets of €180.2 billion, up by 5.1% compared with the previous year.

On the liabilities side, amounts due to credit institutions totaled €64.3 billion and consisted mainly of long-term borrowings from the Group's subsidiaries (€33.5 billion), the majority of which came from CIC and its regional banks (€5.1 billion) and CM-CIC Home Loan SFH (€25.6 billion).

Amounts due to customers totaled €23 billion. This item consists essentially of demand deposits (€5.5 billion) and term accounts and loans of financial customers (€17.5 billion).

Debt securities totaled €72.3 billion as of December 31, 2015 and consisted mainly of interbank securities (€8.4 billion), debt instruments (€24.8 billion) and bonds (€35.2 billion).

The fund for general banking risks amounting to €61.6 million and the deeply subordinated notes totaling €1.9 billion remained unchanged. Following a capital increase in 2015 of €1.4 billion intended for the Caisses de Crédit Mutuel and Caisses Fédérales de Crédit Mutuel networks, total shareholders' equity and similar items amounted to €11.2 billion (including net income of €342.6 million).

On the assets side, the Group's central treasury function is reflected mainly by loans and receivables from credit institutions in the amount of €112.1 billion. The refinancing provided to CF de CM to back the loans distributed by the Caisses de Crédit Mutuel and better ensure the liquidity of CF de CM amounted to €36.1 billion. BFCM's term refinancing activity also extends to Banque Européenne de Crédit Mutuel (€3.2 billion), the CIC Group (€50.1 billion), the Cofidis Group (€8 billion), Banque Casino (€0.7 billion) and the other federal Caisses (€2.6 billion).

Loans and receivables due from customers totaled €6.8 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.

Available-for-sale securities (€26.4 billion) and held-to-maturity securities (€20.1 billion) constitute the main other uses of treasury funds and totaled €46.5 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). Investments in non-consolidated companies stood at €2 billion. This item is primarily consists 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; the amounts in question are negligible for the company.

VI.1.2 – Income Statement

Interest and similar income totaled €6.4 billion, down 25.6%, while interest and similar expenses came to €6.5 billion, down 25.3%.

Income from variable-income securities (equities) of €463 million was mainly composed of dividends received from BFCM subsidiaries.

The positive impact of €17.4 million on trading securities is primarily due to foreign exchange gains.

Gains on available-for-sale securities (€186 million) consisted mainly of reversals of provisions for impairment losses (€51.5 million) and gains on disposals of securities (€136.7 million).

After taking commissions and other operating items into account, net banking income came to €505.9 million in 2015.

General operating expenses increased to €65.5 million compared with €53.7 million in 2014.

The balance of gains and losses on non-current assets (- €132.3 million) mainly corresponds to gains on disposals for +€16.6 million and additions to provisions for - €148.9 million.

The tax liability of the companies included in the consolidated tax group was added to BFCM's tax liability, which resulted in a €35.2 million income tax credit.

Lastly, net income for the year came to €342.6 million in 2015.

VI.1.3 - Proposals of the Board of Directors to the Shareholders' Meeting

The appropriation of income proposed to the Shareholders' Meeting concerned the following amounts:

2015 net income:	€342,644,532.10
Retained earnings:	+ €629,881.41
Total:	€343,274,413.51

We propose to:

- pay a dividend of €4.15 to each of the 33,770,590 shares carrying dividend rights for the full year (including for the 2,302,997 shares issued on July 31, 2015 as part of the capital increase), i.e. a total payout of €140,147,948.50. These dividends are eligible for deduction under Article 158 of the French Tax Code (*Code Général des Impôts* – CGI);

- transfer €17,327,280 to the legal reserve;

- transfer €185,000,000.00 to the optional reserve; and

- transfer the balance of €799,185.01 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	***2012***	***2013***	***2014***
Amount in €	€2.65	€4.90	€4.15
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 financial statements

VI.2.1 - Annual financial statements

ASSETS *(in €)*	Dec. 31, 2015	Dec. 31, 2014	Notes
CASH, CENTRAL BANKS, POST OFFICE BANKS	**301,202,456.15**	2,631,939,808.71	
GOVERNMENT SECURITIES AND EQUIVALENT	**18,379,042,422.24**	15,606,655,984.45	2.8
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**112,061,734,347.19**	105,144,499,955.51	2.2, 2.3
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**6,825,887,773.30**	6,564,218,531.48	2.2, 2.4
BONDS AND OTHER FIXED-INCOME SECURITIES	**28,020,767,431.53**	27,563,266,978.36	2.2, 2.15
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**263,107,716.86**	291,548,090.50	2.15
LONG-TERM EQUITY INVESTMENTS AND SECURITIES	**1,968,726,402.88**	2,032,907,407.16	2.17
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	**6,976,298,018.93**	7,025,569,215.33	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**	8,000,141.00	2.0, 2.23
PROPERTY AND EQUIPMENT	**6,769,535.14**	6,807,154.46	2.0
SUBSCRIBED CAPITAL UNPAID	**0.00**	0.00	
TREASURY STOCK	**0.00**	0.00	
OTHER ASSETS	**3,343,062,733.16**	2,345,202,663.03	2.24
ACCRUALS	**2,047,361,700.13**	2,163,932,584.89	2.25
TOTAL ASSETS	**180,201,960,678.51**	171,384,548,514.88	

OFF-STATEMENT OF FINANCIAL POSITION	Dec. 31, 2015	Dec. 31, 2014	Notes
COMMITMENTS GIVEN			
FINANCING COMMITMENTS	***14,311,579,208.70***	*14,699,495,673.76*	3.1
GUARANTEE COMMITMENTS	***3,785,128,728.40***	*3,254,079,514.54*	
SECURITIES COMMITMENTS	***0.00***	*0.00*	

LIABILITIES AND SHAREHOLDERS' EQUITY *(in €)*	Dec. 31, 2015	Dec. 31, 2014	Notes
CENTRAL BANKS, POST OFFICE BANKS	**0.00**	0.00	
DUE TO CREDIT INSTITUTIONS	**64,313,770,391.91**	58,853,260,282.42	2.2
DUE TO CUSTOMERS	**23,033,303,255.83**	20,192,068,607.72	2.2
DEBT SECURITIES	**72,327,816,707.23**	72,419,146,837.46	2.2
OTHER LIABILITIES	**2,909,187,894.49**	3,287,812,155.54	2.24
ACCRUALS	**970,853,172.78**	1,380,795,104.14	2.25
PROVISIONS FOR RISKS AND CHARGES	**101,172,827.03**	54,422,101.85	2.27
SUBORDINATED DEBT	**7,301,167,380.92**	7,573,828,852.58	2.7
FUND FOR GENERAL BANKING RISK (FGBR)	**61,552,244.43**	61,552,244.43	
SHAREHOLDERS' EQUITY EXCLUDING FGBR	**9,183,136,803.89**	7,561,662,328.74	
SUBSCRIBED CAPITAL	1,688,529,500.00	1,573,379,650.00	
ISSUE PREMIUMS	4,508,844,923.87	3,214,560,609.87	
RESERVES	2,642,462,705.51	2,401,862,705.51	2.20
REVALUATION RESERVES	0.00	0.00	
REGUL. PROVISIONS AND INVESTMENT SUBSIDIES	25,261.00	38,971.00	
UNAPPROPRIATED RETAINED EARNINGS	629,881.41	755,586.88	
NET INCOME FOR THE YEAR	342,644,532.10	371,064,805.48	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**180,201,960,678.51**	171,384,548,514.88	

OFF-STATEMENT OF FINANCIAL POSITION	Dec. 31, 2015	Dec. 31, 2014	Notes
COMMITMENTS RECEIVED			
FINANCING COMMITMENTS	***4,327,950,853.45***	*6,751,064,317.45*	
GUARANTEE COMMITMENTS	***3,109,129.23***	*4,139,207.80*	
SECURITIES COMMITMENTS	***185,620,346.32***	*82,266,348.53*	

INCOME STATEMENT *(in €)*	**Dec. 31, 2015**	Dec. 31, 2014	Notes
+ INTEREST INCOME	**6,373,915,818.42**	8,565,148,411.80	4.1
- INTEREST EXPENSE	**-6,513,768,797.96**	-8,715,231,285.38	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	**462,702,391.52**	472,136,187.40	4.2
+ FEE AND COMMISSION INCOME	**45,473,909.32**	45,972,515.61	4.3
- FEE AND COMMISSION EXPENSES	**-56,157,798.03**	-42,909,315.63	4.3
+/- GAINS (LOSSES) ON TRADING SECURITIES TRANSACTIONS	**17,431,039.86**	15,429,501.10	4.4
+/- GAINS (LOSSES) ON AVAILABLE-FOR-SALE SECURITIES TRANSACTIONS	**185,982,460.07**	23,934,965.01	4.5
+ OTHER OPERATING INCOME	**532,065.91**	1,049,136.30	4.6
- OTHER OPERATING EXPENSES	**-10,157,201.74**	-7,457,837.85	4.6
NET BANKING INCOME	***505,953,887.37***	*358,072,278.36*	
- GENERAL OPERATING EXPENSES	**-65,458,308.40**	-53,712,300.89	4.7
- DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF NON-CURRENT ASSETS	**-26,323.33**	-49,589.41	
GROSS OPERATING INCOME	***440,469,255.64***	*304,310,388.06*	
+/- NET ADDITIONS TO/REVERSALS OF PROVISIONS FOR LOAN LOSSES	**0.00**	0.00	4.8
OPERATING INCOME	***440,469,255.64***	*304,310,388.06*	
+/- GAINS (LOSSES) ON NON-CURRENT ASSETS	**-132,315,617.88**	15,851,634.42	4.9
NET INCOME BEFORE TAX	***308,153,637.76***	*320,162,022.48*	
+/- NON-RECURRING INCOME (LOSS)	**-737,450.10**	4,083,670.85	
- CORPORATE INCOME TAX	**35,214,634.44**	46,663,673.15	4.10
+/- NET ALLOCATIONS TO/RELEASES FROM FGBR AND REGULATED PROV.	**13,710.00**	155,439.00	
NET INCOME	***342,644,532.10***	*371,064,805.48*	

VI.2.2 - Notes to the annual financial statements

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 standards 2014-03 and 2014-07 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables* - ANC), approved by ministerial decree.

They are prepared on the basis of the prudence concept and the following fundamental principles:
- going concern,
- consistency,
- accruals.

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 these cases, management uses its judgment and experience, as well as information readily available 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 listed on an active market;
- pension plans and other future employee benefits;
- the measurement of investments in non-consolidated companies;
- provisions for risks and expenses.

1.2 Non-performing loans

In accordance with ANC standard 2014-07, 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 provision reversal following the passage of time is recognized in net banking income.

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.” Each 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.”

Article 2221-5 calls for special treatment of some restructured loans. If the amount involved is significant, the restructured loans are isolated in a special category. In these cases, 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.

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 Article 1124-15 of ANC standard 2014-07, which establishes guidelines for the classification of securities depending on their use.

Trading securities
This portfolio includes securities purchased or sold with the intention of a resale or repurchase within a short time period (typically less than six months) and that are negotiable on a market whose liquidity is assured. They are initially recognized at cost plus any acquisition costs and accrued interest. At the reporting date, trading securities are measured at fair value. The net gains and losses from changes in their value are shown through profit and loss.

Available-for-sale securities
Available-for-sale securities are acquired with the intention of being held for more than six months in order to derive direct income or a capital gain. This holding period does not imply, for fixed-income securities, that they be held until maturity. Premiums or discounts recognized at the time fixed-income securities are acquired are spread over the life of the corresponding instrument, in accordance with the option offered. 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.

Other long-term securities

Other long-term securities are investments made with the intention of promoting lasting business relationships with the issuer, but without influencing the issuer's management.

Reclassification of financial assets

The reclassification from the trading securities category to the held-to-maturity or available-for-sale categories is 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 impact of reclassifications made in the past 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 a price and date agreed upon 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 return 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 such cases, the transaction is likened to a sale and repurchase agreement and recorded as such for accounting purposes.

1.4 Options

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.

1.5 Investments in non-consolidated companies and in subsidiaries and associates

Investments non-consolidated companies and in subsidiaries are recognized at historical cost.
Each investment is reassessed at the year end. When the carrying amount exceeds the value in use, an impairment loss is recognized for the amount of the unrealized loss. Unrealized gains are not recognized. The value in use represents the amount the company would be willing to pay to obtain the securities in question, in light of its investment objectives, and may be estimated using various criteria such as adjusted net assets, actual and prospective profitability, and recent average stock market prices.

1.6 Non-current assets

Property and equipment is depreciated over the useful life corresponding to the asset's actual period of use, 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.

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 are used.

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.

1.8 Swaps

Pursuant to Article 2522-1 of ANC standard 2014-07, each bank may need to create three separate swap portfolios depending on whether the swaps are designed to (a) maintain open and separate positions, (b) hedge interest-rate risk for a separate element or a set of similar elements, or (d) enable the specialized management of a trading portfolio. The relevant bank has no category (c) swap portfolios, 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 Article 5.1 of ANC regulation 2014-07, 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 relevant bank’s executive body, as defined by Article L 511-13 of the French Monetary and Financial Code.

1.9 Commitments for retirement, departure and retirement bonuses

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 relevant 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 retirement bonuses
Future departure and retirement bonuses 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 retirement bonuses 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 retire on their own initiative at age 62.

1.10 Fund for general banking risks

Defined by clause 9 of Article 1121-3 of ANC standard 2014-07, this fund is the amount that the relevant 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.

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.

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.

Corporate income tax due for the year and additional contributions are determined in accordance with applicable tax regulations. Tax credits attached to income from securities are not recognized separately, but are deducted directly from the tax expense.

Tax provisions are calculated using the liability method and take into account additional contributions depending on the respective maturities. They are not offset against any amounts due from the French Treasury.

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 Authority (*Autorité des Normes Comptables* - *ANC*) on February 28, 2013.
The amount of the tax credit is not taxable and is credited to a sub-account in payroll costs.

1.14 Consolidation

The company is fully integrated within the consolidation scope of the CM11 Group.

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 and included in the list drawn up in the decree of February 12, 2010.

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, 2014	Additions	Disposals	Transfers or repayments	Gross amount as of Dec 31, 2015
FINANCIAL ASSETS	29,636,287	64,585	12,127	(318,002)	**29,370,743**
PROPERTY AND EQUIPMENT	8,425	7	189		**8,243**
INTANGIBLE ASSETS	8,000				**8,000**
TOTAL	**29,652,712**	**64,592**	**12,316**	**(318,002)**	**29,386,986**

2.1 Depreciation, amortization and impairment of non-current assets

DEPRECIATION AND AMORTIZATION

	Accum. deprec. & amortiz. as of Dec. 31, 2014	Expenses	Reversals	Accum. deprec. & amortiz. as of Dec. 31, 2015
FINANCIAL ASSETS	0			
PROPERTY AND EQUIPMENT	1,616	27	171	**1,472**
INTANGIBLE ASSETS	0			
TOTAL	**1,616**	**27**	**171**	**1,472**

IMPAIRMENT

	Impairment provisions as of Dec. 31, 2014	Losses	Reversals	Impairment provisions as of Dec. 31, 2015
FINANCIAL ASSETS	228,867	108,689	2,775	**334,781**
PROPERTY AND EQUIPMENT	0			**0**
INTANGIBLE ASSETS	0			**0**
TOTAL	**228,867**	**108,689**	**2,775**	**334,781**

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	11,194,351				10	**11,194,361**
Term	12,184,793	17,425,209	48,584,145	22,333,421	339,805	**100,867,373**
LOANS AND RECEIVABLES DUE FROM CUSTOMERS						
Commercial loans	171,507					**171,507**
Other customer loans	1,429,808	900,145	2,313,262	1,869,373	41,076	**6,553,664**
Overdrawn current accounts	100,717					**100,717**
BONDS AND OTHER FIXED-INCOME SECURITIES	360,038	7,071,055	19,310,057	1,156,821	122,796	**28,020,767**
of which trading securities	*15,000*					***15,000***
TOTAL	**25,441,214**	**25,396,409**	**70,207,464**	**25,359,615**	**503,687**	**146,908,389**

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	16,824,741				80	**16,824,821**
Term	6,761,604	5,769,195	24,253,286	10,327,530	377,334	**47,488,949**
DUE TO CUSTOMERS						
Regulated savings accounts						
Demand						**0**
Term						**0**
Other liabilities						
Demand	5,547,621					**5,547,621**
Term	461,107	5,517,462	11,001,134	500,000	5,979	**17,485,682**
DEBT SECURITIES						
Interbank instruments and trading instruments	12,351,717	12,625,858	4,715,775	3,553,742	204,899	**33,451,991**
Bonds	2,074,783	5,215,434	19,277,594	8,675,398	802,576	**36,045,785**
Other securities		250,000	1,006,700	1,555,099	**18,242**	**2,830,041**
SUBORDINATED DEBT		800,000	2,000,000	4,435,379	65,788	**7,301,167**
TOTAL	**44,021,573**	**30,177,949**	**62,254,489**	**29,047,148**	**1,474,898**	**166,976,057**

2.3 Allocation of loans and receivables due from credit institutions

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**2015**	**Net change**	**2014**
Demand	11,194,361	5,349,272	5,845,089
Term	100,867,373	1,567,962	99,299,411
of which irrecoverable loans	0	0	0
(Impairment provisions)	*(0)*	*0*	*(0)*

2.4 Allocation of loans and receivables due from customers

	2015		
Excluding accrued interest of €41,076 thousand from gross receivables	Gross amount	of which non-performing losses	Impairment provisions
By major types of counterparties			
. Companies	6,784,803		
. Sole traders			
. Individuals	8		
. Governments	1		
. Non-profit institutions			
Total	**6,784,812**	**0**	**0**
By business sector			
. Farming and mining			
. Retail and wholesale	194,724		
. Industries	41,855		
. Business services and holding companies	272,938		
. Services to individuals			
. Financial services	5,850,275		
. Real estate services	156,786		
. Transportation and communication	261,545		
. Unallocated and other	6,689		
Total	**6,784,812**	**0**	**0**
By geographic region			
. France	2,133,594		
. Europe, excluding France	4,651,200		
. Rest of the world	18		
Total	**6,784,812**	**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, 2015	Amount as of Dec. 31, 2014
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand	1,325,433	2,125,418
Term	61,317,025	60,442,312
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	5,026,577	4,790,876
Overdrawn current accounts		
BONDS AND OTHER FIXED-INCOME SECURITIES	19,571,848	19,576,422
SUBORDINATED RECEIVABLES	1,507,781	2,029,904
TOTAL	**88,748,664**	**88,964,932**

LIABILITIES

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
DUE TO CREDIT INSTITUTIONS		
Demand	8,064,530	14,274,867
Term	31,687,642	30,302,971
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand	153,521	157,434
Term	15,001,349	15,001,611
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and trading instruments	577,276	632,266
Bonds	4,837,368	4,654,034
Other debt securities		
SUBORDINATED DEBT	843,791	866,582
TOTAL	**61,165,477**	**65,889,765**

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 BFCM Group.

2.6 Allocation of subordinated assets

	Amount as of Dec. 31, 2015		Amount as of Dec. 31, 2014	
	Subordinated amount	of which non-voting loan stock	Subordinated amount	of which non-voting loan stock
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS				
Term	256,000		778,279	
Perpetual	291,000		291,000	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS				
Other customer loans	945,000	945,000	945,000	945,000
BONDS AND OTHER FIXED-INCOME SECURITIES	172,936	120,268	231,157	119,588
TOTAL	**1,664,936**	**1,065,268**	**2,245,436**	**1,064,588**

2.7 Subordinated debt

	Subordinated Note 1	Subordinated Note 2	Subordinated Note 3	Subordinated Note 4	Subordinated Note 5
Amount	300,000	500,000	1,000,000	1,000,000	1,000,000
Maturity	6/16/2016	12/16/2016	12/6/2018	10/22/2020	5/21/2024

	Subordinated Note 6	Subordinated loan	Subordinated Deeply subordinated note
Amount	1,000,000	500,000	1,935,379
Maturity	9/11/2025	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 €7,301,167 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		18,378,534	508	**18,379,042**
BONDS AND OTHER FIXED-INCOME SECURITIES	15,000	7,897,131	20,108,637	**28,020,768**
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES		263,108		**263,108**
TOTAL	**15,000**	**26,538,773**	**20,109,145**	**46,662,918**

2.9 Securities investments: reclassifications

	Held-to-maturity securities reclassified in 2008	Amount due as of Dec. 31, 2015	Amount outstanding as of Dec. 31, 2015	Unrealized loss (impairment) if there was no reclassification	Amount of recovery if there was no reclassification
AVAILABLE-FOR-SALE SECURITIES	1,318,640	1,263,140	55,500		12
TOTAL	**1,318,640**	**1,263,140**	**55,500**	**0**	**12**

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, 2015.

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	33,883	100,893
Money market	35	9,211
HELD-TO-MATURITY SECURITIES		
Bond market	1,210	
Money market		7

2.11 Securities investments: unrealized gains and losses

Amount of unrealized gains on available-for-sale securities:	1,094,644
Amount of unrealized losses on impaired available-for-sale securities:	23,143
Amount of unrealized losses on held-to-maturity securities:	1,306
Amount of unrealized gains on held-to-maturity securities:	55,745

2.12 Securities investments: amount of receivables related to loaned securities

	Amount as of Dec. 31, 2015	**Amount as of Dec. 31, 2014**
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	82,000	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Other customer loans		
DUE TO CREDIT INSTITUTIONS		
Demand		
Term		415,000
DUE TO CUSTOMERS		
Other liabilities		
Demand		
Term		
TOTAL	**82,000**	**415,000**

Assets sold under repurchase agreements correspond to O.A.T to 415,000 thousand euros

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	21,061,053	25,148,783	189,974	**46,399,810**

2.15 Securities investments: breakdown between listed and unlisted

	Amount of listed securities	Amount of unlisted securities	Accrued interest	TOTAL
GOVERNMENT SECURITIES AND EQUIVALENT	5,650,183	12,661,682	67,177	**18,379,042**
BONDS AND OTHER FIXED-INCOME SECURITIES	27,757,961	140,010	122,797	**28,020,768**
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	232,707	30,401		**263,108**
TOTAL	**33,640,851**	**12,832,093**	**189,974**	**46,662,918**

2.16 Securities investments: information on UCITS

	French UCITS	Foreign UCITS	**TOTAL**
VARIABLE INCOME SECURITIES - UCITS	3,572	10,800	**14,372**

	Accumulation UCITS	Distribution UCITS	**TOTAL**
VARIABLE INCOME SECURITIES - UCITS	14,372	0	**14,372**

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, 2015**	Amount invested in credit institutions **as of Dec. 31, 2014**
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS	1,816,264	1,944,061
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	3,702,664	3,743,359
TOTAL	**5,518,928**	**5,687,420**

2.18 Securities investments: information on available-for-sale securities

No available-for-sale securities were held as of December 31, 2015.

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, 2015	Amount as of Dec. 31, 2014
LEGAL RESERVE	151,526	132,926
REGULATORY AND CONTRACTUAL RESERVES	2,481,442	2,259,442
REGULATED RESERVES		
OTHER RESERVES	9,495	9,495
TOTAL	**2,642,463**	**2,401,863**

2.21 Set-up costs, research and development costs and business goodwill

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
SET-UP COSTS		
Organization costs		
Start-up costs		
Capital increase and other costs		
RESEARCH AND DEVELOPMENT COSTS		
BUSINESS GOODWILL		
OTHER INTANGIBLE ASSETS	8,000	8,000
TOTAL	**8,000**	**8,000**

2.22 Receivables eligible for refinancing with a central bank

Receivables eligible for refinancing with a central bank stood at €5,676 thousand as of December 31, 2015.

2.23 Accrued interest receivable or payable

	Accrued interest receivable	Accrued interest payable
ASSETS		
CASH, CENTRAL BANKS, POST OFFICE BANKS		
GOVERNMENT SECURITIES AND EQUIVALENT	67,178	
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand	10	
Term	339,805	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	41,076	
Overdrawn current accounts		
BONDS AND OTHER FIXED-INCOME SECURITIES	122,796	
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		80
Term		377,334
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand		4
Term		5,975
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and trading instruments		204,899
Bonds		802,576
Other debt securities		18,242
SUBORDINATED DEBT		65,788
TOTAL	**570,865**	**1,474,898**

2.24 Other assets and other liabilities

OTHER ASSETS	**Amount as of Dec. 31, 2015**	**Amount as of Dec. 31, 2014**
CONDITIONAL INSTRUMENTS PURCHASED		
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	26,181	35,359
SUNDRY DEBTORS	3,316,882	2,309,844
CARRY BACK RECEIVABLES		
OTHER STOCK AND EQUIVALENT		
OTHER USES OF FUNDS		
TOTAL	**3,343,063**	**2,345,203**

OTHER LIABILITIES	**Amount as of Dec. 31, 2015**	**Amount as of Dec. 31, 2014**
OTHER DEBTS ON SECURITIES		
CONDITIONAL INSTRUMENTS SOLD		
DEBTS ON TRADING SECURITIES		
of which debts on securities borrowed		
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	205,826	426,836
PAYMENTS OUTSTANDING ON SECURITIES NOT FULLY PAID UP		
SUNDRY CREDITORS	2,703,362	2,860,976
TOTAL	**2,909,188**	**3,287,812**

2.25 Accruals

ASSETS

	Amount as of Dec. 31, 2015	**Amount as of Dec. 31, 2014**
HEADQUARTERS AND BRANCH - NETWORK		
COLLECTIONS	57	
OTHER ADJUSTMENTS	624,732	328,120
SUSPENSE ACCOUNTS		
POTENTIAL LOSSES ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED LOSSES ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS SETTLED	71,912	84,267
DEFERRED EXPENSES	204,799	198,995
PREPAID EXPENSES	9,612	15,963
ACCRUED INCOME	1,048,303	1,492,104
OTHER ACCRUALS	87,947	44,484
TOTAL	**2,047,362**	**2,163,933**

LIABILITIES

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
HEADQUARTERS AND BRANCH - NETWORK		
ACCOUNTS UNAVAILABLE DUE TO COLLECTION PROCEDURES		285
OTHER ADJUSTMENTS		2,028
SUSPENSE ACCOUNTS		
POTENTIAL GAINS ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED	288	
DEFERRED GAINS ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS SETTLED	272,501	261,773
DEFERRED INCOME	57,279	65,302
ACCRUED EXPENSES	549,054	985,592
OTHER ACCRUALS	91,731	65,815
TOTAL	**970,853**	**1,380,795**

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, 2015	Amount as of Dec. 31, 2014
ISSUANCE PREMIUM ON FIXED-INCOME SECURITIES	158,400	163,794
REDEMPTION PREMIUMS ON FIXED-INCOME SECURITIES	14,630	20,151

2.27 Provisions

	Amount as of Dec. 31, 2015	Additions	Reversals	Amount 2014	Reversal lag
PROVISION FOR ASSOCIATE-RELATED RISKS	70,200	43,000		27,200	> 3 years
PROVISION FOR RETIREMENT BENEFITS	1,875	675		1,200	< 3 years
PROVISION FOR SWAPS	12,495	4,468	1,271	9,298	< 1 year
PROVISION FOR TAXES	0			0	
PROVISION FOR GUARANTEE COMMITMENTS	15,858			15,858	< 3 years
OTHER PROVISIONS	745	745	866	866	< 1 year
TOTAL	**101,173**	**48,888**	**2,137**	**54,422**	

2.28 Equivalent in euros of assets and liabilities denominated in non-euro zone currencies

ASSETS

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
CASH, CENTRAL BANKS, POST OFFICE BANKS		
GOVERNMENT SECURITIES AND EQUIVALENT		
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	13,529,893	11,789,845
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	53,806	43,733
BONDS AND OTHER FIXED-INCOME SECURITIES		
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	17,129	20,940
REAL ESTATE DEVELOPMENT		
SUBORDINATED LOANS		
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS	1,373,437	1,323,011
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES		
INTANGIBLE ASSETS		
PROPERTY AND EQUIPMENT		
OTHER ASSETS	19,743	83,160
ACCRUALS	147,157	125,329
TOTAL FOREIGN-CURRENCY DENOMINATED ASSETS	**15,141,165**	**13,386,018**
Percentage of total assets	**8.40%**	**7.81%**

LIABILITIES

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
CENTRAL BANKS, POST OFFICE BANKS		
DUE TO CREDIT INSTITUTIONS	3,371,752	3,406,175
DUE TO CUSTOMERS	165,959	111,856
DEBT SECURITIES	18,989,995	16,664,799
OTHER LIABILITIES	206,092	140,229
ACCRUALS	149,590	157,361
PROVISIONS		
SUBORDINATED DEBT		
TOTAL FOREIGN-CURRENCY DENOMINATED LIABILITIES	**22,883,388**	**20,480,420**
Percentage of total liabilities	**12.70%**	**11.95%**

Notes to the off-statement of financial position items

3.1 Assets pledged as collateral for commitments

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
ASSETS PLEDGED FOR TRANSACTIONS ON FORWARD MARKETS	0	0
OTHER ASSETS PLEDGED	13,943,825	13,216,936
of which to Banque de France	*13,943,825*	*13,216,936*
TOTAL	**13,943,825**	**13,216,936**

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, 2015, this procedure had not been called upon.

3.2 Assets received as collateral

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
ASSETS RECEIVED IN PLEDGE FOR TRANSACTIONS ON FORWARD MARKETS		
OTHER ASSETS RECEIVED	0	0
TOTAL	**0**	**0**

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, 2015, assigned receivables totaled €8,447,064 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 €7,688,522 thousand at the same date.

3.3 Forward transactions in foreign currencies not settled as of December 31

	Amount as of Dec. 31, 2015		Amount as of Dec. 31, 2014	
FORWARD FOREIGN EXCHANGE TRANSACTIONS	Assets	Liabilities	Assets	Liabilities
Euros receivable/foreign currencies payable	9,721,363	9,868,108	7,954,245	8,223,939
of which currency swaps	*5,294,470*	*5,401,523*	*1,818,077*	*1,856,824*
Foreign currencies receivable/euros payable	19,132,768	18,226,922	16,538,121	15,972,138
of which currency swaps	*7,419,763*	*6,654,898*	*6,132,358*	*5,998,321*
Foreign currencies receivable/foreign currencies payable	9,675,871	9,769,260	11,521,992	11,470,562
of which currency swaps				

3.4 Other forward transactions not settled as of December 31

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
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	162,737,558	273,727,705
of which interest rate swaps	*159,387,550*	*271,122,371*
interest rate swaps denominated in foreign currencies	*3,350,008*	*2,605,334*
purchases of forward rate agreements		
sales of forward rate agreements		
Conditional hedging transactions		0
of which purchases of swap options		
sales of swap options		
of which purchases of caps and floors		*0*
sales of caps and floors		*0*
Other firm transactions	7,918,968	1,138,645
of which interest rate swaps	*7,918,968*	*1,138,645*
interest rate swaps denominated in foreign currencies	0	0
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, 2015			Amount as of Dec. 31, 2014		
	0 - 1 year	1 - 5 years	> 5 years	0 - 1 year	1 - 5 years	> 5 years
FOREIGN CURRENCY TRANSACTIONS	27,609,783	8,262,946	1,991,561	29,187,699	6,141,419	702,023
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	43,826,826	96,223,567	30,606,133	41,205,423	70,106,325	163,554,602
of which swaps	*43,826,826*	*96,223,567*	*30,606,133*	*41,205,423*	*70,106,325*	*163,554,602*
purchases of forward rate agreements						
sales of forward rate agreements						
Conditional hedging transactions						
of which purchases of swap options						
sales of swap options						
of which purchases of caps and floors						
sales of caps and floors						
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, 2015	Amount as of Dec. 31, 2014
Financing commitments	8,660,000	8,615,000
Guarantee commitments	3,535,530	3,162,294
Foreign exchange commitments	4,151,011	3,899,636
Commitments on forward financial instruments	49,101,147	155,641,615
TOTAL	**65,447,688**	**171,318,545**

Commitments received

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
Financing commitments		
Guarantee commitments		
Foreign exchange commitments	4,064,328	3,909,873
Commitments on forward financial instruments		
TOTAL	**4,064,328**	**3,909,873**

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 BFCM Group.

3.7 Fair value of derivative instruments

	Amount as of Dec. 31, 2015		Amount as of Dec. 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate risk - hedge accounting (macro-micro)				
Conditional or optional instruments				
Firm instruments other than swaps				
Embedded derivatives	60,892	238,549	52,076	232,830
Swaps	4,034,589	2,170,629	4,620,546	2,325,588
Interest rate risks - excluding hedge accounting				
Conditional or optional instruments				
Firm instruments other than swaps				
Embedded derivatives	28,209		60,247	
Swaps	1,425,431	1,462,304	13,404,263	13,460,423
Foreign exchange risk				
Conditional or optional instruments				
Firm instruments other than swaps				
Swaps	36,660	10,335	10,059	3,093

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 2015	Income 2014
CREDIT INSTITUTIONS	5,473,017	7,574,805
CUSTOMERS	147,586	180,362
BONDS AND OTHER FIXED-INCOME SECURITIES	650,187	706,314
SUBORDINATED LOANS	85,400	84,214
OTHER SIMILAR INCOME	17,726	19,453
NET REVERSAL OF (ADDITION TO) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS		
NET REVERSAL OF (ADDITION TO) PROVISIONS ON OTHER SIMILAR INCOME		
TOTAL	**6,373,916**	**8,565,148**

	Expenses 2015	Expenses 2014
CREDIT INSTITUTIONS	4,482,798	6,510,424
CUSTOMERS	209,784	324,332
BONDS AND OTHER FIXED-INCOME SECURITIES	1,363,468	1,422,885
SUBORDINATED DEBT	328,581	333,487
OTHER SIMILAR EXPENSES	129,138	124,103
NET ADDITION TO (REVERSAL OF) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS		
NET ADDITION TO (REVERSAL OF) PROVISIONS FOR OTHER SIMILAR EXPENSES		
TOTAL	**6,513,769**	**8,715,231**

4.2 Analysis of income from variable-income securities

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
AVAILABLE-FOR-SALE EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	12,983	18,081
SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS	449,719	454,055
MEDIUM-TERM AVAILABLE-FOR-SALE SECURITIES		
TOTAL	**462,702**	**472,136**

4.3 Fees and commissions

	Income 2015	Income 2014
CREDIT INSTITUTIONS	147	315
CUSTOMERS	1,475	3,961
SECURITIES TRANSACTIONS	48	115
FOREIGN EXCHANGE TRANSACTIONS	21	1
FINANCIAL SERVICES PROVIDED	43,688	39,581
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		
OTHER	95	2,000
REVERSALS FROM PROVISIONS RELATING TO FEES AND COMMISSIONS		
TOTAL	**45,474**	**45,973**

	Expenses 2015	Expenses 2014
CREDIT INSTITUTIONS	11,678	2,413
CUSTOMERS	4	2
SECURITIES TRANSACTIONS	7,014	6,906
FOREIGN EXCHANGE TRANSACTIONS	804	870
FINANCIAL SERVICES PROVIDED	36,625	30,702
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		
OTHER	33	2,016
ADDITIONS TO PROVISIONS RELATING TO FEES AND COMMISSIONS		
TOTAL	**56,158**	**42,909**

4.4 Gains (losses) on trading securities

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
TRADING SECURITIES	(451)	125
FOREIGN EXCHANGE	21,324	3,717
FORWARD FINANCIAL INSTRUMENTS	(245)	(930)
NET IMPAIRMENT REVERSALS (LOSSES)	(3,197)	12,518
TOTAL	**17,431**	**15,430**

4.5 Gains (losses) on available-for-sale and similar securities

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
ACQUISITION EXPENSES ON AVAILABLE-FOR-SALE SECURITIES	(107)	(4)
NET GAIN (LOSS) ON DISPOSALS	136,743	18,979
NET IMPAIRMENT REVERSALS (LOSSES)	49,346	4,960
TOTAL	**185,982**	**23,935**

4.6 Other operating income and expenses

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
MISCELLANEOUS OPERATING INCOME	532	1,049
MISCELLANEOUS OPERATING EXPENSES	(10,157)	(7,458)
TOTAL	**(9,625)**	**(6,409)**

4.7 General operating expenses

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
SALARIES AND WAGES	5,326	5,712
RETIREMENT BENEFITS EXPENSE	682	708
OTHER PAYROLL-RELATED EXPENSES	1,574	1,696
PROFIT-SHARING AND INCENTIVE PLANS	412	346
PAYROLL AND SIMILAR TAXES	1,169	1,218
OTHER TAXES AND DUTIES	17,236	16,702
EXTERNAL SERVICES	44,951	34,219
NET ADDITIONS TO/REVERSALS FROM PROVISIONS RELATING TO GENERAL OPERATING EXPENSES	675	80
REINVOICED EXPENSES	(6,567)	(6,969)
TOTAL	**65,458**	**53,712**

The competitiveness and employment tax credit (CICE), recognized as a credit to payroll costs, amounted to €50,895.23 for fiscal year 2015.

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
- through IT development on reshaping the website enabling customers and members to have a better overall visibility of accounts and services offered
- 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 €5,723,383.33 compared with €5,743,310.32 in 2014. No attendance fees were paid.
Related party transactions:

· 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, 2015.
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 €18,411 in 2015.

. At its meeting of February 26, 2015, the Board of Directors of BFCM approved a severance payment in case of termination of Mr. Thery'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 €690,000 (including social security contributions). A provision was recognized for the outstanding amount as of December 31, 2015.
Mr. Thery 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 €18,411 in 2015.

Pursuant to Decree 2008-1487 of November 30, 2008 relating to statutory auditors, the fees paid for the statutory audit amounted to €560,393.95. Fees for directly related advisory and other services totaled €2,584,958.76

4.8 Net additions to/reversals of provisions for loan losses

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
ADDITIONS TO PROVISIONS FOR RECEIVABLES		
REVERSALS OF PROVISIONS FOR RECEIVABLES	0	136
LOSS ON IRRECOVERABLE RECEIVABLES COVERED BY PROVISIONS	0	(136)
TOTAL	**0**	**0**

4.9 Gains (losses) on non-current assets

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
GAINS (LOSSES) ON PROPERTY AND EQUIPMENT	4	
GAINS (LOSSES) ON FINANCIAL ASSETS	16,595	88,437
IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS	(105,915)	(59,385)
REVERSALS FROM (ADDITIONS TO) PROVISIONS FOR RISKS AND CHARGES	(43,000)	(13,200)
TOTAL	**(132,316)**	**15,852**

4.10 Breakdown of corporate income tax

	Amount as of Dec. 31, 2015	Amount as of Dec. 31, 2014
(A) TAX ON ORDINARY INCOME	22,217	3,783
(B) TAX ON EXTRAORDINARY ITEMS	(2,192)	
(C) EFFECTS OF TAX CONSOLIDATION	(55,240)	(48,697)
(A + B + C) INCOME TAX FOR THE YEAR	(35,215)	(44,914)
ADDITIONS TO PROVISIONS RELATING TO INCOME TAX		
REVERSALS FROM PROVISIONS RELATING TO INCOME TAX	0	(1,750)
TOTAL CORPORATE INCOME TAX FOR THE YEAR	**(35,215)**	**(46,664)**

FIVE-YEAR FINANCIAL SUMMARY

(amounts in €)

	2011	2012	2013	2014	2015
1. Capital at the reporting date					
a) Capital stock	1,324,813,250.00	1,326,630,650.00	1,329,256,700.00	1,573,379,650.00	1,688,529,500.00
b) Number of common shares outstanding	26,496,265	26,532,613	26,585,134	31,467,593	33,770,590 (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	374,735,749.37	613,947,145.96	383,360,600.79	358,072,278.38	505,953,887.37
b) Income before tax, profit-sharing, depreciation, amortization and provisions	485,783,259.18	404,393,723.58	220,719,959.14	379,019,568.48	410,762,894.39
c) Corporate income tax	-41,469,790.81	-14,371,909.94	-34,921,389.62	-44,913,762.15	-35,214,634.44
d) Profit sharing	120,989.88	62,577.07	91,347.06	80,817.13	65,752.38
e) Income after tax, profit-sharing, depreciation, amortization and provisions	289,765,321.77	649,396,490.02	311,481,573.22	371,064,805.48	342,644,532.10
f) Earnings distributed	52,463,198.60	70,263,445.09	130,116,946.54	130,590,510.95	140,147,948.50
3. Earnings per share					
a) Earnings after tax and profit-sharing, but before depreciation, amortization and provisions	19.89	15.78	9.61	13.47	13.20
b) Earnings after tax, profit-sharing, depreciation, amortization and provisions	10.94	24.48	11.72	11.79	10.15
c) Dividend per share	2.00	2.65	4.90	4.15	4.15
	0.83	1.33	2.04		
4. Employees					
a) Average number of employees for the year	26	27	27	27	23
b) Payroll expense	4,859,236.29	5,328,750.54	5,641,794.04	5,711,747.91	5,325,581.38
c) Employee benefits (social security, benefit plans)	2,004,643.97	2,281,964.98	2,381,796.54	2,403,577.71	2,256,273.16

(a): 33,770,590 shares carrying dividend rights for the full year following the capital increase on July 7, 2015

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 (€16,885,295)	Capital as of Dec. 31, 2014	Shareholders' equity other than capital and unappropriated earnings as of Dec. 31, 2014	Percentage of capital held as of Dec. 31, 2015	Carrying amount of investment held as of Dec. 31, 2015		Outstanding loans and advances granted by the Bank as of Dec. 31, 2015	Guarantees and securities provided by the Bank as of Dec. 31, 2015	Revenues as of Dec. 31, 2014	Net income (loss) as of Dec. 31, 2014	Net dividends received by the Bank as of Dec. 31, 2015	Notes
				Gross	Net						
1) Subsidiaries (more than 50%-owned)											
VENTADOUR INVESTISSEMENT 1, SA, Paris	600,000	50,361	100	600,294	600,294	384,000	0	0 (3)	32,508	0	
CM AKQUISITIONS GmbH, Düsseldorf	200,225	322,276	100	200,225	200,225	4,649,900	0	7,892	14,130	0	
CREDIT MUTUEL-CIC Home Loan SFH (formerly CM-CIC COVERED BONDS), SA, Paris	220,000	3,118	100	220,000	220,000	4,419,672	0	3,059 (4)	1,431	660	
GROUPE REPUBLICAIN LORRAIN COMUNICATION, SAS, Woippy	1,512	40,905	100	94,514	0	11,742	0	4,396	-29,666	0	
CIC IBERBANCO, SA à Directoire et Conseil de Surveillance, Paris	25,143	49,454	100	84,998	84,998	141,784	0	25,378 (4)	3,055	1,068	
SIM (formerly EBRA), SAS, Houdemont	40,038	-187,853	100	40,037	0	229,949	0	2,087	-2,845	0	
CM-CIC IMMOBILIER (formerly ATARAXIA), SAS, Orvault	31,760	46,801	100	80,986	80,986	5,752	0	4,937	1,651	495	
FIVORY (formerly BCMI ILE-DE-France), SA, Paris	15,200	3,881	99.5	18,945	18,945	0	0	64 (4)	0	0	
BANQUE EUROPEENNE DU CREDIT MUTUEL, BECM, SAS, Strasbourg	108,802	587,686	96.08	244,722	244,722	3,613,518	5,310,000	226,104 (4)	82,748	23,677	
SAP ALSACE (formerly SFEJIC), SAS, Mulhouse	10,210	-50,877	95.68	15,953	0	5,556	0	32,551	-10,218	0	
SOCIETE DU JOURNAL L'EST REPUBLICAIN, SA, Houdemont	2,400	-2,406	92.1	83,909	47,109	0	0	87,776 NC	-10,989	0	
CREDIT INDUSTRIEL ET COMMERCIAL, SA, Paris	608,440	10,542,000	72.73	2,945,749	2,945,749	36,662,855	5,850,000	4,410,000 (4)	1,116,000	221,263	Consolidated
COFIDIS PARTICIPATION, SA, Villeuneuve d'Asq	116,062	1,031,649	54.63	1,027,701	1,027,701	8,746,336	0	1,146,478 (4)	132,958	32,677	Consolidated
GROUPE DES ASSURANCES DU CREDIT MUTUEL, SA, Strasbourg	1,118,793	4,497,372	52.81	974,661	974,661	0	0	10,580,858	637,497	129,590	Consolidated
SPI (SOCIETE PRESSE INVESTISSEMENT), SA, Houdemont	77,239	2,905	50.96	75,200	75,200	0	0	0 (3)	-1,963	0	
2) Associates (10% to 50%-owned)											
TARGOBANK Spain (formerly BANCO POPULAR HIPOTECARIO), Madrid	176,045	123,238	50	312,500	312,500	0	13,374	97,451 (4)	16,207	0	
BANQUE DU GROUPE CASINO, SA, Saint Etienne	23,470	78,978	50	88,570	47,970	732,925	410,000	88,001 (4)	-6,333	0	Consolidated
CM-CIC LEASE, SA, Paris	64,399	29,987	45.94	47,779	47,779	3,608,431	21,239	17,253 (4)	3,215	1,775	
BANQUE MAROCAINE DU COMMERCE EXTERIEUR, Casablanca	1,794,634 (1)	16,316,356 (1)	26.21	1,132,993	1,132,993	0	0	11,497,227 (1)	2,692,179 (1)	16,530	Consolidated
CAISSE DE REFINANCEMENT DE L'HABITAT, SA, Paris	539,995	21,633	20.95	117,474	117,474	0	400,434	3,530 (4)	545	0	
BANQUE DE TUNISIE, Tunis	150,000 (2)	423,907 (2)	34	203,974	203,974	0	0	199,737 (2)	88,668 (2)	6,993	Consolidated
CLUB SAGEM, SAS, Paris	65,509	96,772	9.46	44,662	44,662	0	0	0 (3)	77,430	0	
3) Other (less than 10%-owned)											
BANCO POPULAR ESPAGNOL, Madrid	1,050,384	11,289,068	4.03	524,204	443,204	0	0	3,876,033 (4)	330,415	6,143	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	Capital as of Dec. 31, 2014	Shareholders' equity other than capital and unappropriated earnings as of Dec. 31, 2014	Percentage of capital held as of Dec. 31, 2015	Carrying amount of investment held as of Dec. 31, 2015		Outstanding loans and advances granted by the Bank as of Dec. 31, 2015	Guarantees and securities provided by the Bank as of Dec. 31, 2015	Revenues as of Dec. 31, 2014	Net income (loss) as of Dec. 31, 2014	Net dividends received by the Bank as of Dec. 31, 2015
				Gross	Net					
1) Subsidiaries not included in section A										
a) French subsidiaries (collectively)				54,366	38,007	60,342	0			2,681
of which SNC Rema, Strasbourg				305	305	0	0			108
b) Foreign subsidiaries (collectively)				0	0					
2) Associates not included in section A										
a) French associates (collectively)				20,207	11,230	4,001	0			515
of which SAP ALSACE, Strasbourg				6,604	0					
b) Foreign associates (collectively)				3,430	3,430	1,300	0			5,100
3) Other investments not included in section A										
a) Other investments in French companies (collectively)				20,638	20,097	0	0			441
a) Other investments in foreign companies (collectively)				847	847	0	0			0

have reviewedprocedures,have reviewedproceduresusing , in the case of assets,, in the case of liabilities,with regard towere,, the specific verifications required by French lawWith regard tohave ,where[Consider mirroring these comments in the CM11 auditors report.]

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.

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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, 2015

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, 2015 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, 2015 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 19, 2016.

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

Crédit Mutuel: a socially responsible company
Chairman's and Chief Executive Officer's statement

The Crédit Mutuel Group has taken the economic, social and societal impacts of its activities into consideration for many years, long before the recent requirements of corporate social responsibility (CSR) regulations.

This approach is in line with a policy defined within the Crédit Mutuel Group, whose values of responsibility and solidarity, along with a commitment to the regions' economic and social development, have always been the cornerstone of its actions. It is reflected in a decentralized governance structure that is apparent at each local cooperative bank at the member level. Crédit Mutuel's cooperative model is based on a long-term investment objective and is supported by directors who are firmly committed to serving members for many years. Its commitments are reflected in the cooperative reporting and action plans developed and implemented at each of Crédit Mutuel's local cooperative banks.
A major player in banking, insurance, mobile phone and technology services, Crédit Mutuel and its subsidiaries are leading employers in France. By spending more than 5% of its payroll on training and developing tools to apply best practices and reward employees, Crédit Mutuel's policy focuses on optimizing skills while ensuring equal opportunity.

At a societal level, it plays an active role in the regions' advancement and in financing the real economy, supports entrepreneurial initiatives, is involved in the development of very small, small and medium-sized enterprises, supports tradespeople and encourages professional microcredit. As a promoter of socially responsible investment, it encourages solidarity-based savings and environmentally responsible behavior. It works closely with young people and associations and contributes to society directly and through numerous partnerships in the solidarity, culture, music and cooperation sectors.

To better serve the interests of its customer-members and offer them high-quality service while protecting their personal electronic data, it regularly assesses their satisfaction and customer relationship quality. In this same vein, it has developed online services for connected customers and services for customers with financial difficulties, and has supported social microcredit. Crédit Mutuel is attentive to all its customers and members.

In terms of risk management, Crédit Mutuel monitors the environmental and social impact of its activities by setting specific financing and investment criteria. Despite having minimal exposure to controversial activities and financing, it has deployed and continues to implement internal sector procedures (private banking, coal-fired power plants, defense, nuclear energy, mining sector, etc.). In very practical ways, at all its business lines and technical subsidiaries (desktop publishing, IT, etc.), the Group strives to control its energy consumption in order to protect the environment. Finally, when selecting its partners, the Group uses criteria to assess their own social responsibility.

Through its commitments to the economy, society and the environment, and strengthened by its corporate governance model, the Crédit Mutuel Group acts as a responsible bank for all its customers and members.

Nicolas Théry	Alain Fradin
Chairman of the Board of Directors	Chief Executive Officer

VII.1 – Foreword

VII.1.1 - Presentation of the scope of consolidation

CF de CM follows the recommendations of the Confédération Nationale du Crédit Mutuel (CNCM) with regard to social and environmental responsibility.
Pursuant to Article R. 225-105 of the French Commercial Code, the management report must describe the actions taken and policies adopted by the company to take into account the social and environmental impacts of its activity (Grenelle II Law, Article L. 225).
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 mutual banking division and the BFCM Group are complementary and interconnected entities of the Group. Not only is the mutual banking division the controlling shareholder of BFCM Group, the Crédit Mutuel Caisses (Local Cooperative Banks) of the 11 federations are also a vital network for marketing the products and services of BFCM's specialized subsidiaries; these subsidiaries then pay commission to the Local Cooperative Banks in return for the deal flow.

Given the Group's organization, the information required in the report is provided below in the name of CF de CM on behalf of the Group scope. For the Group scope, CF de CM holds the collective license (banking code) for all the affiliated local cooperative banks and is the head of the group comprising BFCM and its subsidiaries as defined in Articles L. 233-3 and L. 233-16 of the French Commercial Code.

The Group includes companies that are individually under an obligation to publish a specific report:

- Cofidis SA
- for the CIC Group, a listed company, a specific report is published 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

In keeping with the Group's organization, the information relating to the companies in the Technology and Press divisions is provided separately from the 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.

The full list of the Group's companies in the Press and Technology divisions is appended to this report.

Entities subject to the reporting requirements under Article 225:

As an entity that issues securities on a regulated market, BFCM is subject to the publication and verification requirements of Article 225 of the Grenelle II Law for 2015. However, given that BFCM is a legal entity that does not have actual employees, the social and societal policies are implemented at the CF de CM level and applied across-the-board at the subsidiaries. BFCM's environmental, social and societal information is therefore provided on a consolidated basis in the registration document of CF de CM.

The Federations, CF de CM and the subsidiaries

The local cooperative banks belong to a federation. Depending on where the local cooperative banks are located, the federation is either an association governed by the law of July 1, 1901 or, for those located 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, CF de CM holds the collective banking license that benefits all affiliated local Caisses, in accordance with the French Monetary and Financial Code.
CF de CM is responsible for the Group's solvency and liquidity as well as the Group's compliance with banking and financial regulations.
On behalf of the local Caisses, CF de CM 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.

Pursuant to the French Monetary and Financial Code, each Crédit Mutuel regional group is organized around a federation, a regional cooperative bank and all the local cooperative banks that are affiliated with this federation and use the same banking code as CF de CM. CF de CM 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.

Since January 1, 2012, the mutual banking division includes 11 Crédit Mutuel federations that have established partnerships authorized by the French supervisory authority, Autorité de Contrôle Prudentiel et de Résolution (ACPR), and which resulted in the creation of CF de CM, the local cooperative bank common to 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), and
- Crédit Mutuel Anjou – CMA – (Angers).

Each local cooperative bank is a member of the Federation in its geographic region and each Federation retains its autonomy and prerogatives in its territory.

The term "national Group" refers to the entire Crédit Mutuel Group.

The term "CM11 Group" refers to the entities indicated above (the 11 regional Groups included in the mutual banking division) and the shareholder-owned BFCM Group.

The CM11 Group's scope in 2015 corresponds to the consolidated scope of the CM11 Group presented in this Registration Document for the year 2015.

Corporate governance of CM11 Group

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 local cooperative banks then elect their representative at the federation level. The Federal (or District, an intermediate level for the CMCEE federation) Chairman can become a member of the Board of Directors of CF de CM and its subsidiary, BFCM.

VII.1.2 - CM11 Group's CSR strategy and positioning

The Group places high priority on relations with its members and customers and on innovative products and services that satisfy their needs, while also focusing on the operating and governance model related to its bylaws.

However, an awareness of the impacts of its activities and its resulting responsibility go beyond these priorities and are assessed both in the way it conducts its banking activities and as a cooperative company. On a daily basis, this is reflected in concrete actions such as building the skills of the directors who represent members on the boards of directors; involving its employees in meaningful projects; working with associations in its regions; and protecting the environment and limiting the use of natural resources.

Some Group entities have incorporated corporate social responsibility into their strategy planning [**GOUV72**]. For example, at CMLACO, an "agenda 21" commission was set up six 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". It is also worth noting that this plan has been extended through 2018 at all Group entities. Generally speaking, corporate social responsibility is overseen by the CNCM, but each entity acts at its own level to launch local initiatives. This commitment is not limited to entities in France, but also extends to the Group's international entities. For example, the Portuguese subsidiary of Cofidis has developed a three-year strategic plan with analysis, objectives and action plans in the area of sustainable development.

At each Federation within the Group, 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.

CSR officers have also been appointed at each of the subsidiaries or business lines of the BFCM Group (a business line includes several subsidiaries carrying out the same activity: ACM group, Press division, etc.). Actions are taken in close collaboration with the management of these entities.

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 Développements, Euro-Information Telecom, Euro-Protection Surveillance and TARGO IT Consulting. To simplify collection and consolidation, TARGO IT will be consolidated directly into the Group for 2016 data.

The Press division comprises the following entities: SAP Alsace; Mediaportage; Distripub; Presse Diffusion; Jean Bozzi Communication; Groupe Progrès; Publiprint Province N°1; SCI Le Progrès Confluence; Documents AP; Immocity; Le Dauphiné Libéré; Groupe Dauphiné Média; La Tribune; La Liberté de l'Est; Groupe Est Républicain; Sim; Affiches d'Alsace Lorraine; Alsace Media Participations; Alsacienne de Portage des DNA; Les Dernières Nouvelles d'Alsace; Les Dernières Nouvelles de Colmar; GRLC; 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.

Area	Indicator	Methodological note
SOC01	Total headcount	The data is provided for the entire scope excluding CIC's foreign subsidiaries (i.e. 97.4% of the CM11 Group's total workforce).
SOC13	Recruitment: Total number of new hires	The data is missing for CIC's foreign subsidiaries.
SOC19	Number of employees under permanent contracts who left the organization	The data is missing for CIC's foreign subsidiaries.
SOC38	Number of days of absence	The data is missing for:

		- Targobank Germany - ACM subsidiaries outside France - Cofidis subsidiaries outside France and Spain - CIC's foreign subsidiaries
SOC47	% of payroll costs dedicated to training	The data is missing for: - Cofidis subsidiaries outside France and Spain - CIC's foreign subsidiaries
SOC50	Training: Total hours of training	The data is missing for the following subsidiaries: - Cofidis outside France and Spain - ACM abroad - CIC's foreign subsidiaries
SOC60	% of managerial staff who are women	The data is missing for the following subsidiaries: - Cofidis outside France and Spain - ACM abroad - CIC's foreign subsidiaries
SOC107	Gross payroll costs- permanent contracts (€)	The data is provided for the entire scope excluding CIC's foreign subsidiaries.
SOC108	Gross payroll costs- permanent contracts non-managerial (€)	The data is provided for the entire scope excluding CIC's foreign subsidiaries.
SOC109	Gross payroll costs- permanent contracts managerial (€)	The data is provided for the entire scope excluding CIC's foreign subsidiaries.
ENV05	Total energy consumption	The data is provided for the entire scope excluding CIC's foreign subsidiaries.
ENV09	Paper consumption	The data is provided for the entire scope excluding CIC's foreign subsidiaries.
GOUV03	Number of local cooperative banks	This indicator concerns the 11 federations
GOUV05	Number of elected directors at federations	This indicator concerns the 11 federations
GOUV34	% of women among new directors of local cooperative banks	This indicator concerns the 11 federations
GOUV56	Hours of training provided to directors (federation level; CM11)	This indicator concerns the 11 federations
SOT16	Number of applications processed - ADIE	Indicator published in the CNCM report
SOT17	Amount of lines of credit made available - ADIE	Indicator published in the CNCM report
SOT19A	Number of new microloans financed - France Active	Indicator published in the CNCM report
SOT20A	Amounts guaranteed - France Active	Indicator published in the CNCM report
SOT19B	Number of Nacre loans disbursed with an additional loan from the Group	Indicator published in the CNCM report
SOT20B	Loan amounts - France Active Nacre	Indicator published in the CNCM report
SOT22	Number of additional bank loans issued - Initiative France	Indicator published in the CNCM report
SOT23	Amount of additional bank loans issued - Initiative France	Indicator published in the CNCM report
SOT28	SRI assets under management	Data from CM-CIC Asset Management on behalf of the 11 federations and CIC's regional banks in France.
SOT37	Assets under management (euros) in socially responsible employee savings plans	Data from CM-CIC Asset Management on behalf of the 11 federations and CIC's regional banks in France.
SOT40	Number of non-profit organizations that are customers (associations, labor organizations, works councils, etc.)	This indicator refers to the Crédit Mutuel federations and CIC regional banks.
SOT52	Total budget dedicated to patronage and sponsorship ([1])	The data is provided for the entire scope excluding CIC's foreign subsidiaries.

(1) This indicator may include budgets allocated in 2015 but not yet fully disbursed during the year.

The Group sees corporate social responsibility as a means of strengthening its identity and highlighting its cooperative status. The Group has taken action to produce CSR indicators in order to better identify the behaviors and contributions to society of its entities and report on them.

The involvement of the various contributors within the Group has been gradually facilitated by the introduction of reporting tools.

The measurement and reporting methodology developed in 2006 has been extended gradually to all Group banking and insurance entities. It is regularly updated and amended by a CSR working group set up at national level, which brings together all the regional federations and the Group's main subsidiaries.

This working group meets at least six times each year, enabling Group entities to exchange information about internal initiatives and good practices for implementing corporate social responsibility at the company level. Exchanges with stakeholders and other cooperative banks have also enabled them to share knowledge about governance indicators and define a common set of indicators.

This methodology is the result of a collective effort and defines the rules for collecting, calculating and consolidating indicators, including the scope of application and the controls to be performed. It is intended, in particular, for the national coordinators involved in collecting and reporting data at the Crédit Mutuel regional federations and the main subsidiaries. It may also 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.

Reference period of data:

The data relates to the 2015 calendar year (except for the CIC Group, for which the environmental data sometimes covers the period from December 1, 2014 to November 30, 2015).

Main data collection rules:

Data collection for 2015 was announced in October 2015 in order to mobilize all the departments concerned and organize reporting levels and consistency checks. Data collection was broken down into qualitative information (which began in November 2015) followed by quantitative data (which began in mid-December). Compared with the previous year, 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 selected CSR indicators are based in particular on:

- Article 225 of the Grenelle 2 Law;
- greenhouse gas assessments (Decree 2011-829 of July 11, 2011);
- cooperative reporting.

Governance indicators:

Some of the indicators and comments relate to governance. The data in this section is mainly taken from a database used to manage the offices held by the elected members and their functions (entered by Crédit Mutuel local cooperative bank managers as corporate changes are made to their boards) and from the cooperative reporting (entered into an application by local cooperative bank managers between mid-January and end-February to report on corporate actions and events during the previous year). Other information, such as data regarding the membership, is taken from the "management control" information system.

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, 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:

Most of the social indicators come from the Group "management control" information system. The criteria and parameters are computerized in order to achieve greater reliability and traceability of the information provided.

Environmental indicators:

Given the nature of the Group's activities, noise, soil and other forms of pollution from discharges into the air, water and soil which seriously affect the environment at its operating sites do not appear to be significant. Neither does the Group have any significant impact on biodiversity. However, these aspects have been reintegrated into its overall CSR approach although not included in this report. Credit Mutuel has not recognized any provisions in its accounts in respect of environmental risk.

As energy and water consumption data is not available for all the Group branches, CM-CIC Services has developed a calculation system for estimating this consumption when necessary.

For foreign entities (not in the information system), data has been collected using an Excel spreadsheet, which was then imported into the CSR consolidation application.

The data reported for Cofidis and CMA and for some of the branches in the Group 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 only for several months, it is extrapolated for 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);

For energy consumption (**ENV05**), approximately 22% of the published data was extrapolated based on the consumption shown on energy bills. For water consumption (**ENV04**), approximately 50% of the published data was extrapolated based on known consumption.

Thirty indicators are subject to a publication review, a data audit (on-site or remote) based on analytical reviews, substantiation tests on a sampling basis, comparison with sector performance ratios, interviews and a report testifying to the existence of the information and expressing an opinion on its sincerity, issued by the auditors designated as an independent third party.

CODE	Indicator	Unit	2015 amount	2014 amount
GOUV03	Number of local cooperative banks	note:	**1,393**	**1,412**

GOUV05	Number of elected members at federations	note:	**311**	**278**
GOUV34	% of women among new directors of local cooperative banks	note:	**44%**	**40%**
GOUV56	Hours of training provided to directors (federation level; CM11)	note:	**105,009**	**98,892**
SOT16	Number of applications processed - ADIE	note:	**Amount published in the CNCM report**	
SOT17	Amount of lines of credit made available - ADIE	€M	**Amount published in the CNCM report**	
SOT19A	Number of new microloans financed - France Active	note:	**Amount published in the CNCM report**	
SOT20A	Amounts guaranteed - France Active	€M	**Amount published in the CNCM report**	
SOT19B	Number of Nacre loans disbursed with an additional loan from the Group	note:	**Amount published in the CNCM report**	
SOT20B	Loan amounts - France Active Nacre	€M	**Amount published in the CNCM report**	
SOT22	Number of additional bank loans issued - Initiative France	note:	**Amount published in the CNCM report**	
SOT23	Amount of additional bank loans issued - Initiative France	€M	**Amount published in the CNCM report**	
SOT28	SRI assets under management	€Bn	**5.6**	**7.5**
SOT37	Assets under management (euros) in socially responsible employee savings plans	€M	**300.7**	**258.6**
SOT40	Number of non-profit organizations that are customers (associations, labor organizations, works councils, etc.)	note:	**256,620**	**244,508**
SOT52	Total budget dedicated to patronage and sponsorship	€M	**30.0**	**34.9**
SOC01 _bis	Total headcount	note:	**65,175**	**65,886**
SOC02	Total workforce - FTE permanent and short-term contracts [France only]	note:	**51,688**	**48,561**
SOC13	Recruitment: Total number of new hires	note:	**13,938**	**14,420**
SOC19	Number of employees under permanent contracts who left the organization	note:	**3,612**	**3,559**
SOC20	Number of employees under permanent contracts who were dismissed	note:	**719**	**411**
SOC38	Number of days of absence	note:	**677,418 ([1])**	**755,799**
SOC47	% of payroll costs dedicated to training	%	**4.18%**	**4.52%**
SOC50	Training: Total hours of training	h	**1,626,031**	**1,631,444**
SOC60	% of managerial staff who are women	%	**39.06%**	**38.9%**
SOC107	Total gross annual compensation - permanent contracts (€)	€M	**2,527.0**	**2,536.5**
SOC108	Total gross annual compensation - permanent contracts non-managerial (€)	€M	**1,071.6**	**1,302.7**
SOC109	Total gross annual compensation - permanent contracts managerial (€)	€M	**1,455.4**	**1,233.9**
ENV05	Total energy consumption	MWh	**507,299**	**456,262**
ENV09	Paper consumption	t	**11,116**	**8,653 ([2])**

(1) The 2015 data includes only days of absence for illness, accidents and parental leave.
(2) 2014 data corrected following unit conversion error.

VII.3 - CSR report – 2015

VII.3.1 - Governance information

The purpose of the data presented under governance information, which is not required by regulation, is to reflect Crédit Mutuel's operating model. This data is taken from several sources:

- The cooperative reporting, entered from January 15 to February 29 by the Crédit Mutuel CM11 local cooperative banks. The local cooperative bank managers enter this information at a board of directors' meeting in the presence of the elected members. This assessment is part of an effort to promote and develop the Group's cooperative and mutualist practices (also called "cooperative difference"). It allows the Group to affirm and demonstrate the cooperative difference at Shareholders' Meetings, member meetings and on other occasions by providing concrete, quantified examples.

- Statistics regarding elected members: personal data, offices held, functions, etc. This data is entered by the local cooperative bank managers throughout the year as necessary.

- Training of elected members: a common application is used for six of the 11 federations. It provides information about the training courses taken, including length and attendance data. For the federations that do not use this tool, the same data is managed at each federation. The Code of Ethics and Professional Practice applicable to all the Group's elected members and employees stipulates that "elected members and employees must regularly update their knowledge in order to improve their skills and better fulfill their responsibilities". To this end, a training catalog is made available to elected members on various topics, including "the basics" (the elected member, Crédit Mutuel stakeholder, understanding local cooperative bank management, etc.), "the elected member, stakeholder" (day-to-day cooperative banking, actions of the Chairmen of the Board of Directors and Supervisory Board, etc.), "activity at the local cooperative bank and within the Group", "markets and products".

- Post-Shareholders' Meeting report: the local cooperative bank managers are invited to enter information about the organization of their Shareholders' Meeting after it has been held. The information provided pertains to the length and cost of the Shareholders' Meeting, the attendance rate, etc.

- Lastly, some data is taken from the management control information system, such as information regarding the number of members.

VII.3.1.1 – Membership, voluntary membership

The percentage of customer-members of the 11 federations has declined since 2014, but still represents **76%** of customers who may become members (individual customers of legal age and legal entities). The year 2015 saw the arrival of **285,335 new members** and the departure of **210,728 members** (BILMUT data – cooperative reporting). These members elect the directors of the various boards of the local cooperative banks at the Shareholders' Meeting.

Code	Indicator name	End-2015 data	End-2014 data
GOUV63	Total number of members	**4,554,004**	**4,477,998**
GOUV62	Number of individual customers of legal age and legal entities	**5,972,244**	**5,897,475**
GOUV65	Percentage of individual customers of legal age and legal entities who are members	**76%**	**82%**

Admission of new members

When relationships are initiated with new members, **96.99%** of the CM11 local cooperative banks routinely present the cooperative difference. To better ensure that new members receive this information, **91.19%** of the local cooperative banks make their employees aware of the cooperative difference.

To increase the number of customer-members, **60.35%** of the local cooperative banks take specific actions. Nearly one-fourth of the local cooperative banks (**22.17%**) inform their new members that they will be invited to a special member-only information meeting. In addition, nearly all the local cooperative banks (**97.43%**) inform their new members that they will be invited to the next Shareholders' Meeting.

Source: 2015 cooperative reporting.

VII.3.1.2 – Boards – Democratic control

Composition

Board	Women	Men	Grand total
Number of elected members on the board of directors	**3,678**	**7,456**	**11,134**
Number of elected members on the supervisory board (*)	**1,383**	**3,344**	**4,727**

(*) Concerns only the CMCEE, CMDV, CMIDF, CMM, CMSE and CMSMB federations.

In 2015, 1,281 new elected members joined the boards of the local cooperative banks following the elections at the local cooperative banks' Shareholders' Meetings.
At approximately **12 years**, the average length of an appointment to the supervisory boards and the boards of directors is virtually the same.

Source: elected members' management database.

Representativeness of the elected members

Board	**Women**	Men	Grand total
Board of Directors	**3,678**	**7,456**	**11,134**
Supervisory board	**1,383**	**3,344**	**4,727**
Grand total	**5,061**	**10,800**	**15,861**

The average age of the directors is **59** (56 for women and 60 for men). The average age of the supervisory board members is **60** (67 for women and 61 for men).

In the initiatives launched by the boards, the percentage of women remains a priority for nearly half of the local cooperative banks (**46.69%**), which take action to increase the rate of women directors and supervisory board members.

Socio-professional categories of elected members	Board of Directors	Supervisory board	Total
Farmers	**625**	**118**	**743**
Tradespeople-merchants-business owners	**1,305**	**432**	**1,737**
Managers and high-level white-collar workers	**2,729**	**1,232**	**3,961**
Intermediary professions	**1,234**	**575**	**1,809**
Employees	**997**	**377**	**1,374**
Workers	**259**	**151**	**410**
Retirees	**3,678**	**1,699**	**5,377**
Other persons not actively employed	**307**	**143**	**450**
Grand total	**11,134**	**4,727**	**15,861**

Operation of the boards
Based on the bylaws of the federations, the number of meetings held by each type of board may vary from one region to another.

Federation	BoD meetings	SB meetings	Joint BoD/SB meetings
CMA	334	***Not applicable***	***Not applicable***
CMC	908	***Not applicable***	***Not applicable***
CMCEE	295	**1,122**	**3,847**
CMDV	231	**176**	**295**
CMIDF	1,275	**729**	**708**
CMLACO	1,217	***Not applicable***	***Not applicable***
CMM	816	**567**	**231**
CMMA	979	***Not applicable***	***Not applicable***
CMN	770	***Not applicable***	***Not applicable***
CMSE	257	**430**	**536**
CMSMB	38	**127**	**347**

VII.3.1.3 - Shareholders' Meetings

2014		
Members SM (present + proxies)	members Regional cooperative federation	Rate of participation
251,445	**4,430,266**	**5.68%**
2015		
members SM (present + proxies)	members Regional cooperative federation	Rate of participation
244,760	**4,477,946**	**5.47%**

The rate of participation of members decreased slightly between 2014 and 2015 [**GOUV68**].

Average cost per person present at the SM in 2014	Average cost per person present at the SM in 2015	Change
42.9	**44.91**	**4.48%**

The average cost per person present at the 2015 Shareholders' Meetings increased between 2014 and 2015 [**GOUV71**].

Source: post-SM report prepared in early 2016 for the 2015 SMs.

VII.3.1.4 – Education and training

Development of the membership

When initiating relationships with new customers, is the cooperative difference presented?	**Yes for 1,321 local cooperative banks (97.56%)**
Are documents provided?	**Yes for 785 local cooperative banks (57.97%)**
Have you held a meeting for new customers?	**Yes for 302 local cooperative banks (22.30%)**

Have you told them that they will be invited to the SM?	**Yes for 1,327 local cooperative banks (98.00%)**
Does the BoD approve new memberships of members by name?	**Yes for 1,013 local cooperative banks (74.82%)**

VII.3.1.5 – Inter-cooperation

Associations

Associations working in the sector of the Crédit Mutuel local cooperative banks	Associations that are customers of the Crédit Mutuel local cooperative banks	Market share	Annual average association support budget per local cooperative bank (assistance, partnership, sponsorship, etc.)
536,135	**255,347**	**47.63%**	**€7,594.13**

VII.3.1.6 – Commitment to the community

Mutual aid, solidarity

304 local cooperative banks have launched specific programs to support members in difficulty or precarious situations. In 2015, **2,035 applications** were reviewed.

VII.3.1.7 - Ideas and proposals to promote and raise awareness of cooperative banking

The proposals made by the CM11 local cooperative banks to promote and raise awareness of cooperative banking include:

- Highlighting the differences between cooperative banks and other banks by offering training on this subject to employees and elected members.
- Presenting cooperative banking at the outset of each new customer relationship.
- Creating synergies between elected members and employees: employees' participation at board meetings, elected members' participation at staff meetings, joint annual meeting, etc.
- The use of "sponsorship" and "recommendations".
- Crédit Mutuel representation at associations' Shareholders' Meetings (elected members and/or employees).

VII.3.2 - Social information

VII.3.2.1 – Regional, economic and social impact of the CM11 Group's activity:

In terms of employment, regional development and local and neighboring populations

The Group's primary focus is on services provided to the Group's customers and members (individuals, self-employed professionals, etc.) and therefore on the development of the companies in the regions covered by the networks of the Crédit Mutuel local cooperative banks, the CIC branches and the specialized networks of the Group's various businesses. Given its two-fold cooperative and banking nature, the Group combines community assistance and support with financing for business customers.

By strengthening its network of banking outlets over the years, the Group has built up a firm and diversified presence in every region in France. The Group distributes its products and services both in France and abroad.
In addition to the "traditional" products and services of the Group's banks, the Group offers personal and business microloans to customers who wish to receive initial support for their development. These microloans in the legal sense are supplemented by traditional investment loans in amounts of less than €3,000 which are also used to support business development and growth.
In terms of employment assistance, the Group's brands operate at several levels:

- directly through the associations and foundations created by the regional federations [**SOT48**] – in particular under the Créavenir label – to provide financing (collateral-free loans, repayable advances, grants or guarantees) and human resources to help entrepreneurs start up 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 recognized support networks: France Initiative, France Active and ADIE. These networks seek to create and consolidate employment, particularly for those excluded from the labor market (job seekers, minimum welfare benefit recipients, disabled persons, etc.), and intervene based on the loan amounts, the total amount of the project and the business creators' financial capacity;
- by facilitating their access to credit and providing technical and financial support.

The Group supports a large number of organizations working to prevent job insecurity: occupational integration associations, local initiative platforms, neighborhood organizations, etc. and, in particular, works with numerous vocational rehabilitation centers to promote the integration of disabled workers into the workplace [**SOT45**].

Finally, two Group companies, CM-CIC Asset Management (Crédit Mutuel and CIC's asset management company) and CM-CIC Epargne Salariale (Crédit Mutuel-CIC Group company specializing in employee savings management) offer the companies and customers of the Crédit Mutuel and CIC networks SRI (socially responsible investment) funds which aim to reconcile economic performance with social and environmental impact by financing companies and public entities that contribute to sustainable development across all business sectors.

The Group also has a direct impact on local associations. In fact, Crédit Mutuel has traditionally been very involved in local and community affairs in its regions. Of all the Crédit Mutuel local cooperative banks that completed their cooperative reporting for 2015, nearly one-third have a voluntary sector board committee. Of all the local cooperative banks, more than 80% regularly support events of their association-customers. The partnerships take numerous forms, such as financial or material support, the presence of employees and/or elected members at events, etc.

Code	Indicator name	End-2015 data	End-2014 data
SOT01	NUMBER OF CM11 GROUP POINTS OF SALE	**4,106**	**4,539**
SOT26 (1)	NUMBER OF LOANS ON PREFERENTIAL TERMS (<€3,000) GRANTED	**267,612**	**NC**
SOT27 (1)	AMOUNT OF LOANS ON PREFERENTIAL TERMS (<€3,000) GRANTED	**€167,000,000**	**NC**
SOT28	SRI ASSETS UNDER MANAGEMENT AT 12/31	**€5,589,786,000**	**NC**
SOT31	FRANCE EMPLOI MUTUAL FUND - ASSETS UNDER MANAGEMENT	**€3,863,600**	**NC**
SOT32	FRANCE EMPLOI MUTUAL FUND - OF WHICH PAID TO ASSOCIATIONS	**€3,600**	**NC**
SOT33	ASSETS UNDER MANAGEMENT EXCL. CAPITALIZATION OF LIVRETS D'EPARGNE POUR LES AUTRES (SAVINGS ACCOUNT THAT BENEFITS HUMANITARIAN ORGANIZATIONS)	**€27,078,000**	**NC**
SOT33LFINANSOL	ASSETS UNDER MANAGEMENT ON FINANSOL LABEL PRODUCTS	**€3,863,600**	**NC**
SOT35	AMOUNT FROM SOLIDARITY PRODUCTS PAID TO ASSOCIATIONS	**€172,400**	**NC**
SOT37	ASSETS UNDER MANAGEMENT IN SOCIALLY RESPONSIBLE EMPLOYEE SAVINGS PLANS	**€300,720,600**	**NC**
SOT37LCIES	ASSETS UNDER MANAGEMENT IN CIES LABEL SOCIALLY RESPONSIBLE EMPLOYEE SAVINGS PLANS	**€249,675,000**	**NC**
SOT52	TOTAL BUDGET DEDICATED TO PATRONAGE AND SPONSORSHIP	**€30,000,000**	**NC**

SOT71 (1)	OUTSTANDING REGULATED SUBSIDIZED LOANS (PLS - LOANS FOR BUILDING LOW-COST HOUSING, PSLA - HOME RENTAL-OWNERSHIP LOANS)	**€605,800,000**	**€558,100,000**
SOT87	AMOUNTS INVESTED INTEGRATING ESG SELECTION CRITERIA	**€41,274,500,000**	**NC**

(1) Crédit Mutuel networks data only

VII.3.2.2 – Relations with persons or organizations affected by the CM11 Group's activities

Conditions of dialog with these persons or organizations

The Group has many types of stakeholders, including customers, suppliers, employees, directors, etc. Relations with these individuals will be described in detail throughout this report [**ENV02**].

Relations with stakeholders in a purchasing context – particularly suppliers – are mainly the responsibility of the Group's logistics and technical subsidiaries: CM-CIC Services (CCS) and Euro-Information (E-I).

From a technical standpoint, all partners are entered into an internal application, which aims to ensure the reliability of relations with these external suppliers. Managing contracts with suppliers is thus made easier (all documents are scanned, classified and identified) and invoice tracking promotes payment by the due date; in addition, this application will eventually be linked to other purchasing and order management applications. The entire process is therefore more reliable and better controlled.

For Euro-Information, the quality of supplier relations is a key aspect of the quality approach. The supplier process is in writing and published and indicates the various stages of initiating a relationship, contracting and managing supplier relations. For requests for proposals and on a regular basis, the Procurement teams ask suppliers to provide documents proving they have a CSR policy and describing that policy. For 2015, EI had obtained the CSR policies of 85% of these suppliers, 50% of which were updated during the year.

Partnerships and patronage initiatives

Partnerships and patronage initiatives are an integral part of the activity of the Group's entities. These initiatives mainly take the form of financial and material support and are carried out at the local cooperative banks, branches, federations, subsidiaries, and so on.
In 2015, a total budget of €30 million was allocated to partnerships, patronage and sponsorship. There are various types of initiatives and partners:

- **educational institutions, universities and schools:** one-day event to inform apprentices about jobs in the banking sector, speeches at institutions, hosting of interns, apprenticeship tax credit, participation in selection panels, etc.
- **integration associations**: work with vocational rehabilitation centers, project financing via ADIE (association for the right to economic initiative), support of local initiative platforms, solidarity foundations of the CM11 federations, etc.
- **Cofidis** has sponsored a cycling team since 1996. The brand chose cycling, a popular sport that conveys the values of courage, going beyond one's limits and team spirit. Thanks to this investment, in just a few years the Cofidis brand has become known by the general public and now has broad name recognition. This significant investment in terms of partnership represents nearly one-third of the Group's total patronage and sponsorship budget.
- **As well as environmental protection organizations, consumer groups, etc.**

Code	Indicator name	End-2015 data	End-2014 data
SOT40	Number of non-profit organizations that are customers (associations, labor organizations, works councils)	**350,078 (1)**	**244,508 (2)**

SOT52	Total budget dedicated to patronage and sponsorship	**€30,000,000**	**NC**

(1) Crédit Mutuel, BECM and CIC networks data
(2) Crédit Mutuel networks data

VII.3.2.3 – Subcontracting and suppliers

Inclusion of social and environmental issues in the procurement and subcontracting policy

The Group's technical and logistics entities have a streamlined "sustainable development"-oriented approach in their relations with suppliers [**SOT81**].

The Group's Press division has developed specifications for the procurement of paper, ink and printing plates, which are essential raw materials for producing a newspaper. Paper suppliers must show that they have at least one environmental label or certification (PEFC, FSC or Ecolabel).

For the machines and computers managed by the Technology division (Euro-Information), CSR criteria related to energy consumption have been included in the review of new versions of equipment (computers, printers, scanners and copiers) since 2013. New generations of equipment consume no energy when in sleep mode or turned off, which was not the case until 2013. There is also a repair shop to repair and/or refurbish equipment.

VII.3.2.4 – Fair practices

*Measures taken to prevent corruption [**SOT79**]*

As in 2014, in addition to the various codes and charters implemented by the Group's companies, an effective system for combating money laundering and terrorist financing (AML/TF) which complies with regulatory requirements 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 and permanent compliance controls are implemented with a view toward ensuring that risks are covered and procedures consistently implemented [**SOT79**].

The Group has no operations in so-called non-cooperative countries or 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 federations' 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. To achieve the goal of international transparency it has set, the Group aims to ensure that all activities comply with applicable tax and compliance rules.

The Group has also introduced stronger security measures for customer transactions via the Internet. In addition, Euro-Information (E-I), the Group's IT subsidiary, has dedicated teams whose task is to constantly update software, security patches, etc. and continuously protect against threats related to remote banking services. Security levels are audited regularly by independent auditors. E-I has developed a specific module, the "Barre de confiance CM" toolbar, which is installed in Web browsers to better ensure secure browsing: as soon as a phishing site is detected, the module blocks the page and advises the user to leave it immediately. Lastly, a special email address enables anyone who believes they have identified a fraudulent site to contact Euro-Information.

The Group's members and subsidiaries implement the same Code of Ethics and Professional Practice and perform an annual review to verify compliance with the eight rules of good conduct that apply to

everyone – elected directors and employees – according to their respective responsibilities. It is based on the general principles of better 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, special focus was placed on training for both directors and employees.

The Code of Ethics and Professional Practice is public 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 cooperative 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.

In addition, employees who hold sensitive positions are subject to even stricter professional rules, in particular governing and limiting their personal transactions. At Crédit Mutuel and CIC, each local cooperative bank and branch performs an annual review of the proper application of these rules as part of the internal control process.

Measures taken in favor of consumer health and safety

In accordance with regulatory requirements, work is underway to bring all the Group's public buildings into compliance with SOT80, which provides the laws related to access for disabled individuals [**SOT80**].

At the level of the Group's activities, numerous efforts are made to identify and support persons in difficulty (those banned from writing checks, victims of the economic crisis, excessive debt, etc.) and to prevent such situations from occurring. For example, the aim of FACIL’ACCES is to limit fees in case of incidents involving customers with financial difficulties, as provided by regulations.

Other measures taken to promote human rights

The Group has no other measures to promote human rights, mainly because it does not have a significant presence in countries considered high-risk.

VII.3.3 - Employment information

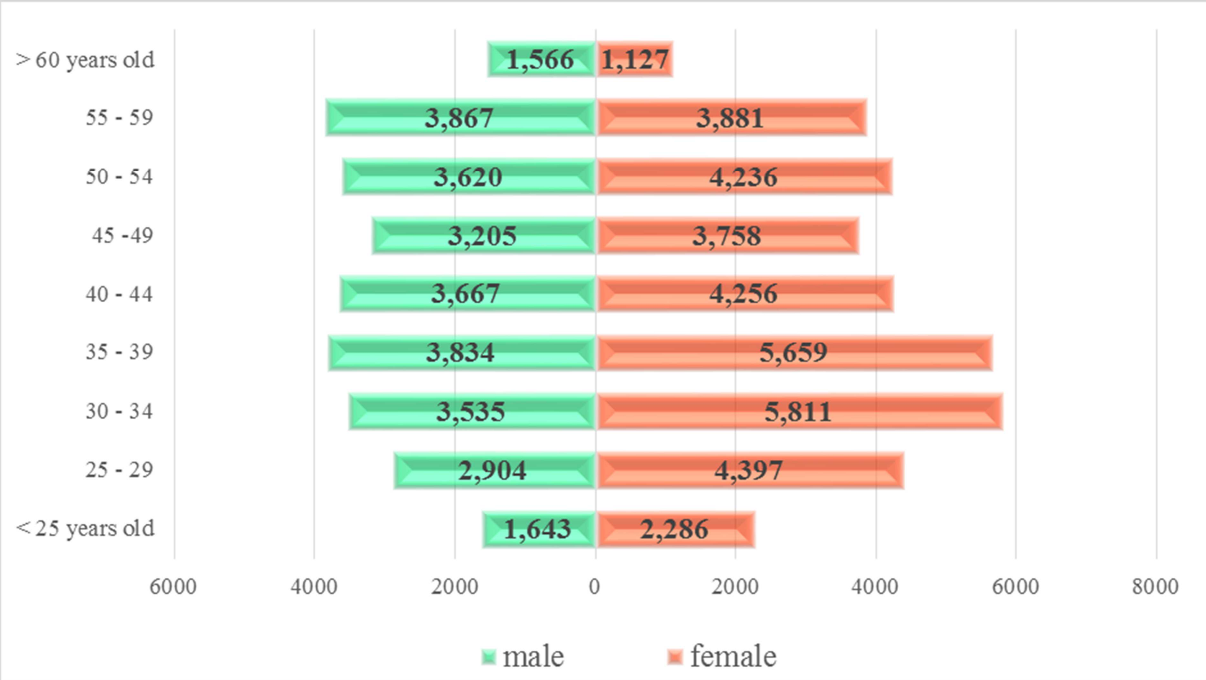
VII.3.3.1 - Employment

Total number of employees

The Group employed 65,175 people at the end of 2015, about the same as in 2014.

Code	Indicator name	End-2015 data	End-2014 data
SOC01 _bis	Workforce (individuals)	**65,175**	**65,886**

Breakdown of employees by gender and age (1)



(1) Data available for 97.4% of the CM11 Group's total workforce. Corresponds to indicators SOC01-F201; SOC01-F202; SOC01-F203; SOC01-F204; SOC01-F205; SOC01-H211; SOC01-H212; SOC01-H213; SOC01-H214; SOC01-H215; SOC07; SOC88; SOC89; SOC90; SOC91; SOC92; SOC93; SOC94; SOC95; SOC96; SOC97; SOC98.

Breakdown of employees by geographic area

The Group employs 54,661 people in mainland France, its primary area of operation, and 9,750 people outside France (data available for 98.8% of the Group's total workforce), which corresponds to the **SOC01-F205** to **SOC01-H215** indicators.

New hires

Code	Indicator name	End-2015 data	End-2014 data
SOC13	Recruitment: Total number of new hires	**13,938**	**14,420**
SOC15	Women hired	**7,952**	**7,498**
SOC16	Hired under permanent contracts	**4,402**	**3,553**

Dismissals

Code	Indicator name	End-2015 data	End-2014 data
SOC19	Number of employees under permanent contracts who left the organization	**3,612**	**3,559**
SOC20	Number of employees under permanent contracts who were dismissed	**719**	**411**

Salaries, including changes

Code	Indicator name	End-2015 data	End-2014 data
SOC73	Gross payroll excluding employers' contributions	**€2,600,300,000**	**€2,190,700,000**
SOC107	Total gross annual compensation - permanent contracts	**€2,527,000,000**	**€2,536,500,000**
SOC108	Total gross annual compensation - permanent contracts, non-managers	**€1,071,600,000**	**€1,302,700,000**
SOC109	Total gross annual compensation - permanent	**€1,455,400,000**	**€1,233,900,000**

	contracts, managers		
SOC80	Total amount of social security contributions paid	**€1,470,100,000**	**€1,573,200,000**

VII.3.3.2 – Work organization

Organization of working hours

Code	Indicator name	End-2015 data (*)	End-2014 data
SOC29	Number of full-time employees (permanent contracts, short-term contracts, incl. full-time parental leave)	**49,969**	**51,523**
SOC30	Number of part-time employees (permanent contracts, short-term contracts and managers with reduced day-defined contract duration)	**6,855**	**8,945**

(*) This data corresponds to the Group scope, excluding CIC foreign subsidiaries, ACM foreign subsidiaries and Targobank Germany.

Absenteeism

Code	Indicator name	End-2015 data	End-2014 data
SOC38	Total number of days of absence	**677,418 ([1])**	**755,799**
SOC39	Number of days of sick leave	**475,068**	**450,984**
SOC40	Number of days of absence for work accidents	**17,537**	**20,135**
SOC41	Number of days of maternity/paternity leave	**184,813**	**182,643**

(1) The 2015 data includes only days of absence for illness, accidents and parental leave.

VII.3.3.3 – Industrial relations

Organization of social dialog; staff information, negotiation and consultation procedures

Code	Indicator name	End-2015 data	End-2014 data
SOC67	Number of convictions for interference with the proper functioning of the works council (in France)	**0**	**0**
SOC78	Number of consultations of staff representatives (works council, workplace health and safety committee, employee representatives)	**1,172**	**NC**
SOC79	Number of staff representative information procedures (works council, workplace health and safety committee)	**1,016**	**NC**

Assessment of collective bargaining agreements

In 2015, several Group (companies that signed the Crédit Mutuel collective agreement) and division agreements (under the auspices of the CNCM) were signed.
In terms of the Group agreements, those related to incentive and profit-sharing schemes were signed in June 2015. An agreement was also signed following the law of May 9, 2014 which allowed for days off to be donated to a parent of a seriously ill child. The agreement was signed on January 28, 2015.
With regard to the division agreements, an existing agreement related to the valuation of training throughout an employee's career within the Crédit Mutuel division was amended on September 22, 2015. Lastly, an agreement on salaries within the Crédit Mutuel division was signed on September 22.

Agreements were also signed at the various entities of the Group, either to adapt a regulation locally or to adapt a division or Group agreement to the relevant entity or to existing agreements specific to an entity. For example, there were several variations of the Group agreement on gender equality, which was then adapted to all the Group's subsidiaries.

VII.3.3.4 – Health and safety

Health and safety conditions at work

Actions are taken at the Group's various entities to prevent and monitor employee health and safety.
Under the agreement of May 31, 2010, the trade unions and employers' organizations decided to explore the issue of stress through a collective approach by first conducting studies designed to acquire specific scientific knowledge of the sources of stress. This prompted them to set up a task force made up of external contributors and CM-CIC Group employees with a view to taking long-term preventative measures.
This agreement covered such issues as stress at the workplace, violence at the workplace, the work environment, employees' equipment and IT tools, the use of email, and so on.

For the companies concerned, the Single Occupational Risk Assessment Document and the arduousness evaluation grid are updated annually. To prevent specific business-related risks such as armed robbery, physical assault and rude behavior, safety instructions are updated and disseminated regularly.

With respect to rude behavior from customers, employees have access to a computer application that allows them to record such behavior and contains recommendations regarding measures that employees can take. In particular, courses on dealing with rude behavior are offered to employees working at the reception desk in branches. These employees must have first taken a self-training module on the subject.

Improvements are made to the workstation and work environment by providing ergonomic furniture and by taking into account the orientation relative to equipment and lighting.

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.

Agreements with unions and staff representatives regarding health and safety at work

In May 2015, a charter related to the prevention of harassment and violence within the Group was introduced. This charter has numerous objectives:

- Improve all employees' awareness, understanding and responses in order to prevent, reduce and eliminate harassment and violence at the workplace, including in particular rude behavior.
- Protect all employees' mental and physical health.
- Maintain a work environment free of all forms of violence and harassment and ensure respect for individuals' dignity.
- Guarantee each person's right to be treated fairly.
- Set up a procedure that ensures that complaints of all employees who believe they have been victims of harassment or violence are handled with the utmost impartiality and confidentiality.

The charter lays down principles, determines policies and defines a specific procedure. Adherence to it is therefore essential. It builds on the guarantees defined by laws and regulations without substituting them.

Workplace accidents and work-related illnesses

Code	Indicator name	End-2015 data	End-2014 data
SOC44	Number of reported workplace accidents with leave of absence	**422**	**435**

Work-related illnesses

Code	Indicator name	End-2015 data	End-2014 data
SOC43	Number of work-related illnesses	**19**	**21**

VII.3.3.5 - Training

Training policies implemented

A multi-year training plan intended mainly (but not only) for the local cooperative banks' employees was introduced for the 2014-2016 period. It aims to meet several objectives and requirements:

- commitment to further development by monitoring changes in behaviors and technologies,
- meet the requirement of service quality over the long term,
- make a continuous effort to control risks and general operating expenses,
- need to adapt to changes,
- affirmation of the Group's identity.

The training plan is structured and organized around three types of response:

- **Strategic actions** aimed at meeting collective training needs related to the company's expansion strategy and external requirements (regulations);
- **Business courses** designed to support employees' professional development; and
- **Individual actions** that meet employees' individual needs and do not involve moving to a new job.

Code	Indicator name	End-2015 data	End-2014 data
SOC46	Payroll invested in training (payroll including employers' contributions invested in training)	**€109,100,000**	**€102,300,000**
SOC47	Percentage of payroll invested in training	**4.18%**	**4.52%**
SOC48	Number of employees who took at least one training course	**46,612**	**40,462**
SOC49	Percentage of employees trained	**72.37%**	**NC**

Number of training hours

Code	Indicator name	End-2015 data	End-2014 data
SOC50	Total number of hours dedicated to employee training	**1,625,368**	**1,631,444**

VII.3.3.6 – Equal treatment

Measures to promote gender equality

A division agreement related to workplace equality was signed in 2014. Compared to the initial version of March 21, 2007, several improvements and updates were made to the agreement of December 9, 2014 based on changes in legislation and in the practices of the Crédit Mutuel federations. It now includes annual male/female comparative indicators related to employment, compensation and training to measure any changes and discrepancies between men and women in these areas.
Variations of this agreement were also signed at the Group's entities.

Measures to promote employment

There were no new Group or division agreements in 2015. However, several agreements remained in force:

- division agreement of December 15, 2009 on the employment of senior citizens in the Crédit Mutuel division,
- division agreement of January 14, 2009 on the employment and integration of disabled people in the Crédit Mutuel division.

Aside from these agreements, it should be noted that the number of employees at the Group's entities remained virtually unchanged, which demonstrates mathematically that jobs are being protected.

Measures to promote the integration of disabled people

In addition to the aforementioned agreement on the employment and integration of disabled people, more general measures are taken to adapt the Group's premises to accommodate disabled employees and customers. Generally speaking, adjustments are made to workstations as required by the disability and premises are upgraded to comply with legislation.

Code	Indicator name	End-2015 data	End-2014 data
SOC68	Number of disabled workers in the total workforce	**530**	**835**
SOC71	Percentage of disabled workers in the total workforce	**0.82%**	**NC**

Anti-discrimination policy

Most anti-discrimination actions and policies are covered by the aforementioned agreements.

VII.3.3.7 – Promotion of and compliance with the International Labor Organization’s (ILO) Fundamental Conventions

The International Labour Organization’s fundamental conventions date back to 2003 (latest version). The Governing Body of the International Labour Office has identified eight conventions as fundamental to the rights of human beings at work, irrespective of the level of development of individual Member States. These rights are a precondition for all the others in that they provide a framework from which workers can strive to improve their individual and collective working conditions.
The ILO Declaration on Fundamental Principles and Rights at Work, adopted in June 1998, highlights this set of core labor principles endorsed by the international community. The Declaration covers four main areas for the establishment of a social "floor" in the world of work:

- freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced or compulsory labor;
- the effective abolition of child labor;
- the elimination of discrimination in respect of employment and occupation.

Respect of freedom of association and the right to collective bargaining

According to the ILO, all workers and all employers have the right to form and freely join organizations of their choice to defend and promote their occupational interests. This fundamental right goes hand in hand with freedom of expression and is the basis of democratic representation and good governance. Everyone must be able to exercise their right to influence matters that directly impact their work. Their voice must be heard and taken into account.

The Group respects this freedom and carries out staff representative consultation and information procedures at all the Group's entities very regularly and whenever necessary.

Code	Indicator name	End-2015 data	End-2014 data
SOC67	Number of convictions for interference with the proper functioning of the works council (in France)	**0**	**0**
SOC78	Number of consultations of staff representatives (works council, workplace health and safety committee, employee representatives)	**1,172**	**NC**
SOC79	Number of staff representative information procedures (works council, workplace health and safety committee)	**1,016**	**NC**

Elimination of discrimination in respect of employment and occupation

In terms of employment and occupation, the Crédit Mutuel Group complies with the law of August 4, 2014 on true equality between men and women. Several agreements have been signed to this end at the Group. In 2015, a company-wide agreement was approved which stipulated that "*no measure may be taken on the basis of gender regarding compensation, training, assignment, qualification, classification, promotion, recruitment or transfer*" and that "*decisions must be based on objective criteria*".

Regarding the employment and integration of disabled people in the Crédit Mutuel division, a division agreement signed on January 14, 2009 is in line with the new labor regulations for disabled individuals resulting from the law of February 11, 2005 on equal rights and opportunities, participation and citizenship of disabled individuals. This agreement stipulates, among other things, that "*the recruitment of any disabled person must comply with the employment policy within the Crédit Mutuel division. Disabled persons may therefore be hired for all types of jobs and/or position levels compatible with their professional abilities and skills, where applicable with the necessary adjustments for a successful integration (environment, work organization, working hours, etc.).*"

Elimination of forced or compulsory labor

The ILO defines forced labor as follows: "*Forced labor occurs where work or service is exacted by the State or by individuals who have the will and power to threaten workers with severe deprivations, such as withholding food or land or wages, physical violence or sexual abuse, restricting peoples' movements or locking them up.*"

In its collective agreement and in line with this text, the Crédit Mutuel Group defines the notion of reciprocal notice related to the option given to employees to legally resign. In all countries where the Group operates, it has pledged to comply with the ILO's conventions.

Effective abolition of child labor

The Crédit Mutuel Group complies with the ILO's conventions and with French regulations on the abolition of child labor. The ILO indicates that "*to achieve the effective abolition of child labor, governments should fix and enforce a minimum age or ages at which children can enter into different types of work. Within limits, these ages may vary according to national social and economic circumstances. However, the general minimum age for admission to employment should not be less than the age of completion of compulsory schooling and never be less than 15 years. In some instances, developing countries may make exceptions to this, and a minimum age of 14 years may be applied where the economy and educational facilities are insufficiently developed.*"

VII.3.4 - Environmental information

VII.3.4.1 – General environmental policy

Organization adopted by the company to take into account environmental issues

Generally speaking, the Group's service activity does not generate a large amount of pollution. Most of the environmental data and criteria concern raw materials (mainly paper) and energy consumption. To reduce the Group's environmental footprint, actions are taken in these areas:

- development of videoconferencing solutions to avoid unnecessary travel

- configuration of printers for automatic duplex printing
- introduction of e-learning courses and networked classes

Code	Indicator name	End-2015 data	End-2014 data
ENV32	Number of videoconferences	**44,242**	**50,855**
ENV44	Human resources dedicated to CSR (FTE)	**20.28**	**22**

Environmental assessment or certification processes

There is currently no Group environmental certification process. As required by law, in 2015 energy audits were performed at most of the Group's buildings. In the wake of these audits, certification projects are underway to assess, analyze and reliably implement solutions to control energy consumption. This process should be in place by 2017 or 2018.

Employee training and information on environmental protection

CM-CIC Services, the Group subsidiary that specializes in real estate portfolio management, plans to take action in 2016 aimed at informing and educating employees. In parallel to this, several Group entities raised awareness among their employees about environmentally-friendly practices during sustainable development week.

VII.3.4.2 – Pollution and waste management

Measures for preventing, recycling and eliminating waste

Paper consumed by the Group is recycled by external service providers. This is a growing trend at all the Group's entities.

Measures are also taken at a more local level, such as waste sorting (several waste bins made available for paper and other waste). Toner cartridges are also recycled after use.

Code	Indicator name	End-2015 data	End-2014 data
ENV15	Used paper sent for recycling (waste)	**5,408.8 metric tons**	**3,734 metric tons**
ENV16	Number of toner cartridges recycled after use	**58,656**	**50,869**

VII.3.4.3 – Sustainable use of resources

Water consumption

Code	Indicator name	End-2015 data	End-2014 data
ENV04	Water consumption (m3)	**552,550**	**667,294**

Consumption of raw materials

Code	Indicator name	End-2015 data	End-2014 data
ENV09	Total paper consumption	**11,116 metric tons**	**NC**
ENV15R	Total recycled paper purchased	**569 metric tons**	**NC**

Measures taken to improve their efficient use

Most of the measures taken relate to energy consumption (see above). The more efficient use of raw materials (mainly paper) primarily involves using duplex printers within the Group.

Energy consumption

The logistics team at CCS is in contact with the country's main energy producers and suppliers. The goal is to streamline administrative tasks (management of contracts, payments, etc.), thereby making the energy consumption process more reliable.

Code	Indicator name	End-2015 data	End-2014 data
ENV05	Total energy consumption	**507,299 MWh**	**456,262 MWh**

Measures taken to improve energy efficiency

In accordance with the RT2012 regulations, construction projects managed by CCS are analyzed with help from specialized engineering firms.
The new CMLACO headquarters under construction are BBC (low energy building) and HQE (high environmental quality) certified, as is the renovation of the CMC headquarters in Orléans.
As part of the analysis of the recommendations made following the energy audits, steps should be taken to integrate these aspects and develop a program with objectives and measurements of results in relation to standards.

Measures taken to improve the use of renewable energies

At the Group level, no measures to improve the use of renewable energies are planned.

VII.3.4.4 – Climate change

Greenhouse gas emissions

In accordance with applicable regulations, in 2015 energy audits were performed at the Group's buildings. The Group's entities required to do so therefore carried out and reported their Greenhouse Gas Emissions Assessment (BEGES) in 2015 based on 2014 data (CIC banks, Cofidis and the CM11 federations). Studies are underway to find solutions to reduce greenhouse gas emissions. This will mainly involve more or less substantial projects to eventually reduce emissions.

Code	Indicator name	End-2015 data	End-2014 data
ENV30	Fugitive emissions of refrigerant gases	**1,599.91 kilograms**	**NC**

Adaptation to the effects of climate change

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 which take into account the specific nature of its activities (faster reduction of paper consumption through extensive use of electronic documents, recycling of office consumables, more efficient travel planning and reducing energy consumption in terms of lighting, heating, putting computers in sleep mode, etc.).

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.

For the past several years, Crédit Mutuel has developed environmental incentives at the local and regional levels for adapting to the effects 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 option alongside single-family housing and group housing.

The Group also supports the development of renewable and alternative energies and financed several investments in 2014 (including a wind farm in Arbois-Poligny and several methane production plants for CMCEE, as well as photovoltaic plants for CMA) [**SOT60**].

Most of the construction and renovation projects underway at Crédit Mutuel buildings are HQE projects (Paris, Valence, etc.) or aimed at achieving the BBC energy efficiency label (Nantes, Orléans, etc.) [**ENV40**]. Connection to collective heating networks is preferred whenever possible (Nantes, Strasbourg, etc.).

Finally, although it has no particular vulnerability to climate change risks, the Group has begun to develop 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 the proper application of the provisions of the November 2014 decrees (energy audits) by cooperative groups.

VII.4 – Cross-reference table

I.	**EMPLOYMENT INFORMATION**	
I.a)	**EMPLOYMENT**	
I.a) 1.1	Total number of employees	SOC01_bis
I.a) 1.2	Breakdown of employees by gender	SOC01-F201; SOC01-F202; SOC01-F203; SOC01-F204; SOC01-F205; SOC01-H211; SOC01-H212; SOC01-H213; SOC01-H214; SOC01-H215; SOC07
I.a) 1.3	Breakdown of employees by age	SOC88; SOC89; SOC90; SOC91; SOC92; SOC93; SOC94; SOC95; SOC96; SOC97; SOC98; SOC99; SOC100; SOC101; SOC102; SOC103; SOC104; SOC105
I.a) 1.4	Breakdown of employees by geographic area	SOC01-F205; SOC01-H215; SOC02
I.a) 2.1	New hires	SOC13; SOC15; SOC16
I.a) 2.2	Dismissals	SOC19; SOC20
I.a) 3.1	Compensation	SOC73; SOC107; SOC108; SOC109; SOC80
I.a) 3.2	Change in compensation	SOC73; SOC107; SOC108; SOC109; SOC80
I.b)	**WORK ORGANIZATION**	
I.b) 1	Organization of working hours	SOC01-F201; SOC01-F202; SOC01-F203; SOC01-F204; SOC01-H211; SOC01-H212; SOC01-H213; SOC01-H214; SOC08; SOC29; SOC30
I.b) 2	Absenteeism	SOC38; SOC39; SOC40; SOC43; SOC44
I.c)	**INDUSTRIAL RELATIONS**	
I.c) 1	Organization of social dialog; staff information, negotiation and consultation procedures	SOC67; SOC78; SOC79; SOC87
I.c) 2	Assessment of collective bargaining agreements	SOC83; SOC202
I.d)	**HEALTH AND SAFETY**	
I.d) 1	Health and safety conditions at work	SOC45
I.d) 2	Agreements with unions and staff representatives regarding health and safety at work	SOC45; SOC84
I.d) 3	Frequency and severity of workplace accidents	SOC44
I.d) 4	Work-related illnesses	SOC43
I.e)	**TRAINING**	
I.e) 1	Training policies implemented	SOC46; SOC47; SOC48; SOC49; SOC203
I.e) 2	Number of training hours	SOC50
I.f)	**EQUAL TREATMENT**	
I.f) 1	Measures to promote gender equality	SOC56
I.f) 2.1	Measures to promote employment	SOC22; SOC56

I.f) 2.2	Measures to promote the integration of disabled people	SOC68; SOC71; SOC56; SOC70
I.f) 3	Anti-discrimination policy	SOC56
I.g)	**PROMOTION OF AND COMPLIANCE WITH THE INTERNATIONAL LABOUR ORGANIZATION'S (ILO) FUNDAMENTAL CONVENTIONS**	
I.g) 1	Respect of freedom of association and the right to collective bargaining	SOC67; SOC78; SOC79
I.g) 2	Elimination of discrimination in respect of employment and occupation	SOC56 – SOC64
I.g) 3	Elimination of forced or compulsory labor	SOC65
I.g) 4	Effective abolition of child labor	SOC66
II.	**ENVIRONMENTAL INFORMATION**	
II.a)	**GENERAL ENVIRONMENTAL POLICY**	
II.a) 1.1	Organization adopted by the company to take into account environmental issues	ENV32; ENV44; ENV01
II.a) 1.2	Environmental assessment or certification processes	ENV41
II.a) 2	Employee training and information on environmental protection	ENV43
II.a) 3	Resources devoted to the prevention of environmental risks and pollution	Not applicable
II.a) 4	Amount of provisions and guarantees for environmental risks (provided such information is not likely to cause serious harm to the company in a pending lawsuit)	Not applicable
II.b)	**POLLUTION AND WASTE MANAGEMENT**	
II.b) 1.1	Preventative, reduction and repair measures: air	Not applicable
II.b) 1.2	Preventative, reduction and repair measures: water	Not applicable
II.b) 1.3	Preventative, reduction and repair measures: soil	Not applicable
II.b) 2	Measures for preventing, recycling and eliminating waste	ENV206; ENV207
II.b) 3	Measures to take into account noise pollution and any other form of pollution specific to an activity	Not applicable
II.c)	**SUSTAINABLE USE OF RESOURCES**	
II.c) 1.1	Water consumption	ENV04
II.c) 1.2	Water supply based on local requirements	Not applicable
II.c) 2.1	Consumption of raw materials	ENV09; ENV10; ENV11; ENV15R; ENV39; ENV42
II.c) 2.2	Measures taken to improve their efficient use	ENV203; ENV204
II.c) 3.1	Energy consumption	ENV05; ENV208; ENV38
II.c) 3.2	Measures taken to improve energy efficiency	ENV40
II.c) 3.3	Measures taken to improve the use of renewable energies	ENV205; ENV38
II.c) 4	Land use	Not applicable
II.d)	**CLIMATE CHANGE**	
II.d) 1	Greenhouse gas emissions	ENV30; ENV37
II.d) 2	Adaptation to the effects of climate change	SOT60; ENV40
II.e)	**PROTECTION OF BIODIVERSITY**	
II.e) 1	Measures taken to preserve or develop biodiversity	Not applicable
III.	**INFORMATION ON SOCIAL COMMITMENTS TO FURTHER SUSTAINABLE DEVELOPMENT**	
III.a)	**REGIONAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S ACTIVITY**	
III.a) 1	In terms of employment and regional development	SOT01; SOT13; SOT16; SOT17; SOT19A; SOT19B; SOT201; SOT202; SOT20A; SOT20B; SOT22; SOT23; SOT26; SOT27; SOT28; SOT31; SOT32; SOT33; SOT33LFinansol; SOT35; SOT37; SOT37LCIES; SOT49; SOT52; SOT71; SOT87; SOT52; SOT45
III.a) 2	On local or neighboring populations	SOT26; SOT27; SOT52

III.b)	**RELATIONS WITH PERSONS OR ORGANIZATIONS AFFECTED BY THE COMPANY'S ACTIVITIES, INCLUDING INTEGRATION ASSOCIATIONS, EDUCATIONAL INSTITUTIONS, ENVIRONMENTAL PROTECTION ORGANIZATIONS, CONSUMER GROUPS AND NEIGHBORING POPULATIONS**	
III.b) 1	Conditions of dialog with these persons or organizations	ENV02; SOT40
III.b) 2	Partnerships and patronage initiatives	SOT52
III.c)	**SUBCONTRACTING AND SUPPLIERS**	
III.c) 1	Inclusion of social and environmental issues in the procurement policy	SOT81
III.c) 2	Extent to which subcontracting is used and the importance given to the social and environmental responsibility of suppliers and subcontractors	SOT81
III.d)	**FAIR BUSINESS PRACTICES**	
III.d) 1	Measures taken to prevent corruption	SOT79
III.d) 2	Measures taken in favor of consumer health and safety	SOT80
III.e)	**Other measures taken to promote human rights** **Not applicable**	

VII.5 - CSR report - Technology division

Quantitative data:

Indicator code	Indicator name	Unit	Data at end-2015
ENV04	Water consumption	Cubic meter	**32,363.45**
ENV05	Total energy consumption	Kilowatt hour	**63,955,768**
ENV05_01	Urban steam distribution systems	Kilowatt hour	**575,114**
ENV05_02	Urban chilled water distribution systems	Kilowatt hour	**130,348**
ENV06	Electricity consumption	Kilowatt hour	**55,706,219**
ENV07	Gas consumption	Kilowatt hour	**7,500,388**
ENV08	Fuel oil consumption	Liter	**4,356.84**
ENV09	Total paper consumption	Metric ton	**378,936.26**
ENV10	Total paper consumption for internal use	Metric ton	**50,659.926**
ENV11	Total paper consumption for external use	Metric ton	**328,276.334**
ENV12L	% Certified paper/purchased paper	Percentage	**27.3**
ENV12R	% Recycled paper/purchased paper	Percentage	**0.06**
ENV13	Toner cartridge consumption	Whole number	**1,684**
ENV15	Used paper sent for recycling (waste)	Metric ton	**581.92**
ENV15L	Total certified paper purchased	Metric ton	**103,431.192**
ENV15R	Total recycled paper purchased	Metric ton	**0.2219**
ENV16	Toner cartridges recycled after use	Whole number	**3,042**
ENV18	Business travel - plane	Kilometer	**9,015,138**
ENV19	Business travel - train	Kilometer	**7,260,987**
ENV20	Entity's vehicle fleet - number of km all vehicles	Kilometer	**17,543,617**
ENV200	Area of buildings	Square meter	**106,258**
ENV21	Entity's vehicle fleet - number of liters of gasoline consumed	Liter	**1,769**
ENV22	Entity's vehicle fleet - number of liters of diesel fuel consumed	Liter	**1,165,855.73**
ENV23	Business travel - employee car	Kilometer	**452,207**
ENV24	Business travel - public transport - bus-coach-subway-tram	Kilometer	**189,014**
ENV25	Business travel - taxi and rental car	Kilometer	**352,325**
ENV30	Fugitive emissions of refrigerant gases	Kilogram	**79.15**
ENV31	Number of videoconference systems	Whole number	**76**
ENV32	Number of videoconferences	Whole number	**15,934**
ENV33	Total length of videoconferences	Centesimal hour	**24,716.77**
ENV34	Scanned documents (paper avoided)	Metric ton	**261.05765**
ENV44	Human resources dedicated to CSR	Full-Time Equivalent	**5.88**
GOUV01	Total number of members on the entity's board of directors (within the meaning of shareholder-owned company)	Whole number	**90**
GOUV02	Number of women on the entity's board of directors (within the meaning of shareholder-owned company)	Whole number	**13**
GOUV23	Subsidiary - average age of directors	Whole number	**59**
SOC01	Total number of employees	Private individual	**3,743**

SOC01_BIS	Number of employees at year-end	Private individual	**3,743**
SOC01_F201	Female management employees under permanent contracts in France	Private individual	**644**
SOC01_F202	Female non-management employees under permanent contracts in France	Private individual	**230**
SOC01_F203	Female management employees under short-term contracts in France	Private individual	**0**
SOC01_F204	Female non-management employees under short-term contracts in France	Private individual	**22**
SOC01_F205	Female employees outside France	Private individual	**0**
SOC01_H211	Male management employees under permanent contracts in France	Private individual	**1,988**
SOC01_H212	Male non-management employees under permanent contracts in France	Private individual	**800**
SOC01_H213	Male management employees under short-term contracts in France	Private individual	**1**
SOC01_H214	Male non-management employees under short-term contracts in France	Private individual	**58**
SOC01_H215	Male employees outside France	Private individual	**0**
SOC02	Total FTE permanent + short-term contract employees in France	Full-Time Equivalent	**3,722**
SOC03	Total permanent + short-term contract employees outside France	Private individual	**0**
SOC04	Total permanent + short-term contract management employees	Private individual	**2,633**
SOC05	Total permanent + short-term contract non-management employees	Private individual	**1,110**
SOC07	Number of female employees	Private individual	**896**
SOC08	Employees under permanent contracts	Private individual	**3,662**
SOC08_NCADRE	Non-management employees under permanent contracts	Whole number	**1,030**
SOC08BIS	Female employees under permanent contracts	Whole number	**874**
SOC09	Employees under short-term contracts	Private individual	**81**
SOC100	Employees 50 to 54 years	Private individual	**427**
SOC101	Women 50 to 54 years	Private individual	**126**
SOC102	Employees 55 to 59 years	Private individual	**333**
SOC103	Women 55 to 59 years	Private individual	**73**
SOC104	Employees 60 years and over	Private individual	**86**
SOC105	Women 60 years and over	Private individual	**12**
SOC107	Total gross annual compensation (€) - permanent contracts	Euro	**160,195,085.5**
SOC108	Total gross annual compensation (€) - non-managers permanent contracts	Euro	**32,893,273.9**
SOC109	Total gross annual compensation (€) -	Euro	**127,301,811.6**

	managers permanent contracts		
SOC12	% of employees under permanent contracts	Percentage	**97.84**
SOC13	Total number of new hires	Private individual	**332**
SOC14	Men hired	Private individual	**229**
SOC15	Women hired	Private individual	**103**
SOC16	Hired under permanent contracts	Private individual	**219**
SOC17	Hired under short-term contracts	Private individual	**113**
SOC19	Number of employees under permanent contracts who left the organization	Private individual	**172**
SOC20	Number of employees under permanent contracts who were dismissed from the organization	Private individual	**28**
SOC25	Use of subcontracting via temporary workers in hours	Centesimal hour	**133,306**
SOC26	Use of subcontracting via temporary workers in FTE	Full-Time Equivalent	**73.24**
SOC27	Turnover (resignations + dismissals + end of trial period + contractual termination)/(number of employees)	Percentage	**2.73**
SOC28	Percentage of part-time vs. full-time	Percentage	**4**
SOC29	Number of full-time employees under permanent and short-term contracts (incl. full-time parental leave)	Private individual	**3,591**
SOC30	Number of part-time employees under permanent and short-term contracts and managers with reduced day-defined contract duration	Private individual	**152**
SOC31	% of full-time employees	Percentage	**96**
SOC32	% of part-time employees	Percentage	**4**
SOC36	Number of overtime hours worked	Centesimal hour	**45,252**
SOC38	Number of days of absence	Days worked	**30,103**
SOC39	Number of days of sick leave	Days worked	**23,211**
SOC40	Number of days of absence for work accidents	Days worked	**979**
SOC41	Number of days of maternity/paternity leave	Days worked	**5,913**
SOC43	Number of work-related illnesses	Whole number	**2**
SOC44	Number of reported workplace accidents with leave of absence	Whole number	**49**
SOC46	Payroll invested in training (payroll including employers' contributions invested in training in €)	Euro	**7,348,431.39**
SOC47	% of payroll invested in training	Percentage	**4.55**
SOC48	Number of employees who took at least one training course	Whole number	**3,133**
SOC49	% of employees trained	Percentage	**83.7**
SOC50	Total number of hours dedicated to employee training	Centesimal hour	**101,009**

SOC51	Average number of training days per employee trained	Days worked	**5**
SOC52	Number of work-study training courses	Whole number	**37**
SOC53	Number of work-study training courses with professional training contract	Whole number	**14**
SOC54	Number of work-study training courses with apprenticeship contract	Whole number	**23**
SOC55	Amount of apprenticeship tax paid	Euro	**1,385,865.1**
SOC57	Number of people on management committees	Whole number	**69**
SOC58	Number of women on management committees	Whole number	**10**
SOC59	Number of managers who are women	Whole number	**644**
SOC60	% of managers who are women	Percentage	**24**
SOC61	Number of managers promoted to higher positions during the year	Private individual	**37**
SOC62	Number of women managers promoted	Whole number	**4**
SOC63	% of women managers promoted	Percentage	**10.81**
SOC67	Number of convictions for interference with the proper functioning of the works council (in France)	Whole number	**0**
SOC68	Number of disabled workers in the total workforce	Whole number	**64**
SOC71	% of disabled workers in the total workforce	Percentage	**1.71**
SOC72	AGEFIPH or FIPHFP disabled workers contribution (6%)	Euro	**753,135.7**
SOC73	Gross payroll excluding employers' contributions (€)	Euro	**161,514,061.3**
SOC74	Average annual salary - permanent contracts all statuses	Euro	**43,745.24**
SOC75	Average annual salary - permanent contracts non-management all statuses	Euro	**31,935.22**
SOC76	Average annual salary - permanent contracts management all statuses	Euro	**48,366.95**
SOC78	Number of consultations of staff representatives (works council, workplace health and safety committee, employee representatives)	Whole number	**563**
SOC79	Number of staff representative information procedures (works council, workplace health and safety committee)	Whole number	**242**
SOC80	Total amount of social security contributions paid	Euro	**97,615,369.68**
SOC81	Total amount of bonuses (incentive bonuses + profit-sharing) (€ excluding employers' contributions)	Euro	**17,750,279**
SOC82	Number of employees who received an incentive bonus/profit-sharing	Whole number	**3,765**
SOC85	Benefit plans/works council - contribution to financing the works council (€)	Euro	**1,710,176.26**
SOC86	Contribution to financing the works council as % of gross payroll	Percentage	**1**
SOC88	Employees < 25 years	Private individual	**111**

SOC89	Women < 25 years	Private individual	**27**
SOC90	Employees 25 to 29 years	Private individual	**431**
SOC91	Women 25 to 29 years	Private individual	**102**
SOC92	Employees 30 to 34 years	Private individual	**575**
SOC93	Women 30 to 34 years	Private individual	**126**
SOC94	Employees 35 to 39 years	Private individual	**613**
SOC95	Women 35 to 39 years	Private individual	**152**
SOC96	Employees 40 to 44 years	Private individual	**693**
SOC97	Women 40 to 44 years	Private individual	**178**
SOC98	Employees 45 to 49 years	Private individual	**469**
SOC99	Women 45 to 49 years	Private individual	**99**

Specific report for the Technology division

As in 2015, this document covers various entities that work in IT. The scope has not changed and the main companies are:

- **Euro-Information Développements** which develops the Group's software,
- **Euro-Information Production** which is responsible for the Group's technical infrastructure and production,
- **Euro-Information Telecom** which is in charge of the Group's mobile phone services,
- **Euro-Protection Surveillance** which provides remote surveillance services to the Group's customers,
- **Euro-Information Services** which installs, maintains and replaces IT equipment (workstations, ATMs, telephones, 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

As a reminder, the suppliers procedure is one of the ISO 9001-certified quality processes monitored and audited by AFAQ (last audit in June 2015). 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.

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 otherwise on a regular basis, the Procurement teams ask suppliers to supply documents proving they have a CSR policy and describing that policy. For 2015, we have obtained the CSR policies of 85% of these suppliers, 50% of which were updated during the year. This procedure is applied for both hardware/software purchases and for purchases of IT services from computer services companies. In this last area, we have received the CSR policies of our main suppliers, 50% of which were also updated in 2015.

Since 2013, CSR criteria relating to energy consumption are included in the examination of new versions of equipment (computers, printers, photocopying machines). We continue to roll out increasingly energy-efficient equipment. For example, the Lenovo zM92-3209BU3, which consumes between 25 and 46 kWh and was rolled out starting in 2013, has now been replaced by the Lenovo

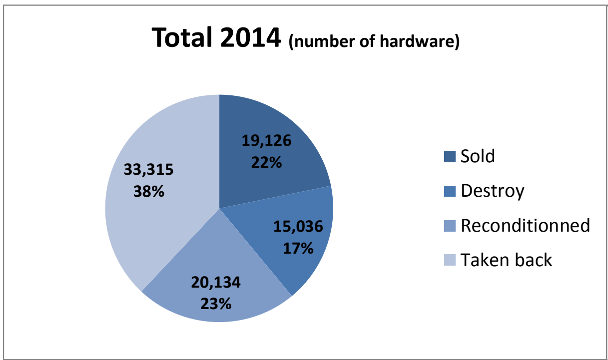
M93t, which consumes between 11 and 35 kWh. As roughly one-fifth of the equipment is renewed each year, this enables us to continue to reduce our energy consumption.
New generations of equipment no longer consume energy when in sleep mode or turned off, which was not the case until 2013.

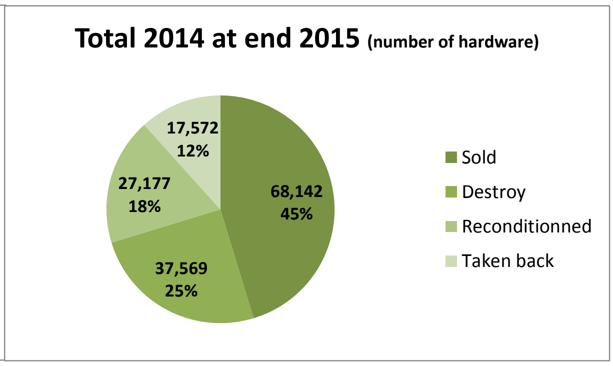
Hardware circuit

EIS installs and maintains computer equipment on behalf of Euro-Information.
In 2015, more than 9,200 person-days were spent replacing end-of-life products (printers, desktop computers, laptop computers, uninterruptible power supplies, ATMs, etc.).
Nearly 125,000 defective products were worked on by the repair shop, 39,879 uninstalled products were refurbished and 36,134 were sent to our broker.
In 2015, EIS began regular technical exchanges with the Group's call centers (SAM and STU) to receive precise diagnostics and avoid unnecessary travel. To reduce its technicians' travel time, EIS also implemented a First-Time Resolution indicator, the aim of which is to resolve the problem on the first service call. As a result, the number of trips was down by 14,600 compared to 2011.
The broker activity continues to increase and allows the destruction of equipment to be kept at a minimum.
To monitor this activity and its growth, statistics have been compiled to keep track of what happens to equipment after a service call based on its situation at a given time. Equipment that is no longer being used is in one of the following four states:

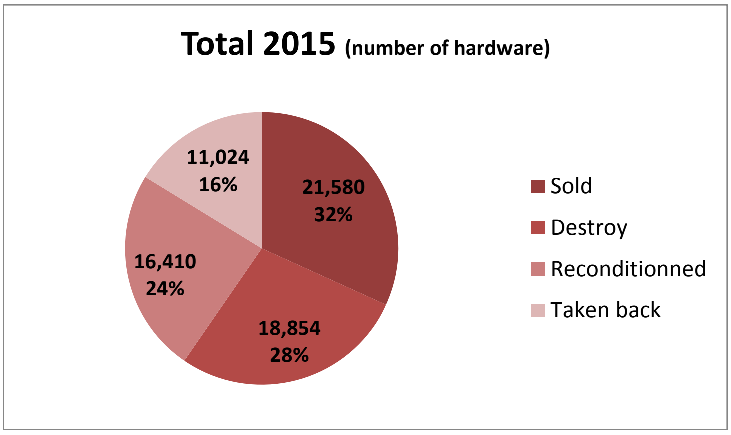
- picked up (original condition),
- refurbished (if repaired for return to the customer circuit),
- brokered (resold), or
- destroyed (if unable to be repaired or resold).

The goal is to reduce the time that the equipment is in the pickup state and, if necessary, send it as quickly as possible to the broker for reuse.
This analysis can be performed by product family and by federation starting in January 2014.
Below are the initial results:



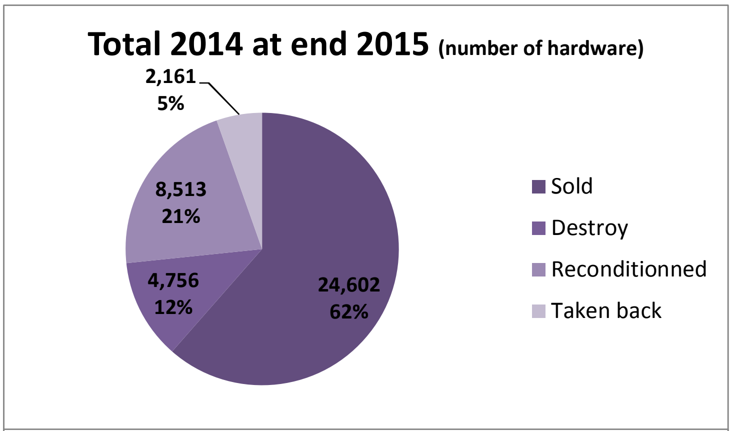


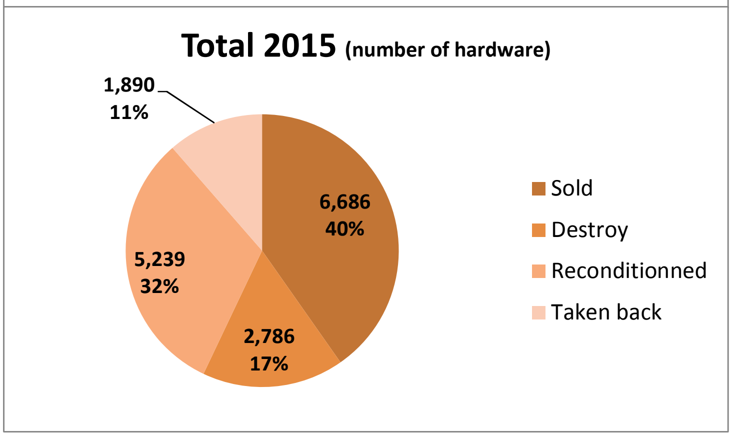
For the January 2014 equipment, at the end of two years the reuse percentage is 63% with 12% not yet worked on, compared to 45% at the end of one year.



For the January 2015 equipment, the process has improved since 56% is reused at the end of one year compared to 45% the previous year and only 16% is still in the pickup state.

The results are also different depending on the product family. For example, for the "Desktop and laptop computers" category:





Information Systems Security

Euro-Information processes sensitive banking data and provides numerous services requiring the utmost attention to information systems security.

All measures are therefore taken to secure the CM-CIC Group's information systems.

Using ISO 27001 as a reference guide, an information security management system (ISMS) was implemented in 2015 at one of our production centers. This ISMS will be gradually deployed at all our production sites in 2016, which will enable Euro-Information to apply for ISO 27001 certification in 2017.

The basic principles continue to be:

- 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

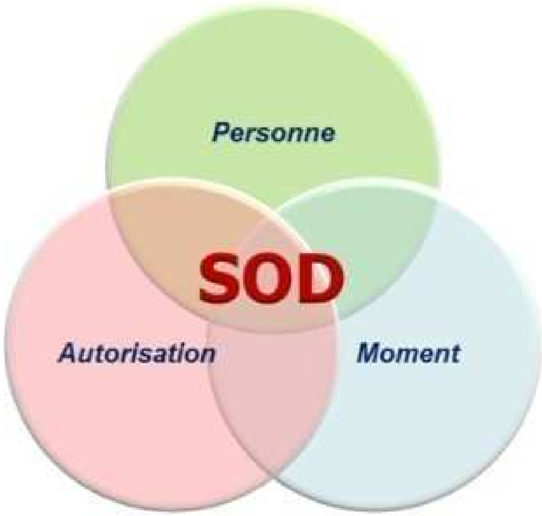
Highlights in 2015 included:

- the implementation of QRadar, a tool that detects, warns of and prevents attacks on our information system (SIEM: Security Information and Event Management) thanks to its powerful ability to analyze and correlate hundreds of thousands of traces generated by our equipment,
- the intrusion tests performed each year confirm the robustness of our infrastructures, the quality of our applications and the need for our IT teams to maintain a high level of expertise in order to defend against constantly changing threats.
- A new high-end security system that is replacing the previous Safetrans solution:
  - the new system consists of a device connected to a USB port that is used with:
    - a bank card for individuals,

- EMV cards for businesses

- To prevent phishing, the tools are regularly updated and have been shown to be effective. For example, the "barre de confiance" toolbar allows users to verify that they are on the CM-CIC Group's remote banking site and not on a site that has stolen its identity,

- the process of confirming remote banking transactions by sending a confirmation code via SMS has been made more secure with the rollout of "Mobile confirmation", a solution that should eventually replace the SMS solution completely and offer a higher level of security,
- ongoing security awareness training for all Euro-Information staff with an online training course in 2015 for all IT personnel,
- introduction of the SOD (segregation of duties) concept in accordance with legal and regulatory requirements (SOX, Basel II, ISO 27000, COBIT, ITIL, ISACA, CRBF 97-02, etc.) and based on the matching of three elements:



All the aspects of our security system have enabled us to obtain PCI-DSS level 1 (highest security level) certification for our CM-CIC P@iement and Monético Paiement point-of-sale payment solution each year since November 2007. This certification guarantees our customers quality of execution of this solution on our IT infrastructure for storing, processing and transmitting payment card data.

CM-CIC p@iement MoneticoPaiement PAYMENT CARD INDUSTRY PCI DSS LEVEL 1 SERVICE PROVIDER DATA SECURITY STANDARDS

<u>Strongly involved in concrete action</u>

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 aims to not only reduce electricity consumption, it also to reduce greenhouse gas emissions and use of cooling systems by reducing the number of clean-rooms. The transfer of equipment from the Paris center to the Lille center began in 2015.

- Putting in place video-conference systems to reduce business travel:
  In addition to videoconference rooms, in 2015 Euro-Information rolled out the Lync 2013 solution throughout the Group which allows all employees to participate in audio or video conferences and share documents from their workstation.

- Reduction of paper consumption:
  Major projects in 2015 aimed at reducing paper consumption included the introduction of electronic signatures at the local cooperative banks and branches.
  Pilot projects have been launched and the rollout of touchscreen tablets and a Wi-Fi network is underway to allow implementation throughout the network.
  Meanwhile, the electronic pay slips introduced across the Group at the end of 2014 increased in number, with automatic issuance to new employees.
  At the end of 2015, less than 1.25% of the Group's internal documents still existed in paper form. For example, our intra-group invoices (including those of CM-CIC Services and Euro-Information) are now generated electronically and visible in an internal Group application.

- Switching customer check-books to environmentally responsible check-books using FSC Mixed paper: Following the successful completion of the test at CMNE in 2013 and 2014, all the Group's checkbooks were switched over in 2015 with a gradual rollout between May and September.

- Automatic switching off of computers at night in banks and branches to save electricity:

  As a reminder, computers throughout the network that have such capability are turned off automatically in the evening and turned on automatically in the morning. This action is monitored with the aim of reaching 100% of computers and the energy savings are measured. At the end of 2014, only 2% of computers at the branches could not be turned off.

- New mainframes: As it does for electronic office equipment, Euro-Information regularly upgrades its central servers, particularly its IBM mainframes. The policy is also based on cascading, which involves removing the oldest machine each time. In 2015, we installed the new Z13 mainframe, which has a 30% performance improvement over the Z12 (previous series installed at EI) using the same amount of energy.

- In the publishing centers, all paper waste (reel sprocket strip, over sheets, etc.) is now shredded and collected in order to be resold. There is also a process for recovering used toner cartridges.

- According to La Poste, our Group is the leading French bank in terms of "green letter" postage. Our "green letter" penetration rate is 84% compared to 68% for our closest contender and 13% for the lowest-ranked bank.

Factors assessed:

- 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, through monitoring, allows the zones with the highest consumption to be optimized and managed using appropriate measures such as increased insulation in certain rooms, programmable heating systems, etc. This solution is currently being rolled out at two sites (Haussmann and Lyon).

- Continuing reduction in IT processing centers:
  Work is underway to remove the computer in the Paris East Center, which will be combined with that at the North Center in March 2016.

- Action plan following the energy audits:
  In the wake of the energy audits conducted at the end of 2015, the Group intends to implement a plan over the next few years to reduce electricity and gas consumption at the Group's sites.

- Changes in unified communications
  By combining Lync and our new network equipment, Euro-Information should be able to roll out an overall unified communications solution and extend the concept to communication with certain customers or communication in the customer's presence with certain experts at the head offices.
- Shutdown of desktop computers at the head offices:
  A study is underway to turn off desktop computers at the head offices in the same way as those at the branches.

- Group-wide electronic pay slips: the Group intends to encourage employees to switch to the electronic solution.

- Change in the CSR reporting tool: Change in the management of the reporting scope and continued automation of the data integration interfaces.

VII. 6 - CSR report - Press division

Quantitative data:

Indicator code	Indicator name	Unit	Data at end-2015
ENV01P	NEWSPAPER PAPER	Metric ton	**71,741.16**
ENV02P	OF WHICH, CERTIFIED PAPER	Metric ton	**32,121**
ENV03P	ALUMINUM PRINTING PLATES	Metric ton	**346.21**
ENV04	WATER CONSUMPTION	Cubic meter	**42,294**
ENV04P	INK FOR NEWSPAPERS AND FORMS	Metric ton	**759.74**
ENV05	TOTAL ENERGY CONSUMPTION	Kilowatt hour	**62,329,879**
ENV05_01	URBAN STEAM DISTRIBUTION SYSTEMS	Kilowatt hour	**206,120**
ENV05_02	URBAN CHILLED WATER DISTRIBUTION SYSTEMS	Kilowatt hour	**102,340**
ENV05P	PACKAGING	Metric ton	**201.09**
ENV06	ELECTRICITY CONSUMPTION	Kilowatt hour	**35,458,367**
ENV06P	WASTE - STARTS & ENDS OF REEL	Metric ton	**2,060.35**
ENV07	GAS CONSUMPTION	Kilowatt hour	**26,252,734**
ENV07P	WASTE - SCRAPS FROM ROTARY PRESSES	Metric ton	**2,858.37**
ENV08	FUEL OIL CONSUMPTION	Liter	**30,939**
ENV08P	WASTE - RETURNED FORMS	Metric ton	**6,122.90**
ENV09	TOTAL PAPER CONSUMPTION	Metric ton	**124.49**
ENV09P	WASTE - INSERTS	Metric ton	**1,253.89**
ENV10	TOTAL PAPER CONSUMPTION FOR INTERNAL USE	Metric ton	**77.29**

ENV11	TOTAL PAPER CONSUMPTION FOR EXTERNAL USE	Metric ton	**47.20**
ENV12L	% CERTIFIED PAPER/PURCHASED PAPER	Percentage	**62.58**
ENV13	TONER CARTRIDGE CONSUMPTION	Whole number	**2,081**
ENV15	USED PAPER SENT FOR RECYCLING (WASTE)	Metric ton	**5.38**
ENV15L	TOTAL CERTIFIED PAPER PURCHASED	Metric ton	**77.90**
ENV15RP	NEWSPAPER PAPER OF RECYCLED ORIGIN	Metric ton	**64,276.16**
ENV18	BUSINESS TRAVEL – PLANE	Kilometer	**193,608**
ENV19	BUSINESS TRAVEL – TRAIN	Kilometer	**1,366,341**
ENV200	SURFACE AREA OF BUILDINGS	Square meter	**144,233**
ENV23	BUSINESS TRAVEL – EMPLOYEE CAR	Kilometer	**3,689,842**
ENV24	BUSINESS TRAVEL - PUBLIC TRANSPORT - BUS-COACH-SUBWAY-TRAM	Kilometer	**10,943**
ENV25	BUSINESS TRAVEL – TAXI AND RENTAL CAR	Kilometer	**1,570,523**
ENV29P	TRANSALLIANCE TRANSPORT	Metric ton	**22,334**
ENV30	FUGITIVE EMISSIONS OF REFRIGERANT GASES	Kilogram	**80.60**
ENV30P	LA POSTE TRANSPORT	Metric ton	**1,093**
ENV31	NUMBER OF VIDEOCONFERENCE SYSTEMS	Whole number	**9**
ENV32	NUMBER OF VIDEOCONFERENCES	Whole number	**1,032**
ENV33	TOTAL LENGTH OF VIDEOCONFERENCES	Centesimal hour	**4,334.97**
ENV34	SCANNED DOCUMENTS (PAPER AVOIDED)	Metric ton	**74.06**
ENV35	NUMBER OF KWH PRODUCED AND RESOLD	Kilowatt hour	**13,564**
ENV44	HUMAN RESOURCES DEDICATED TO CSR	Full-Time Equivalent	**0.60**
GOUV01	TOTAL NUMBER OF MEMBERS ON THE ENTITY'S BOARD OF DIRECTORS (WITHIN THE MEANING OF SHAREHOLDER-OWNED COMPANY)	Whole number	**75**
GOUV02	NUMBER OF WOMEN ON THE ENTITY'S BOARD OF DIRECTORS (WITHIN THE MEANING OF SHAREHOLDER-OWNED COMPANY)	Whole number	**5**
GOUV23	SUBSIDIARY - AVERAGE AGE OF DIRECTORS	Whole number	**63**
SOC01	TOTAL NUMBER OF EMPLOYEES	Private individual	**6,627**
SOC01_BIS	NUMBER OF EMPLOYEES AT YEAR-END	Private individual	**6,627**
SOC01_F201	FEMALE MANAGEMENT EMPLOYEES UNDER PERMANENT CONTRACTS IN FRANCE	Private individual	**921**
SOC01_F202	FEMALE NON-MANAGEMENT EMPLOYEES UNDER PERMANENT	Private individual	**2,081**

	CONTRACTS IN FRANCE		
SOC01_F203	FEMALE MANAGEMENT EMPLOYEES UNDER SHORT-TERM CONTRACTS IN FRANCE	Private individual	**45**
SOC01_F204	FEMALE NON-MANAGEMENT EMPLOYEES UNDER SHORT-TERM CONTRACTS IN FRANCE	Private individual	**105**
SOC01_H211	MALE MANAGEMENT EMPLOYEES UNDER PERMANENT CONTRACTS IN FRANCE	Private individual	**1,463**
SOC01_H212	MALE NON-MANAGEMENT EMPLOYEES UNDER PERMANENT CONTRACTS IN FRANCE	Private individual	**1,848**
SOC01_H213	MALE MANAGEMENT EMPLOYEES UNDER SHORT-TERM CONTRACTS IN FRANCE	Private individual	**61**
SOC01_H214	MALE NON-MANAGEMENT EMPLOYEES UNDER SHORT-TERM CONTRACTS IN FRANCE	Private individual	**103**
SOC02	TOTAL HEADCOUNT - PERMANENT AND SHORT-TERM CONTRACTS FRANCE FTE	Full-Time Equivalent	**4,488**
SOC04	TOTAL MANAGEMENT EMPLOYEES - PERMANENT AND SHORT-TERM CONTRACTS	Private individual	**2,490**
SOC05	TOTAL NON-MANAGEMENT EMPLOYEES - PERMANENT AND SHORT-TERM CONTRACTS	Private individual	**4,137**
SOC07	NUMBER OF FEMALE EMPLOYEES	Private individual	**3,152**
SOC08	EMPLOYEES UNDER PERMANENT CONTRACTS	Private individual	**6,313**
SOC08_NCADRE	NON-MANAGEMENT EMPLOYEES UNDER PERMANENT CONTRACTS	Whole number	**3,929**
SOC08BIS	FEMALE EMPLOYEES UNDER PERMANENT CONTRACTS	Whole number	**3,002**
SOC09	EMPLOYEES UNDER SHORT-TERM CONTRACTS	Private individual	**314**
SOC100	EMPLOYEES 50 TO 54 YEARS	Private individual	**1,150**
SOC101	WOMEN 50 TO 54 YEARS	Private individual	**563**
SOC102	EMPLOYEES 55 TO 59 YEARS	Private individual	**1,276**
SOC103	WOMEN 55 TO 59 YEARS	Private individual	**610**
SOC104	EMPLOYEES 60 YEARS AND OVER	Private individual	**762**
SOC105	WOMEN 60 YEARS AND OVER	Private individual	**291**
SOC107	TOTAL GROSS ANNUAL COMPENSATION (€) - PERMANENT CONTRACTS	Euro	**204,047,611.09**
SOC108	TOTAL GROSS ANNUAL COMPENSATION (€) - NON-MANAGERS PERMANENT CONTRACTS	Euro	**75,184,512.13**

SOC109	TOTAL GROSS ANNUAL COMPENSATION (€) - MANAGERS PERMANENT CONTRACTS	Euro	**128,863,098.96**
SOC12	% OF EMPLOYEES UNDER PERMANENT CONTRACTS	Percentage	**95.26**
SOC13	TOTAL NUMBER OF NEW HIRES	Private individual	**3,477**
SOC14	MEN HIRED	Private individual	**1,841**
SOC15	WOMEN HIRED	Private individual	**1,636**
SOC16	HIRED UNDER PERMANENT CONTRACTS	Private individual	**500**
SOC17	HIRED UNDER SHORT-TERM CONTRACTS	Private individual	**2,977**
SOC19	NUMBER OF EMPLOYEES UNDER PERMANENT CONTRACTS WHO LEFT THE ORGANIZATION	Private individual	**647**
SOC20	NUMBER OF EMPLOYEES UNDER PERMANENT CONTRACTS WHO WERE DISMISSED FROM THE ORGANIZATION	Private individual	**127**
SOC25	USE OF SUBCONTRACTING VIA TEMPORARY WORKERS IN HOURS	Centesimal hour	**75,791**
SOC26	USE OF SUBCONTRACTING VIA TEMPORARY WORKERS IN FTE	Full-Time Equivalent	**41.64**
SOC27	TURNOVER (RESIGNATIONS + DISMISSALS + END OF TRIAL PERIOD + CONTRACTUAL TERMINATION)/(NUMBER OF EMPLOYEES)	Percentage	**7.75**
SOC28	PERCENTAGE OF PART-TIME VS. FULL-TIME	Percentage	**74**
SOC29	NUMBER OF FULL-TIME EMPLOYEES UNDER PERMANENT AND SHORT-TERM CONTRACTS (INCL. FULL-TIME PARENTAL LEAVE)	Private individual	**3,813**
SOC30	NUMBER OF PART-TIME EMPLOYEES UNDER PERMANENT AND SHORT-TERM CONTRACTS AND MANAGERS WITH REDUCED DAY-DEFINED CONTRACT DURATION	Private individual	**2,814**
SOC31	% OF FULL-TIME EMPLOYEES	Percentage	**58**
SOC32	% OF PART-TIME EMPLOYEES	Percentage	**42**
SOC36	NUMBER OF OVERTIME HOURS WORKED	Centesimal hour	**11,832**
SOC38	NUMBER OF DAYS OF ABSENCE	Days worked	**92,927**
SOC39	NUMBER OF DAYS OF SICK LEAVE	Days worked	**81,730**
SOC40	NUMBER OF DAYS OF ABSENCE FOR WORK ACCIDENTS	Days worked	**4,868**
SOC41	NUMBER OF DAYS OF MATERNITY/PATERNITY LEAVE	Days worked	**6,329**
SOC43	NUMBER OF WORK-RELATED ILLNESSES	Whole number	**16**

SOC44	NUMBER OF REPORTED WORKPLACE ACCIDENTS, WITH SICK LEAVE	Whole number	**121**
SOC46	PAYROLL INVESTED IN TRAINING (€)	Euro	**1,636,811**
SOC47	% OF PAYROLL COSTS INVESTED IN TRAINING	Percentage	**0.77**
SOC48	NUMBER OF EMPLOYEES HAVING TAKEN AT LEAST ONE TRAINING COURSE	Whole number	**2,172**
SOC49	% OF EMPLOYEES TRAINED	Percentage	**32.78**
SOC50	NUMBER OF HOURS DEDICATED TO EMPLOYEE TRAINING	Centesimal hour	**30,467**
SOC51	AVERAGE NUMBER OF TRAINING DAYS PER EMPLOYEE TRAINED	Days worked	**2**
SOC52	NUMBER OF WORK-STUDY TRAINING COURSES	Whole number	**86**
SOC53	NUMBER OF WORK-STUDY TRAINING COURSES WITH PROFESSIONAL TRAINING CONTRACT	Whole number	**85**
SOC54	NUMBER OF WORK-STUDY TRAINING COURSES WITH APPRENTICESHIP CONTRACT	Whole number	**1**
SOC55	AMOUNT OF APPRENTICESHIP TAX PAID	Euro	**1,281,022**
SOC57	NUMBER OF PEOPLE ON MANAGEMENT COMMITTEES	Whole number	**55**
SOC58	NUMBER OF WOMEN ON MANAGEMENT COMMITTEES	Whole number	**6**
SOC59	NUMBER OF MANAGERS WHO ARE WOMEN	Whole number	**966**
SOC60	% OF MANAGERIAL STAFF WHO ARE WOMEN	Percentage	**39**
SOC61	NUMBER OF MANAGERS PROMOTED TO HIGHER POSITIONS DURING THE YEAR (NO. OF EMPLOYEES)	Private individual	**210**
SOC62	NUMBER OF WOMEN MANAGERS PROMOTED	Whole number	**72**
SOC63	% OF WOMEN MANAGERS PROMOTED	Percentage	**34.29**
SOC68	NUMBER OF DISABLED WORKERS IN THE TOTAL WORKFORCE	Whole number	**214**
SOC71	% OF DISABLED WORKERS IN THE TOTAL WORKFORCE	Percentage	**3.23**
SOC72	AGEFIPH OR FIPHFP DISABLED WORKERS CONTRIBUTION (6%)	Euro	**248,513.56**
SOC73	GROSS PAYROLL EXCLUDING EMPLOYERS' CONTRIBUTIONS (€)	Euro	**211,286,214.99**
SOC74	AVERAGE ANNUAL SALARY - PERMANENT CONTRACTS ALL STATUSES	Euro	**32,321.81**
SOC75	AVERAGE ANNUAL SALARY - PERMANENT CONTRACTS NON-MANAGEMENT ALL STATUSES	Euro	**19,135.79**
SOC76	AVERAGE ANNUAL SALARY -	Euro	**54,053.31**

	PERMANENT CONTRACTS MANAGEMENT ALL STATUSES		
SOC78	NUMBER OF CONSULTATIONS OF STAFF REPRESENTATIVES (WORKS COUNCIL, WORKPLACE HEALTH AND SAFETY COMMITTEE, EMPLOYEE REPRESENTATIVES)	Whole number	**234**
SOC79	NUMBER OF STAFF REPRESENTATIVE INFORMATION PROCEDURES (WORKS COUNCIL, WORKPLACE HEALTH AND SAFETY COMMITTEE)	Whole number	**74**
SOC80	TOTAL AMOUNT OF SOCIAL SECURITY CONTRIBUTIONS PAID	Euro	**94,515,086.02**
SOC81	TOTAL AMOUNT OF BONUSES (INCENTIVE BONUSES + PROFIT-SHARING) (€ EXCLUDING EMPLOYERS' CONTRIBUTIONS)	Euro	**130,285.60**
SOC82	NUMBER OF EMPLOYEES WHO RECEIVED AN INCENTIVE BONUS/PROFIT-SHARING	Whole number	**964**
SOC85	BENEFIT PLANS/WORKS COUNCIL - CONTRIBUTION TO FINANCING THE WORKS COUNCIL (€)	Euro	**2,602,129.44**
SOC86	CONTRIBUTION TO FINANCING THE WORKS COUNCIL AS % OF GROSS PAYROLL	Percentage	**1**
SOC88	EMPLOYEES < 25 YEARS	Private individual	**129**
SOC89	WOMEN < 25 YEARS	Private individual	**59**
SOC90	EMPLOYEES 25 TO 29 YEARS	Private individual	**215**
SOC91	WOMEN 25 TO 29 YEARS	Private individual	**118**
SOC92	EMPLOYEES 30 TO 34 YEARS	Private individual	**421**
SOC93	WOMEN 30 TO 34 YEARS	Private individual	**218**
SOC94	EMPLOYEES 35 TO 39 YEARS	Private individual	**552**
SOC95	WOMEN 35 TO 39 YEARS	Private individual	**282**
SOC96	EMPLOYEES 40 TO 44 YEARS	Private individual	**829**
SOC97	WOMEN 40 TO 44 YEARS	Private individual	**399**
SOC98	EMPLOYEES 45 TO 49 YEARS	Private individual	**979**
SOC99	OF WHICH, WOMEN 45 TO 49 YEARS	Private individual	**459**

Specific report for the Press division

The Crédit Mutuel Group's Press division consists of 30 companies, including eight publishing firms that publish nine regional and local daily newspapers and two publishing firms that publish three regional weekly newspapers. The Press division represents news coverage on more than 24 departments in eastern France, one million newspapers sold per day, and nearly 7,500 employees[11].

All these entities, which may have different legal forms, are controlled directly or indirectly by BFCM.
Like the rest of the Group, they continuously strive 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 within the companies' various departments that aim to ensure the full protection of their employees. For example, newspaper delivery staff and sales staff receive training in the prevention of risks related to dog attacks and traffic accidents.

In the production departments, employees are provided with appropriate equipment (molded hearing protection). Employees are also informed about chemical risks.
Moreover, to further enhance employee safety some entities have chosen to increase the number of traffic signs and signs reminding employees to wear individual protective gear.

More generally and for all their employees, the companies have pursued their efforts in areas such as psychosocial risk prevention (management training for managers, stress management courses for employees who deal with difficult customers, etc.), awareness of work-related risks (musculoskeletal disorders, computer work, movement and posture for production jobs, arduous work, etc.), safety improvement (fire, certification, etc.) and infrastructure and equipment maintenance (for example, by renovating premises).

Training (SOC203)

In addition to training related to health and safety at work, other types of courses are offered, particularly in the area of "job development". The goal is to ensure in-depth knowledge of every aspect of the an employee’s position. The companies provide training in three areas:

- Adaptation to the position and job-specific expertise by offering appropriate technical training and the tools necessary to complete requested tasks.
- Changes in jobs, skills enhancement and development through participation in the company's general development and broadening of the employee's field of expertise by making an objective assessment based on the technological developments facing companies (better adaptation to the production facility and to new software applications for greater versatility, retraining, etc.).
- Support for employees through training courses that enhance their well-being at work by developing appropriate attitudes and behaviors, such as through training in management principles for management personnel and occupational risk prevention (see health and safety at work).

Integration of disabled workers (SOC70)

Each press company has taken measures to facilitate access to employment for disabled workers through:

- suitably adapted workstations and equipment;
- training to heighten staff awareness of the difficulties encountered by disabled workers;

[11] Including newspaper delivery staff

- welcoming and recruiting 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.

Of course, all these actions fall within the more general scope of legal requirements to which the companies are subject (mandatory annual negotiations, gender equality agreement, economic and social database, etc.). (SOC56 – SOC83 – SOC 202)

Employment Protection Plan (SOC22)

Two entities in the Press division, the Progrès group and Est Bourgogne Média (EBM), are currently the subject of an employment protection plan.

This plan is warranted by the obsolescence of EBM's printing shop and the inadequate use of that of Progrès. Progrès, which has recorded a structural operating loss, has therefore been given the opportunity to print the titles published by Est Bourgogne Média: Le Journal de Saone et Loire and Le Bien Public, thereby allowing EBM to focus on developing its readership and advertising services.
Under these plans, at the beginning of 2016 there will be 80 voluntary resignations, approximately 30 transfers from EBM to Progrès and 22 dismissals for economic reasons.

Raw materials (ENV02 – ENV39 - ENV42 – ENV202 – ENV203 – ENV207)

Paper, ink and printing plates are the essential raw materials for a newspaper. Their proper management is therefore essential, in terms of both quality and consumption.

Therefore, paper suppliers must show that they have at least one environmental label or certification (PEFC, FSC or Ecolabel).

Reducing materials and waste helps to reduce paper consumption, a reduction of 1% in paper waste corresponds to around 100 metric tons of paper savings. To do so, various processes have been developed (purchases of newer equipment to reduce the risk of untimely shutdowns, new adhesive for gluing the reels, automated control of cut-off registers, etc.).
In addition, all paper scraps (blank paper, etc.) and unsold newspapers are sold to recycling and waste reclamation companies (Group contract with Veolia).

With regard to printing plates, the companies achieve savings at two levels:

- they save water and electricity by using special plates (Kodak platinum plates) or by improving the dampening water system, thereby reducing emptying frequency;
- they produce less waste by modifying the CTP (plate printing) lines or by blocking output from unauthorized plates.

Lastly, with regard to inks and other chemicals, the newspapers look for products that are less dangerous for people and the environment and optimize the solvent doses used (dosing pump). These products are also analyzed and compared with the safety information issued by the occupational health department.
At some newspapers, bacteriological reports and water analyses are sent periodically to the regional directorate of industry, research and the environment.

Buildings (ENV204 – ENV205 – ENV208)

Also with a view to saving energy, most of the newspapers have upgraded or improved their infrastructure to reduce consumption. The main work entailed modernizing the lighting system, such as by installing low-energy LED bulbs, changing the boilers (opting for heat pumps, condensing boilers or low-temperature gas boilers), replacing the refrigerant in R22 air conditioners with an R415 solution, and changing the windows.
The Dauphiné Libéré newspaper went even further by forming a partnership with Dalkia to improve its energy performance which included several initiatives such as installing electric sub-meters and

automatically turning off heating and air conditioning in the offices when the buildings are not occupied.

At the industrial level, the Alsace newspaper installed a heat recovery system on the cooling unit. This measure is expected to reduce gas consumption by approximately 40% in 2016.

With regard to new legal requirements, all the entities worked together with Apave to conduct comprehensive energy audits of their buildings.

Promoting environmental awareness among employees and third parties (ENV43)

Like the Group's other companies, the Press companies use various means of communication to promote awareness of the environment among technical and administrative employees (intranet, newsletters, information from the workplace health and safety committee).
More specifically, Dauphiné Libéré, through its partnership with Dalkia, has installed screens at each entrance to the head office. In addition to displaying environmental awareness messages, this allows all employees to get involved in energy savings.

Concrete steps also include setting up a waste sorting system at the offices.

Lastly, nearly all the newspapers have adopted the Imprim'Vert label whose purpose is to promote concrete measures to reduce the environmental impact of printing businesses.
This has prompted the Group's companies to implement recycling for all products used (paper, ink, dampening solution, printing plates, etc.).

Relations with stakeholders (SOT44 – SOT45 – SOT46 – SOT47 – SOT48)

The Press companies are in constant contact with stakeholders:

- At the editorial level: the newspapers' editorial offices are in contact with all types of establishments and associations in order to cover regional and local events.
- At the partnership level: most of the companies maintain relationships with several organizations, such as educational institutions for the management of trainees, occupational integration associations for the recruitment of disabled workers or purchases of equipment or services from employment rehabilitation centers, etc.

To develop their image and their foothold in the regions, the newspapers increase their coverage through event partnerships in a variety of areas:

- Environment: Sustainable development evening at the Rhône-Alpes agriculture and agri-food institute (ISARA) in Lyon, an annual meeting that brings together institutions, companies and other stakeholders in the Rhône-Alpes region whose primary focus is sustainable development;
- Economy: Trophée des femmes LCL (women's award) – L'Est Républicain; "Les Ailes de Cristal" award; Trophée des entreprises de Franche-Comté (company award);
- Sports: Courses des DNA races; Les Mulhousiennes race,
- Culture: Colmar International Music Festival, Musica, Unterlinden Museum in Colmar, Comédie de l'Est theater institute in Colmar, Colmar Film Festival, Opéra National du Rhin, La Filature, etc.
- Education : Journaliste d'un jour (journalist for a day) with 1,300 Alsacian high school students (in partnership with the Regional Council) and Journal d'un collège (junior high school newspaper) with 700 Haut-Rhin junior high school students (in partnership with the Haut-Rhin Departmental Council).

The Press division also has two associations, Noël pour Tous (Christmas for All) and Noël de Joie (Christmas of Joy). Their main objective is to provide assistance to the most disadvantaged through various initiatives (financing of projects such as guide dog schools for the blind, parents' center at the Nancy-Brabois university hospital, construction of the European myelin research center with ELA in Laxou).

Satisfaction and service quality (SOC 87 - SOT73)

Our companies focus on measuring satisfaction and service quality both internally and externally.
Internally, one-on-one interviews, monthly reports and EVREST occupational health trends and relations questionnaires provided by the workplace physician are some of the ways in which the companies measure employees' well-being.
In terms of our external relations, the DNA newspaper, for example, has developed a way of determining readers' satisfaction with service quality and the newspaper's content. This involves online surveys being conducted once a year among randomly chosen subscribers (home delivery satisfaction survey among 898 responding subscribers, Monday newspaper satisfaction survey among 507 responding subscribers, DNA newspaper satisfaction survey among 542 responding subscribers, summer newspaper satisfaction survey regarding the specific July and August sections among 258 responding subscribers).

VII.7 - Independent third party's attestation regarding the consolidated employment, environmental and social information contained in the management report

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

ERNST & YOUNG et Associés
Tour First
TSA 14444
92037 Paris La Défense cedex
S.A.S. à capital variable (Simplified stock company with variable capital)

Caisse Fédérale du Crédit Mutuel
Independent third party's attestation regarding the consolidated employment, environmental and social information contained in the 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 3-106512, 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, 2015, 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.

Company's 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 of HR reporting procedures and the 2015 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. Moreover, we have developed a quality control system that includes documented policies and procedures to ensure compliance with the applicable rules of professional conduct, professional standards and legal and regulatory provisions.

Independent third party's responsibility

It is our responsibility, on the basis of our work, to verify that the required CSR 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; it is not our responsibility to check the relevance and sincerity of the CSR information disclosed.

Our assignment was performed by a team of six people between September 2015 and April 2016 over a period of around ten weeks.

[12] Scope of accreditation can be viewed at www.cofrac.fr

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 CSR 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. 225-105-1 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 19, 2016

Independent Third Party
ERNST & YOUNG et Associés

Eric Duvaud Partner - Sustainable Development	Hassan Baaj Partner

VII.8 - Independent third party's report on the consolidated employment, environmental and social information contained in the management report

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

ERNST & YOUNG et Associés
Tour First
TSA 14444
92037 Paris La Défense Cedex
S.A.S. à capital variable (Simplified stock company with variable capital)

Banque Fédérative du Crédit Mutuel

Year ended December 31, 2015

Independent third party's report on the consolidated employment, environmental and social information contained in the management report

To the Shareholders,

In our capacity as an independent third party accredited by COFRAC[13] under number 3-1050 and a member of the network of one of the statutory auditors of Banque Fédérative du Crédit Mutuel, we present to you our report on the employment, environmental and social information for the year ended December 31, 2015 presented in the management report (hereinafter the "CSR Information") pursuant to Article L. 225-102-1 of the French Commercial Code.

Company's Responsibility

It is the Board of Directors' responsibility to prepare a management report that includes the CSR Information required by Article R. 225-105-1 of the French Commercial Code, based on the reference frameworks used by the subsidiaries of Caisse Fédérale du Crédit Mutuel (hereinafter the "Reference frameworks").

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. Moreover, we have developed a quality control system that includes documented policies and procedures to ensure compliance with the applicable rules of professional conduct, professional standards and legal and regulatory provisions.

Independent third party's responsibility

It is our role, on the basis of our work:

to certify that the required CSR Information is presented in the management report or, if not presented, that an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of presentation of CSR Information);

to conclude with moderate assurance that all the significant aspects of the CSR Information, taken as a whole, are presented fairly, based on the Reference frameworks (Reasoned opinion on the fairness of the CSR Information).

[13] Scope of accreditation can be viewed at www.cofrac.fr

Our work was completed by a two-person team during a week between March 2016 and April 2016.

We conducted the work described below in accordance with the professional standards applicable in France and the decree of May 13, 2013 which defines the terms under which an independent third party fulfills its duties and, with regard to the reasoned opinion of fairness, in accordance with international standard ISAE 3000[14].

1. Attestation of presentation of CSR information

We have obtained knowledge, on the basis of interviews, of the policies related to sustainable development, based on the employment and environmental consequences of the company's activity, and of its social commitments and, where applicable, the resulting initiatives and programs.

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; When certain information was missing, we verified that explanations were given in accordance with paragraph 3 of Article R. 225-105 of the French Commercial Code.

On the basis of this work, we certify that the required CSR Information is included in the management report.

2. Limited assurance report

Nature and scope of our work

We have interviewed the person responsible for the management report in order to assess the relevance of the explanations given regarding the reference to the CSR Information in the management report of Caisse Fédérale du Crédit Mutuel.

Conclusion

Based on our work, we have not identified any material anomalies that could call into question the fact that the CSR Information, taken as a whole, is presented fairly, based on the Reference frameworks.

Paris La Défense, April 19, 2016

Independent Third Party
ERNST & YOUNG et Associés

Eric Duvaud Partner – Sustainable Development	Hassan Baaj Partner

[14] ISAE 3000 – *Assurance engagements other than audits or reviews of historical information*

VIII. LEGAL INFORMATION ABOUT BFCM

VIII.1 - Shareholders

VIII.1.1 - Distribution of BFCM's capital at December 31, 2015

Shareholders	% held	No. of shares	Nominal amount held	Currency
CF de CM - CAISSE FEDERALE DE CREDIT MUTUEL	92.99	31,401,592	1,570,079,600	EUR
CRCM LOIRE ATLANTIQUE ET CENTRE OUEST	2.20	741,949	37,097,450.00	EUR
CF de CM MAINE ANJOU ET BASSE NORMANDIE - LAVAL	1.36	459,722	22,986,100	EUR
CRCM CENTRE- ORLEANS	0.91	308,726	15,436,300.00	EUR
CRCM ANJOU - ANGERS	0.52	176,001	8,800,050.00	EUR
CRCM ILE DE FRANCE	0.43	146,411	7,320,550.00	EUR
CRCM DE NORMANDIE - CAEN	0.37	123,856	6,192,800	EUR
CF de CM OCEAN-LA ROCHE SUR YON	0.51	172,116	8,605,800	EUR
CRCM MEDITERRANEEN - MARSEILLE	0.22	74,570	3,728,500	EUR
CCM DU SUD EST - LYON (formerly CF de CM)	0.18	61,545	3,077,250.00	EUR
CCM DU CENTRE EST EUROPE (group)	0.17	59,066	2,953,300	EUR
CRCM MIDI ATLANTIQUE	0.07	24,504	1,225,200	EUR
CCM DU SUD EST (group)	0.02	5,694	284,700.00	EUR
CF de CM ANTILLES-GUYANE - FORT DE FRANCE	0.01	3,111	155,550	EUR
CRCM DAUPHINE VIVARAIS - VALENCE	0.01	2,470	123,500.00	EUR
CCM ILE DE FRANCE (group)	0.01	1,890	94,500.00	EUR
CCM LOIRE ATLANTIQUE ET CENTRE OUEST (group)	0.00	1,480	74,000.00	EUR
CCM MEDITERRANEEN (group)	0.00	1,330	66,500	EUR
CCM MIDI-ATLANTIQUE (group)	0.00	1,152	57,600	EUR
CCM CENTRE (group)	0.00	1,030	51,500.00	EUR
CCM DE NORMANDIE (group)	0.00	820	41,000	EUR
CCM DAUPHINE-VIVARAIS (group)	0.00	551	27,550	EUR
CAISSES DE CREDIT MUTUEL SAVOIE MONT BLANC (group)	0.00	470	23,500	EUR
CCM ANJOU - ANGERS (group)	0.00	390	19,500.00	EUR
FEDERATION DU CM CENTRE EST EUROPE	0.00	81	4,050.00	EUR
CRCM SAVOIE MONT BLANC - ANNECY	0.00	20	1,000.00	EUR
INDIVIDUALS	0.00	42	2,100.00	EUR
CF de CM NORD EUROPE	0.00	1	50.00	EUR
TOTAL:	100.00	33,770,590	1,688,529,500	

VIII.1.1.1 - Changes in the distribution of capital during the past three years

In 2015

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.
This authorization was valid for a period of 26 months. As required by law, the Board of Directors informs the Shareholders' Meeting that the Board of Directors’ meeting of February 27, 2014 decided to use this authorization to implement a capital increase of a maximum amount of €2.7 billion. The capital increase was completed on August 1, 2014.

The Board of Directors’ meeting of February 26, 2015 decided to complete a second capital increase of €1.3 billion in the framework of the maximum authorized amount of €5 billion in cash. As the validity of the authorization granted on May 7, 2013 for a period of 26 months would have expired by the Board of Directors' meeting of July 31, 2015 that would record completion of the capital increase, the Extraordinary Shareholders’ Meeting of May 13, 2015 renewed this authorization for the same duration and in the same conditions.

The Board of Directors' meeting of May 13, 2015 decided to increase the ceiling on the capital increase from €1.3 billion to €1.45 billion.
The capital increase was completed on July 31, 2015.

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.

VIII.1.1.2 - Individuals or legal entities exercising control over BFCM

Caisse Fédérale du Crédit Mutuel controls 93% of BFCM.

VIII.1.1.3 - Knowledge by BFCM of an agreement likely to result in a change in control

To BFCM’s knowledge, no agreement exists that might result in a change in its control at a later date.

VIII.1.1.4 - Dependence of BFCM on other Group entities

BFCM’s dependence on other Group entities is limited to the ownership ties described in the chapter entitled “Presentation of CM11 Group”.

The section entitled “Legal Information – Other Information” indicates that no major agreements exist between BFCM and the subsidiaries.

VIII.1.2 - Ordinary Shareholders' Meeting of May 13, 201516

VIII.1.2.1 - Excerpt of the Board of Directors' report to the Ordinary Shareholders' Meeting of May 11, 2016

VIII.1.2.1.1 - BFCM activities

BFCM has several key business activities:

- central refinancing for CM11 Group,
- depository for CM11 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 BFCM Group's subsidiaries and coordinator of their activities.

VIII.1.2.1.1.1 - Capital markets activity – Refinancing

These comments and data concern CM11 Group's central treasury excluding TargoBank Germany and TargoBank Spain and excluding CIC's foreign subsidiaries and branches.

The Group's refinancing activities on the capital markets were satisfactory in 2015. Regular roadshows have given the main international investors a good knowledge of the Group's fundamentals and they have shown their confidence in the Group during issues.

At December 31, 2015, external resources raised totaled €123.9 billion, up by 3.9% compared with the end of 2014 (€119.3 billion). This rise was linked mainly the increase in medium and long-term funding as part of our strategy of consolidating external funding.

Short-term funding remained stable at €40.8 billion and represents 32.9% of total refinancing (vs. 34.1% at end-2014). The share (30%) of ECP[15] placed with international investors is a useful addition to the traditional refinancing raised with certificates of deposit. 2015 featured some fluctuations in funding; the eurozone money market currently features negative interest rates across all maturities and is therefore less steady.

Medium and long-term funding stood at €83.1 billion at end-2015 (including ECB TLTRO[16]) compared with €78.6 billion at end-2014.

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[15] *Euro Commercial Paper.*

[16] *Targeted Long Term Refinancing Operations.*

VIII.1.2.1.1.2 - Depository for undertakings for 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:

- Ensuring the regulatory compliance of UCI management decisions.
- 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 CM11 Group's specialized units.

It may also contractually perform:

- Liability management for the UCIs, when 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 carried out by the Group's specialized units.

The depository is responsible for safeguarding the unit-holders' interests by ensuring the regulatory compliance of the decisions taken by the UCI. In this respect, it performs its audit plan which has been adapted to take recent regulatory developments into account, particularly those linked to the Alternative Investment Fund Managers Directive (AIFMD).

In particular, 2015 featured:

- Increased monitoring and collaboration with Group delegates responsible for asset safekeeping, liability management and monitoring of cash accounts.
- Termination of the business relationship with three external management companies; in the case of two companies because they ceased their activity (maturity of the fund) and, in the third case, due to sale of the activity.
- 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.
- Putting in place procedures for monitoring and assessing management companies' resources via a transversal analysis of criteria such as the number of irregularities detected, the responsiveness of the alert mechanism and the management company's operational performance.
- Improving the monitoring of UCIs by reviewing the framework for transmitting information from the general secretary to the audit teams when UCIs are created.
- Taking responsibility for invoicing depository fees and invoicing in three parts: custody, control (including cash monitoring), liability management.
- Restructuring the audit plan for securitization activities.
- Completion of work concerning look-through principle (look-through approach applied to target assets held by UCIs) and FATCA (fiscal agreement with the US).
- Adaptation of annual depository's statements with administered registered shareholders recorded in the share register.
- Checks performed after market interest rates for some maturities slipped into negative territory.
- Organization of a seminary to examine the strategic issues facing the profession.
- Heightening the awareness of private equity asset managers to the run-off management of UCIs (respecting pre-liquidation, dissolution, extension phases).

At the end of December 2015, BFCM was the depository for 876 UCIs with total assets of €79.3 billion, a 2.2 % increase compared with 2014.

The vast majority of UCIs held by BFCM (76.3% in managed assets, 85% in number) are managed by the Group's management companies, namely CM-CIC Asset Management for general and employee savings UCIs, CM-CIC Capital Privé for private equity funds and CM-CIC Private Debt for securitization funds. BFCM is also the depository for the securitization funds used in connection with Group refinancing (21.7% of managed assets). The UCIs of some 20 asset management companies which are not part of CM-CIC Group and specialize primarily in private equity represent less than 2 % of the assets held.

VIII.1.2.1.1.3 - Large accounts and structured products

2015 was a year of slow growth and moderate investment in France. In these conditions, large French groups focused their strategies on growth outside the eurozone.

Liquidity remained abundant in the markets, leading most large corporates to renegotiate their credit lines to obtain more favorable financial conditions and to focus on bond financing. Bond financing now represents the bulk of large corporates' long-term funding and continued to grow in 2015; CM-CIC was involved in a larger number of bond issues (Carrefour, APRR, Legrand, etc.).

The Group's financial strength, which was confirmed by the ECB's asset quality reviews and the rating agencies' audits, remains a key factor supporting our commercial growth in the large corporates and institutional market segment and our ability to attract funding.

In the payments area, the Group has further strengthened its expertise in European cash management and cross-border electronic payments acquisition.

Meanwhile, the Large Accounts department continued to promote the Group's various areas of expertise to its customers, particularly employee benefits management (bond funds and management of retirement benefits), real estate leasing, etc. Similarly, sales activities outside France were stepped up with the foreign branches, for example with numerous French companies in the United States, as well as with our Canadian partner Caisses Desjardins.

In a still challenging economic environment in 2016, the Large Accounts department aims to continue to draw on the Group's expertise to work more closely with large corporate customers, particularly by supporting their international business activities

VIII.1.2.1.2 - Information on the activity and results of the subsidiaries and controlled companies (Art. L. 233-6 paragraph 2 of the French Commercial Code)

Under the above provision, the report submitted to the Shareholders' Meeting must disclose the results of the subsidiaries and the companies controlled by BFCM, by business line.

VIII.1.2.1.2.1 - Financial and related sector

Groupe Crédit Industriel et Commercial SA:

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 such 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, 2015. These standards include IAS 1 to 41, IFRS 1 to 8 and 10 to 13 and any SIC and IFRIC interpretations adopted at 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 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 Bail Spain;

• the absorption of Pasche Finance SA by Banque Pasche;

• the liquidation/absorption of Divhold by Banque de Luxembourg;

• the exits of Serficom Brasil Gestao de Recursos Ltda., Serficom Family Office Brasil Gestao de

Recursos Ltda, and Serficom Family Office SA, Trinity SAM.
• The following companies changed their names: CM-CIC Capital Finance became CM-CIC Investissement, CM-CIC Investissement became CM-CIC Investissement SCR, CM-CIC Capital Innovation became CM-CIC Innovation.

Analysis of consolidated statement of financial position
The main changes in the consolidated statement of financial position were as follows:
• Bank deposits17 totaled €130.0 billion, up 6.6% from 2014, thanks to encouraging growth in current accounts (+14.7%) and home savings (+15.5%). Deposits held in savings plans increased by 1.8%.
• Total outstanding loans came to €157.2 billion, up 7.1% from 2014, with in particular a 6.0% increase in housing loans to €69.2 billion. Outstanding investment loans and cash facilities increased by 9.0% and 17.1%, to €31.6 billion and €24.5 billion, respectively.
• The loan-to-deposit ratio stood at 120.9% at December 31, 2015 compared with 120.4% a year earlier.
• customer funds invested in savings products[14] totaled €259.8 billion (up 5.8 %).
• reported shareholders' equity attributable to the Group totaled €13,069 million at December 31, 2015, compared with €12,202 million one year earlier. Excluding transitional measures, Basel 3 common equity tier one capital was €11.6 billion, the common equity tier 1 ratio was 11.7%, the overall capital adequacy ratio was 12.1% and the leverage ratio was 4.4%. These ratios confirm the Group's financial strength.
In the context of Pillar 2, following the Supervisory Review and Evaluation Process performed by the ECB, the CET1 requirement applicable to the CIC group was set at 8.75% as from January 1, 2016 (ratio with transitional measures including capital buffer) The additional capital buffer required in the light of the Crédit Mutuel Group's status as a systemically important financial institution was 0.125% as from January 1, 2016 and will be increased by 0.125% a year to reach 0.5% in 2019. The CIC Group's capital adequacy requirement was therefore 8.875% at January 1, 2016.

Analysis of consolidated income statement

€ millions	2015	2014	Change 2015/2014
Net banking income	4,782	4,410	8.4%
Operating expenses	(3,005)	(2,911)	3.2%
Gross operating income	1,777	1,499	18.5%
Net income before tax	1,702	1,482	14.8%
Corporate income tax	(562)	(358)	57.0%
Net income from activities sold*	(23)		NA
Net income (loss)	1,117	1,124	-0.6%
Net income attributable to owners of the company	1,111	1,116	-0.4%

*Since January 1, 2015, Banque Pasche is accounted for under IFRS 5 as an entity in the process of being sold.

Net banking income rose 8.4% to €4.782 billion. Net banking income from retail banking accounted for 73% of total net banking income.
The cost/income ratio improved to 62.8% from 66.0% a year earlier, reflecting a 3.2% increase in general operating expenses to €3.005 billion, compared with €2.911 billion at the end of 2014, due essentially to the new Single Resolution Fund (FRU) tax.

Net provision allocations/reversals for loan losses were stable, increasing from €206 million at the end of 2014 to €207 million. Actual net provisions on an individual basis rose by €5 million and there was a €1 million reversal of collective provisions compared with an allocation of €3 million in 2014.
Net provisioning on an individual basis in relation to outstanding loans (which increased) fell from 0.18% to 0.14% and the overall non-performing loan coverage ratio was 51.2 % at December 31,

17 Including the currency effect, in particular relating to the U.S.US dollar and the Swiss franc

2015.

The share of income of affiliates and gains on non-current assets decreased from €189 million at the end of 2014 to €138 million at end 2015. This change was mainly due to the sale in April 2014 of the shares in Banca Popolare di Milano (BPM), in which CIC held a 6.6% stake.

Income before tax increased by 14.8% to €1.702 billion compared with €1.482 billion at the end of 2014. Net income nevertheless remained stable (-0.6%), and corporate income tax increased from €358 million to €562 million. In 2014, non-recurrent events (sale of the shares in Banca Popolare di Milano and reversal of provisions on the New York branch) had reduced income tax by nearly €53 million whereas in 2015 former and new taxes (Single Resolution Fund) were no longer deductible. The €23 million net loss on activities held for sale (Banque Pasche) also negatively impacted net income in 2015.

Rating

As a direct consequence of the downgrading of France's credit ratings, on September 23, 2015 Moody's rating agency downgraded CIC's long-term rating from Aa2 with a negative outlook to Aa3 with a stable outlook. On June 30, 2015 Moody's had raised CIC's rating from Aa3 to Aa2 to reflect the strengthening of the Group's financial solidity and liquidity indicators.

On June 23, 2015, Fitch confirmed CIC's ratings.

Similarly, on December 3, 2015, Standard & Poor's confirmed the A/negative outlook long-term rating assigned to the Crédit Mutuel Group's entities. CIC’s ratings are as follows:

	Standard & Poor’s	Moody’s	Fitch Ratings
Short-term rating	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

Retail banking

€ millions	2015	2014	Change 2015/2014
Net banking income	3,514	3,327	5.6%
Operating expenses	(2,254)	(2,194)	2.7%
Gross operating income	1,260	1,133	11.2%
Net income before tax	1,202	1,020	17.8%
Net income attributable to owners of the company	790	688	14.8%

Retail banking encompasses the CIC banking network and all the specialist subsidiaries whose products are distributed mainly through this network: equipment leasing and leasing with purchase options, real-estate leasing, factoring, receivables management, fund management, employee savings plans and insurance.
Retail banking loans increased by 5.0% to €124 billion, notably thanks to housing loans (+4.8%), investment loans (+6.0%) and cash facilities (+17.0%). Deposits saw a stronger 8.2% increase to €99.7 billion as a result of growth in current account credit balances (+21.2% to €39.3 billion) and home savings (+15.6% to €8.9 billion).
Net banking income from retail banking was up 5.6% to €3.514 billion. Net fee and commission income represented 42% of net banking income, up 8.7%. The net interest margin rose by 2.7%.
General operating expenses increased by 2.7% to €2.254 billion (€2.194 billion in 2014).
Net provision allocations/reversals for loan losses fell by 17.1% to €194 million, compared with €234 million in 2014.
Income before tax stood at €1.202 billion, up 17.8% compared with €1.020 billion a year earlier.

Banking network
At December 31, 2015, there were 2,015 branches and 4,869,039 customers (up 2.0 % from December 31, 2014).
Outstanding loans increased by 4.2% to €107.5 billion as at December 31, 2015. There was a 4.8% increase in housing loans and a 5.6% increase in investment loans.
Bank deposits totaled €97.6 billion, up 7.8% compared with December 31, 2014. Current accounts and home savings grew by respectively 20.7% and 15.6%. Savings accounts held at the same level (+1.4%).
Savings increased by 2.8% to €58.2 billion compared with €56.6 billion at end-December 2014 thanks to a 4.4% increase in life insurance savings.

Insurance continued to grow.
4,450,327 property & casualty insurance contracts were subscribed (9.9% of the portfolio excluding payment card insurance) and services businesses recorded growth of:

- 14.7 % in remote banking with 2,055,486 contracts,
- 16.4% in telephone services (439,580 contracts),
- 4.4% in theft protection (87,855 contracts),
- 6.2% in electronic payment terminals (128,070 contracts).

The branch network's net banking income grew by 5.5% to €3.306 billion compared with €3.134 billion a year earlier with, in particular, an 8.4% increase in net fee and commission income. Fee and commission income on loans accounted for 58% of this increase and insurance commissions for 19%.
General operating expenses, which include the new FRU tax, totaled €2.118 billion (€2.070 billion in 2014), while net provision allocations/reversals for loan losses came to €184 million, down €46 million, two-thirds of which was attributable to the decrease in the actual net provision for known risks.
Income before tax generated by the branch network grew by more than 20% to €1.002 billion, compared with €834 million in 2014.

Ancillary businesses to retail banking
Retail banking support businesses generated net banking income of €208 million in 2015, compared with €193 million in 2014, and income before tax of €200 million (€186 million in 2014), more than two-thirds of which consists of the share of income from the Group's insurance business.

Corporate banking

€ millions	2015	2014	Change 2015/2014
Net banking income	366	328	11.6%
Operating expenses	(97)	(89)	9.0%
Gross operating income	269	239	12.6%
Net income before tax	246	190	29.5%
Net income attributable to owners of the company	158	133	18.8%

Corporate banking outstanding loans stood at €13.6 billion.
Net banking income of €366 million benefited from the increase in net interest income in 2015 (up 18.1% from 2014), with a positive currency effect for the foreign branches. This currency effect was also reflected in the 9% increase in general operating expenses. Net provision allocations/reversals for loan losses decreased by more than 50% to €23 million, with a €37 million fall in the actual net provision for known risks. Income before tax grew by €56 million to €246 million (€190 million in 2014).

Capital markets activities

€ millions	2015	2014	Change 2015/2014
Net banking income	342	304	12.5%
Operating expenses	(169)	(175)	-3.4%
Gross operating income	173	129	34.1%
Net income before tax	175	208	-15.9%
Net income attributable to owners of the company	93	157	-40.8%

The capital markets division generated net banking income of €342 million in 2015 (€304 million in 2014). There was a net loan loss provision reversal of €2 million on the RMBS portfolio in New York compared with a reversal of €79 million in 2014.
Income before tax fell from €208 million to €175 million. Net income is stated after payment to the networks of €48 million in fees and commissions, up by 23% versus 2014, in respect of interest-rate, currency and commodity hedging transactions carried out for customers.

Private banking

€ millions	2015	2014	Change 2015/2014
Net banking income	509	458	11.1%
Operating expenses	(371)	(338)	9.8%
Gross operating income	138	120	15.0%
Net income before tax	143	119	20.2%
Net income from activities sold	(23)		
Net income attributable to owners of the company	79	88	-10.2%

Private banking deposits rose 12.7% to €18.6 billion. Outstanding loans totaled €12.0 billion, up 15.0% compared with December 31, 2014. Savings under management and custody totaled €85.4 billion, up 7.7%.

Net banking income rose 11.1% to €509 million compared with €458 million a year earlier, mainly as a result of a €26 million increase in net fee and commission income. General operating expenses increased by 9.8%, reflecting a 5.0% increase in payroll costs due to an increased headcount and a

16.5% increase in other expenses (IT investments and change in goodwill amortization method). Net provision allocations/reversals for loan losses rose from a €2 million charge in 2014 to income of €9 million in 2015. Income before tax stood at €143 million (€119 million in 2014), up 20.2% before taking into account the €23 million net loss of Banque Pasche, currently held for sale.

Private equity

€ millions	2015	2014	Change 2015/2014
Net banking income	172	149	15.4%
Operating expenses	(41)	(38)	7.9%
Gross operating income	131	111	18.0%
Net income before tax	131	111	18.0%
Net income attributable to owners of the company	127	110	15.5%

The investment portfolio totaled €1.9 billion, including €310 million of new investments in 2015. The portfolio consists of 435 equity investments.
The private equity business performed well in 2015, reporting net banking income of €172 million at December 31, compared with €149 million in 2014, and income before tax of €131 million, compared with €111 million a year earlier.

Headquarters and holding company services

€ millions	2015	2014	Change 2015/2014
Net banking income	(121)	(156)	Immaterial
Operating expenses	(73)	(77)	Immaterial
Gross operating income	(194)	(233)	Immaterial
Net income before tax	(195)	(166)	Immaterial
Net income attributable to owners of the company	(136)	(60)	Immaterial

The net banking income of headquarters and holding company services consists mainly of:
• -€50 million to finance working capital and the cost of subordinated securities (-€82 million in 2014);
• -€67 million to finance the network development plan (-€79 million in 2014);
• - €8 million of net interest expense linked to constitution of the liquidity buffer in 2015;
• -€6 million of provisions and net losses on the sale of investments in non-consolidated companies (-€8 million in 2014).
• €2 millions of dividends (€5 million in 2014).
General operating expenses were down to €73 million, from €77 million in 2014.
Net additions to/reversals from provisions for loan losses amounted to €1 million (it was nil in 2014).
There was no share of income from associates in 2015, compared with €68 million in 2014, due to the sale of the shares of Banca Popolare di Milano (BPM), in which CIC held a 6.6% stake.
The result was a pre-tax loss of €195 million in 2015 compared with a loss of €166 in 2014.

Banque Européenne du Crédit Mutuel SAS:

BECM is a network bank that conducts its business nationally and in Germany, where it expanded its coverage in 2015 with the opening of a fifth business center in Munich

BECM's areas of expertise cover:

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 commercial properties and office space;

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

BECM operates in the corporate and real estate markets, in tandem with the CIC regional banks and on a subsidiarity basis relative to the CM11 Crédit Mutuel regional banking network, with thresholds for intervention adapted to each region.

In Germany, BECM mainly targets the large and medium-sized German companies segment through its relations with the parent companies of French/German subsidiaries. It contributes its knowledge of the German local markets and makes its know-how available to the Group's domestic network and other banking entities.

BECM also distributes the products and services of the Group's other subsidiaries and business centers in all areas related to the corporate and real estate markets

With a workforce of 388 people, BECM had a network of 49 branches, including 37 dedicated to corporate customers and 12 specialized in real-estate financing, at end 2015.

Growth in on-balance sheet loans accelerated in 2015, rising by 7.6% to 11.9 billion in month-end outstandings.
Drawing on the Group's financial strength, BECM achieved a positive inflow of deposits with book deposits up by 27.9% to €10.8 billion.
These improvements resulted in a €1.55 billion reduction in the liquidity gap at the closing date.
Net income increased by 7.1% thanks to volume growth in loans and deposits together with a stabilization of the average margin, efficient control of operating expenses and a 29.6% reduction in net allocation to provisions for loan losses.

CIC Iberbanco:

Commercial activity

With 150 employees working at 34 branches in France, CIC Iberbanco attracted over 8,300 new customers in 2015, up 15% compared with 2014.

Customer savings deposits increased by 14.5% to €599 million. Outstanding loans rose by 25.5% year on year, to €606 million. The insurance and telephony activities recorded encouraging growth, up +68 % and +24 %, respectively. Net income in 2015 came to €5.04 million.

Targobank Germany:

In 2015, Targobank strengthened its position in the consumer credit market.
The bank continued to expand its sales network, opening four new branches, and to build up its network of partner dealers for distributing auto loans.
In the fourth quarter, it completed the IT migration of the retail banking portfolio of Valovis Bank, acquired in May 2014.

Outstanding loans increased by €219 million to end the year at €11.4 billion. Growth in outstanding loans was bolstered by a 3.3% increase in production of personal loans which ended the year at €2.7 billion. The ongoing expansion in the dealer partner network boosted auto loan production (up 80% compared with 2014) bringing outstanding auto loans up by more than 60% to nearly €150 million.
Deposits ended the year at more than €12 billion, with an increase of €563 million during the year despite the fall in the average interest rate paid to customers.
Financial savings also grew in 2015, up by 6.7% during the year, to end 2015 at €10.1 billion.

Targobank Germany’s net income under IFRS came to €408 million, 100% more than in 2014. Income before tax in 2014 had been severely affected by the reimbursement of loan fees ordered by the Karlsruhe Federal Court of Justice.

Net banking income benefited from absorption of Valovis's portfolio and recorded a 1% increase on a proforma basis compared with 2014. It also benefited from the lower cost of customer deposits (-16 bps) and growth in the wealth management activity.

Net provision allocations/reversals for loan losses were down by 11% thanks to the improvement in macroeconomic conditions, particularly the improvement in the unemployment rate which dropped from 6.7% to 6.4%.

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 124 branches located in Spain's main centers of economic activity and more than 140,000 customers, mainly individuals.
2015 was marked by the migration of Targobank Spain's information systems, which focused the attention of the entire staff in the last quarter of 2015.
This had a very negative impact on business activity during the period as did the fall in interest rates which resulted in a sharp contraction in Targobank Spain's interest margins.
Net income amounted to €15.5 million in 2015.

Cofidis Group:
Cofidis Group, 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).

In France, Cofidis merged with Sofemo in October 2015, thereby strengthening the product range offered by Cofidis, in particular through the addition of installment payments and vendor credit. At the international level, the Group acquired Banif Mais, a financial company specialized in loans for used cars with operations in Portugal, Hungary, Slovakia and Poland, and Centax, an Italian company specialized in guarantees for payment by check or card in the retail sector.

It has three brands specializing in the sale of financial products and services:

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

Financing grew by 6.5% compared with 2014, with significant growth internationally in Belgium, Spain, Portugal, Italy and Eastern Europe, and remained stable 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 the 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.
Banque Casino continued to develop in 2015, in particular by accompanying the growth of the Cdiscount banner through sales financing.

CM-CIC Asset Management SA
In a fast-changing global environment, CM-CIC Asset Management continued to grow in 2015 by remaining focused on the long term, with €61.77 billion in assets under management at December 31, 2015 (up 2.5%). Net inflows were close to €1 billion for all asset classes compared to €401 million in 2014, with nearly €195 million for formula funds, €300 million for equities and €550 million for diversified funds.

These figures are the result of efforts to offer products upstream through CIC and Crédit Mutuel and marketing campaigns in collaboration with the networks

Along these lines, in 2015 the ACM subsidiaries approved the Capture Euro 2023 fund, which took in €91.4 million, including €72 million for the ACM subsidiaries, as well as CM-CIC Protective 90 at the end of the year. This cushion fund, developed by the same quantitative management team, accounted for more than €100 million in assets under management at the end of 2015, mostly at the ACM subsidiaries.

2015 also marked the launch of "Flexigestion", a line of integrated flexible management products comprising three funds (approved for purchase at the ACM subsidiaries), including the Flexigestion Patrimoine fund, which is designed for wealth management customers and has net exposure to equities of 0% to 70%. In 2016, this product line is expected to be marketed through the asset management networks of Crédit Mutuel and CIC and within the Private Banking division.
Total commissions paid to the networks rose by 6.2% to €177.6 million.

Under invitations to tender, a total of €662 million was collected in 2015 with the help of a restructured team, a single point of entry for the Group, in partnership with the Group's large accounts division and in collaboration with CM-CIC Épargne Salariale for certain transactions.

The quality of conviction-based management was confirmed in 2015. Some funds were hailed by the financial press, such as the Union Europe Growth fund, which Europerformance ranked fifth out of 355 for European equity funds. The CM-CIC Global Leaders fund, an international equity fund launched in December 2014, had €96.5 million in assets under management at December 31, 2015.
The managed assets of CM-CIC Gestion, CM-CIC AM's investment management consulting subsidiary which operates through the CIC, CIC Private Banking and Crédit Mutuel networks, increased by 8%, i.e. €9.874 billion, at the end of December, while the networks' related commissions and income rose by 14.1%. The business thus generated more than €100 million in net banking income for the first time.

CM-CIC Asset Management continued to expand its offering through external management companies, with 401 mutual funds out of a total of 1,134 at the end of 2015, compared with 379 in 2014. The overhaul in 2015 of specific services such as delegations of administrative and accounting management and price restructuring paved the way for redefinition in 2016 of the offering aimed at these customers.

Further international development in Europe, notably Germany and Spain, is expected in 2016, as is closer collaboration with the Canadian Caisses Desjardins.

Supporting the networks' development, in partnership with the other business centers, and protecting customers' interests remain the subsidiary's objectives in 2016 on behalf of the Group.

Crédit Mutuel-CIC Home Loan SFH:
In 2015, Crédit Mutuel-CIC Home Loan SFH completed two bond issues for a total of €2 billion:

- €1 billion over seven years in January 2015, and
- €1billion over 10 years and four months in December 2015.

These issues contributed to the Group's medium-and long-term funding program, thereby providing effective support to the principal funding operations undertaken by BFCM.

CM-CIC Lease SA:

The year 2015 ended with a significant increase in the number of new real estate leasing financing agreements for customers of the networks (310 transactions, up 12%) for a total volume of €604 million which, however, dipped slightly by 4% from the previous year.
The contribution of real estate leasing to the long-term financing of corporate projects did not decline. It resulted in a 4% increase in CM-CIC Lease's total financial and off-balance sheet outstandings to more than €4.2 billion, thereby confirming continuous growth over a number of years (up 17.7% over the last three years alone).

Leasing activity remained diversified and mainly involved logistics warehouses (27.6% of new business in terms of volume) and commercial properties (22.3% of new business). New leases on office buildings and industrial sites were down slightly and accounted for 15.6% (-9 points) and 13.8% (-3 points) of new business respectively.
There was little change in the breakdown of existing leases, which still mainly involved logistics sites and warehouses (20%), commercial properties (25.3%) and industrial properties (21.5%). The remaining existing leases covered a range of sectors, including office buildings (15%), healthcare facilities (8%), hotels (7.7%) and recreational and educational facilities (2.5%).

Net interest income from customers rose by 19.5% after a 23.9% increase the previous year. General operating expenses excluding new tax and regulatory charges rose by less than 1%. Commissions paid to the CM11 and CIC networks totaled €18.6 million, the same as the previous year despite the slightly lower volume of new business. Net additions to/reversals from provisions for loan losses were down sharply and net income increased significantly to €5.5 million (up 71%).

CM-CIC Lease actively continues to implement the technical resources and organizational methods, particularly with its notaries, that allow it to improve transaction processing times and therefore help develop solid partnerships with the Group's corporate customers.

As such, CM-CIC Lease took the lead role in more than half of new transactions carried out through lessor pools in 2015.

Banque de Luxembourg:

Banque de Luxembourg is one of the Grand Duchy’s leading banks. In 2015, its private banking assets under management increased of 6% to reach €22.2 billion. It caters for an international customer base of high net worth families and business owners seeking reliable solution for preserving, managing and passing on their tangible and intangible wealth. It offers its customers an integrated line of services from investment advisory to financing solutions. Banque de Luxembourg also assists its customers on matters related to family governance and the development of philanthropic projects

In 2015, Banque de Luxembourg continued to expand in Luxembourg, as well as in Belgium, where it has operated since 2010. Thanks to its reputation, it is mainly called upon by customers with complex needs, such as substantial and diversified assets, operations in several countries, etc.. It is therefore constantly expanding its offering to respond to their requests in areas such as consolidation, reporting and diversification (private equity, real estate, impact investing)

Banque de Luxembourg also pioneered the development in Luxembourg of a center of excellence for investment funds and support for independent asset managers. For more than 30 years, it has provided assistance to fund sponsors, from creating their organization to supporting their international development. It helps them reap the benefits offered by Luxembourg, the largest fund administration and distribution center in the world. Third-party asset managers can outsource all their administrative tasks to it so that they can focus on supporting their customers and on their business development.
In a world where regulations are becoming increasingly complex, the bank has proactively helped its customers prepare for the challenges of implementing the UCITS V directive and is continuously expanding its banking services for professionals. The investment fund division has €40.5 billion in assets and the third-party management business has €6.7 billion in assets under management.

In 2015, Banque de Luxembourg's net banking income was €253 million (up 14.6%) and its net income stood at €69.7 million (up 14.2%)

VIII.1.2.1.2.2 - Insurance sector

Groupe des Assurances du Crédit Mutuel – GACM – SA:

The Group’s insurance activities are carried out through the subsidiaries of Groupe des Assurances du Crédit Mutuel (GACM).

2015 was a good year for CM11's insurance business, with robust growth in sales of property and casualty insurance to retail customers and development of insurance products for professional customers.

Revenues remained stable at €10.4 billion. The slight fall in net inflows into life insurance masks the positive performance of property and casualty insurance.
2015 saw the strongest growth in auto and home insurance in the past five years, with more than 445,000 new auto insurance policies and 360,000 comprehensive home insurance contracts. Premium income grew by 6.2% in non-life insurance, significantly outperforming the market +1.5%)

In personal insurance, the mobilization of the branch network staff enabled it to underwrite more than 27,000 collective health insurance policies. The Group targets continued production of these policies and an increasing the pentration rate among customers in 2016.

Premium income from life insurance and insurance-based savings products came to €6.3 billion and remains mainly in euro. Net inflows totaled €1.5 billion.

The positive trend in property and casualty claims partly offset the the impact of the fall in interest rates on the provisions charge.

This positive environment enabled GACM to post net income of €740.1 million compared with €687.7 million in 2014.

2015 also enabled GACM to consolidate its presence in the Spanish market through the acquisition of Atlantis in July. In December, it raised its stake in RACC Seguros, a Catalonia-based joint venture set up with Royal Automobile Club de Catalogne, to 100%.
This sub-group, organized around the Spanish holding company GACM España, which is wholly owned by GACM, further strengthens our presence in Spain and our goal of rapidly gaining a significant share of the market. GACM's subsidiaries already insure more than 290,000 vehicles in Spain.

On January 1, 2016, the Solvency II directive came into force. GACM has successfully taken the necessary measures to adapt to this reform of the European insurance market.

GACM ended 2015 with €9.4 billion in shareholders’ equity, up 4.1%, and a sound balance sheet structure that positions it well to cope with the new challenges in the insurance industry.

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. It sells new housing units through CM-CIC Agence Immobilière 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.

2015 key figures:

Number of employees: 167 (compared with 174 in 2014)
Housing unit reservations: 6,959 units (5,267 units in 2014)

- CM-CIC Agence Immobilière: 6,584 units (of which, 235 units by Ataraxia Promotion)
- ATARAXIA Promotion: 439 units (of which, 235 reserved by CM-CIC Agence Immobilière)
- CM-CIC Réalisations Immobilières: 171 units

Building lot reservations: 950 lots (645 in 2014)

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 €74.1 million in 2015, in line with projections. BFCM 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 2015, just over 568,000 man-days were devoted to upgrades and maintenance on the common IT system.

Euro-Information Telecom:
2015 was a year of consolidation attempts in the telecoms sector, marked in particular by SFR failed attempt to takeover Bougues Telecom, followed by intensification of the price war towards the end of the year. This resulted in a flurry of sales promotions leading to record transfer levels, similar to those that followed the launch of Free in January 2012.

For EI Telecom, 2015 was also marked by the signature of an MVNO contract with Bouygues Telecom and the launch of an attractive promotional offer to celebrate its tenth anniversary. Euro-Information Telecom posted record growth in its volume of active post-paid lines, with 200,000 additional lines. Revenue grew by around 6% to €406 million, boosted by growth in both access revenues and service revenues, which rose by €17 million to €311 million. Net income increased by +3.3% to €8.5 million.

Despite the tougher competitive, tax and regulatory conditions which dragged significantly on margins, EIT managed to preserve its profitability by improving its cost structure, in particular by purchasing traffic from network operators. At end-2015, Euro-Information Telecom was the leading French MVNO in terms of both the number of customers as well as revenues generated during the year. Moreover, EIT is the only full MVNO to be connected in 2G/3G/4G to the three main network operators: Orange, SFR and Bouygues Telecom.

Euro Protection Surveillance:
EPS continued to expand in 2015 and today has more than 389,000 subscribers (+6.9%). EPS thus confirmed its leadership in residential remote surveillance in France with a 31% share of the market (Source: Atlas de la Sécurité 2015/Internal data).

VIII.1.2.1.2.4 - Communications sector
Like in the past, the depressed economic conditions have continued to drag on advertising revenues. The decline in subscriptions has continued, linked in particular to a shift towards digital which is a focus of efforts and investment but whose growth is still insufficient. This situation is accompanied by ongoing efforts to reorganize so as to reduce costs and turn the situation around.

VIII.1.2.1.3 – Trends and outlook
The situation in Europe seems to be moving towards a period of moderate growth with, however, differences between advanced countries and emerging countries. The overall situation remains vulnerable in 2016, both economically and financially. These uncertainties are dragging on growth, which will likely remain slow, with an increase in regulatory pressures in our businesses, in terms of new regulations and ratios and controls.
Our activities are closely linked to these uncertain trends.

VIII.1.2.2 - Resolutions of the Ordinary Shareholders' Meeting of May 11, 2016

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 2015 as presented, which show a net profit of €342,644,532.10.
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 2015 year totaling €342,644,532.10, plus the retained earnings from the previous year totaling €629,881.41, i.e. the sum of €343,274,413.51, as follows:

- pay a dividend of €4.15 to each of the 33,770,590 shares carrying dividend rights for the full year (including the 2,302,997 shares issued in the context of the capital increase on July 31, 2015), i.e. a total payout of €140,147,948.50. These dividends are eligible for deduction under Article 158 of the French Tax Code (*Code Général des Impôts* – CGI);
- transfer €17,327,280 to the legal reserve;
- transfer €185 million to the optional reserve; and
- transfer the balance of €799,185.01 to retained earnings.

In accordance with the legal provisions in force, the Shareholders' Meeting reminds you that the dividends paid per share for the last three years were as follows:

Fiscal year	***2012***	***2013***	***2014***
Amount in €	€2.65	€4.90	€4.15
Dividend eligible for the deduction provided for in Article 158 of the French Tax Code (*Code Général des Impôts* – 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, 2015 as presented by the Board of Directors.

VIII.1.2.2.4 - Fourth resolution

The Shareholders' Meeting approves the agreements covered by Article L. 225-38 of the French Commercial Code (Code de Commerce) presented in the special report of the statutory auditors.

VIII.1.2.2.5 - Fifth resolution

Pursuant to Article L. 511-73 of the French Monetary and Financial Code (Code Monétaire et Financier), the Shareholders' Meeting issues a favorable opinion regarding the total amount of the remuneration specified in the Board of Directors' report. This amount includes remuneration of any kind paid during the year under review to the accountable managers and the categories of employees referred to in Article L. 511-71 of this same code.

VIII.1.2.2.6 - Sixth resolution

The Shareholders' Meeting approves the co-optation of Damien Lievens as a member of the Board of Directors to replace François Duret for the remainder of his 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 approves the co-optation of Daniel Rocipon as a member of the Board of Directors to replace Albert Peccoux for the remainder of his term of office, i.e. until the Shareholders' Meeting called to approve the 2017 financial statements.

VIII.1.2.2.8 - Eighth resolution

The Shareholders' Meeting renews the appointment of Gérard Cormorèche as a member of the Board of Directors for a three-year term.
His term of office will expire at the end of the Shareholders' Meeting called to approve the 2018 financial statements.

VIII.1.2.2.9 - Ninth resolution

The Shareholders' Meeting renews the appointment of Etienne Grad as a member of the Board of Directors for a three-year term.
His term of office will expire at the end of the Shareholders' Meeting called to approve the 2018 financial statements.

VIII.1.2.2.10 - Tenth resolution

The Shareholders' Meeting renews the appointment of Michel Lucas 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 2018 financial statements.

VIII.1.2.2.11 – Eleventh resolution

The Shareholders' Meeting renews the appointment of Jean-Paul Martin 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 2018 financial statements.

VIII.1.2.2.12 - Twelfth resolution

The Shareholders' Meeting renewed the term of office of Ernst & Young et Autres as Statutory Auditors for the individual and consolidated financial statements 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, 2021.

VIII.1.2.2.13 - Thirteenth resolution

The Shareholders' Meeting renewed the term of office of Picarle et Associés as Alternate Auditors for the individual and consolidated financial statements 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, 2021.

VIII.1.2.2.14 - Fourteenth resolution

The shareholders' general meeting decides to appoint Price Waterhouse Coopers France as principal statutory auditor for the individual and consolidated financial statements for a term of office of six years, i.e. until the close of the shareholders' general meeting called to approve the financial statements for the fiscal year ending December 31, 2021. in replacement of KPMG Audit whose terms of office has expired.

VIII.1.2.2.12 - Fifteenth resolution

The shareholders' general meeting decides to appoint Jean-Baptiste Deschryver as alternate statutory auditor for the individual and consolidated financial statements for a term of office of six years, i.e. until the close of the shareholders' general meeting called to approve the financial statements for the fiscal year ending December 31, 2021 in replacement of Malcolm Mc Larty whose terms of office has expired

VIII.2 - Statutory Auditors' report on regulated 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 unit of KPMG S.A.
Tour Eqho
2, avenue Gambetta
92066 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, 2015

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,conditions and reasons for the company's interest 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 ALREADY APPROVED BY THE General Meeting of Shareholders
Agreements and commitments approved in prior years whose implementation continued during the year
In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued 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 Michel Lucas, 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 (CF de CM)

Directors and corporate officers concerned

Mr. Nicolas Théry, Chairman of the Board of Directors of your company,

Messrs. Jean-Louis Boisson, Gérard Bontoux, Hervé Brochard, Gérard Cormorèche, François Duret, Jean-Louis Girodot, Jacques Humbert, Michel Lucas, Albert Peccoux, Alain Têtedoie 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), CF de CM (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 CF de CM (as Intermediary Bank);
- the Collateral Security Agreement between your company (as Collateral Security Agent, Collateral Provider and Borrower), CF de CM (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), CF de CM (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), CF de CM (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 CF de CM (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 CF de CM (as Intermediary Bank), with a copy to France Titrisation (as Management Company).

3. Zéphyr securitization with Caisse Fédérale de Crédit Mutuel (CF de CM), 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, Gérard Bontoux, Hervé Brochard, Gérard Cormorèche, Jean-Louis Girodot, Jacques Humbert, Damien Lievens, Michel Lucas, Lucien Miara, Albert Peccoux, Alain Têtedoie 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 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), CF de CM (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 CF de CM (as Intermediary Bank);
  - the Collateral Security Agreement between your company (as Collateral Security Agent, Collateral Provider and Borrower), CF de CM (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), CF de CM (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), CF de CM (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 CF de CM (as Intermediary Bank), with a copy to France Titrisation (as Management Company);
- the 2012 APR Letter, which must be sent by CF de CM (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 Alain Fradin.

On May 11, 2011, the Board of Directors also decided to approve the termination benefit of Alain Fradin, calculated based on the average of the last 12 months preceding the end of his term of office, subject to achievement of the performance condition set by the Remuneration Committee.

The termination indemnity of Alain Fradin as Chief Executive Officer currently represents an estimated commitment of €1,200 thousand (including social security expenses).

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, as Chief Executive Officer, under the same conditions applicable to all Group employees. In respect of the supplementary pension scheme, the contributions paid by your company amounted to €18,411.36 in 2015.

However, it should be recalled that Alain Fradin has been an employee of the Group since June 1, 1983 and that his employment contract was suspended effective May 1, 2011.

As a corporate officer, Alain Fradin is also covered by a supplementary pension plan, the conditions of which are the same as those that apply to the other employees of your company and for which the contributions paid covering this entire commitment amounted to €38.384.16 in 2015.

In accordance with French law, we inform you that the board of directors has not performed the annual review of the agreements entered into and approved in prior years whose implementation continued during the year, in accordance with the requirements of Article L. 220-40 of the French Commercial Code (Code de Commerce).

Agreements and commitments approved during the year

In addition, we have been advised of the implementation during the year of the following agreements and commitments which were approved by the General Meeting of Shareholders on May 13, 2015 based on the statutory auditors' report dated April 17, 2015.

At the Board of Directors' meeting on November 14, 2014, 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 Nicolas Théry's compensation, not as an employee but as a corporate officer, at €450 thousand.

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 Nicolas 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.

This decision also concerned authorization of a termination benefit for Nicolas Théry, calculated based on the average of the last 12 months preceding the end of his term of office, subject to achievement of the performance condition set by the Remuneration Committee.

The termination indemnity of Nicolas Théry as Chairman of the Board of Directors currently represents an estimated commitment of €675 thousand (including social security expenses).

As an employee, Nicolas Théry is subject to the company supplementary pension rules of January 1, 2008. Consequently, the remuneration committee proposed that these pension scheme rules be applied to Nicolas Théry's compensation in his capacity as chairman of the board of directors, under the same conditions as all group employees. In respect of the supplementary pension scheme, the contributions paid by your company amounted to €18,411.36 in 2015.

In this regard, note that Nicolas Théry has been employed by the group since September 1, 2009 and that his employment contract was terminated with effect from December 1, 2014.

As a corporate officer, Nicolas Théry is also covered by a supplementary pension plan, the conditions of which are the same as those that apply to the other employees of your company and for which the contributions paid to the insurance company covering this entire commitment amounted to €24,565.80 in 2015.

Paris-La Défense, April 19, 2016

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 - Other information

VIII.3.1 - Issuer's corporate name and trading name

Banque Fédérative du Crédit Mutuel (BFCM)

VIII.3.2 - BFCM's place of incorporation and registration number

Strasbourg B 355 801 929

APE/NAF code: 6419 Z

VIII.3.3 - BFCM's date of incorporation and term

The company was formed on June 1, 1933 under the name "Banque Mosellane". Except in the event of an extension or early dissolution, it will cease to exist on June 1, 2032.

VIII.3.4 - Registered office, legal form, legislation governing BFCM's activities, country of origin, telephone number of BFCM's registered office

BFCM is a French Société Anonyme à Conseil d'Administration (joint-stock company with a Board of Directors). As a credit institution and *société anonyme*, it is subject to a statutory audit by two registered auditors. The statutory auditors are appointed by the company's Shareholders' Meeting for a term of six years, subject to approval by the ACPR (French banking and insurance supervisory authority).

BFCM is governed by the provisions of the French Commercial Code (Code de commerce) regarding sociétés anonymes and by the laws applicable to French credit institutions, most of which are codified in the French Monetary and Financial Code (Code monétaire et financier). BFCM is a member of the French Banking Federation (FBF).

The legal documents related to BFCM 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, CF de CM 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 - Financial 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 such profit to one or more reserve accounts whose allocation and use it shall determine, carry it forward as retained earnings or distribute it.

In case of a distribution, the dividends shall first be taken from the profits of the year under review.

After determining the existence of reserves at its disposal, the Shareholders' Meeting may decide to distribute sums taken from these reserves. In this case, the decision shall expressly indicate the reserves from which the amounts are to be taken.

The Shareholders' Meeting called to approve the financial statements for the year has the option to give each shareholder the choice between payment in cash or in shares, for all or part of the dividend paid out, in accordance with the prevailing legal provisions.

The Board of Directors may also decide to pay interim dividends, giving each shareholder the choice between payment in cash or in shares.

VIII.3.8 - Shareholders' Meetings

Shareholders' Meetings are convened by the Board of Directors through an announcement in a publication that carries legal notices serving the area where the registered office is located. Notice of the meeting is also given through an individual letter sent by ordinary mail to shareholders who have held registered shares for at least one month as of the publication date of the above announcement.

Since the capital consists entirely of ordinary shares, one share entitles the holder to one vote. There are no double voting rights.

Furthermore, the company's bylaws do not provide for a reporting threshold. BFCM's capital is "closed" (see Article 10 of BFCM's bylaws under the section entitled "Additional specific provisions related to the issuer").

VIII.3.9 - Additional specific provisions related to the issuer

Shareholding structure:

Conditions for admission of shareholders (extract from Article 10 of BFCM's bylaws)

The only shareholders of the company shall be:

2. Fédération du Crédit Mutuel du Centre Est Europe, CF de CM 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 CF de CM.

Transfer of BFCM shares

The shares are fully tradable; however, share ownership may only be transferred between legal entities or individuals who meet the above conditions and subject to approval by the Board of Directors (Article 11 of the company's bylaws).

Amount of the subscribed capital, number and class of shares that make up the share capital

The share capital amounts to €1,688,529,500.00 and is divided into 33,770,590 shares of €50 each, all belonging to the same class.

Unissued authorized capital

None.

Exchangeable or redeemable convertible bonds that give access to the capital

None.

Statement of changes in capital

See "Five-year financial summary" in the chapter entitled "Financial elements of BFCM's corporate financial statements".

Market for the issuer's shares

BFCM's shares are not quoted or traded on any market.

Dividends

Changes in earnings and dividends:

	2011	2012	2013	2014	2015
Number of shares at December 31	26,496,265	26,532,613	26,585,134	31,467,593	33,770,590
Net income (€ per share)	10.94	24.48	11.72	11.79	10.15
Gross dividend (€ per share)	2.00	2.65	4.90	4.15	4.15
	0.83	1.33	2.04		

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 this Registration Document which is not taken from the issuer's audited financial statements

Financial information contained in this 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 latest financial information

The date of BFCM’s latest reported financial information is December 31, 2015.

VIII.3.12 - Half-year information

Not applicable.

VIII.3.13 - Material change in the issuer's financial position

There have been no material changes in BFCM Group’s financial or commercial position since the publication on February 25, 2016 of the financial statements for the year ended December 31, 2015. Similarly, there has been no material adverse change in BFCM’s outlook since that date.

VIII.3.14 - Recent events specific to BFCM which have a material impact on the measurement of its solvency

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 signed by BFCM that could impact BFCM's financial situation such that it would be unable 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

With regard to the case concerning check image transfer fees, the French antitrust authority had 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, in September 2015, the case was once again remanded to the Paris Court of Appeal. The hearing has been scheduled for November 3 and 4, 2016.

There are no other pending or threatened 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 BFCM and/or Group.

IX. ADDITIONAL INFORMATION

IX.1 - Documents available to the public

During the effective period of this Registration Document, the following documents (or copies thereof) may be consulted :

By accessing BFCM's website (Institutional site)

http://www.bfcm.creditmutuel.fr

- Historical financial information on BFCM and the CM11 Group for each of the two financial years preceding publication of this 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 this Registration Document.
- Historical financial information on BFCM's subsidiaries for each of the two financial years preceding publication of this 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 pages 433 and 434, 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, April 28, 2016

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.
Reappointment: the Shareholders' Meeting reappointed Ernst & Young et Autres as Principal 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, 2021.

KPMG Audit, member of the Regional Institute of Accountants of Versailles, represented by Arnaud Bourdeille, Tour Eqho 2, avenue Gambetta, CS 60055 92066 Paris-La-Défense 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 Pricewaterhouse Coopers France as Principal Statutory Auditor of the company and consolidated financial statements 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, 2021, to replace KPMG Audit, whose term of office is expiring.

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 this Registration Document, the following cross-reference table identifies the main headings required by Annex 11 of European Regulation No. 809/2004 pursuant to the so-called "Prospectus" Directive.

Pursuant to Article 28 of European Regulation no. 809-2004 on prospectuses and Article 212-11 of the General Regulations of the Autorité des Marchés Financiers, the following items are included by way of reference:

- The consolidated financial statements and management report and Statutory Auditors' report on the consolidated financial statements as of December 31, 2014, presented respectively for the Group on pages 111 to 159, 62 to 110 and 160 to 161 of the Group's 2014 Registration Document, registered by the AMF on May 29, 2015 under No. R.15-047.
- The consolidated financial statements and management report and Statutory Auditors' report on the consolidated financial statements as of December 31, 2014, the extract of company financial statements including the management report for the fiscal year ended December 31, 2014, presented respectively for BFCM on pages 226 to 274, 195 to 226, 275 to 276 and 277 to 315 of the Group's 2014 Registration Document, registered by the AMF on May 29, 2015 under No. R.15-047.
- The consolidated financial statements and management report and Statutory Auditors' report on the consolidated financial statements as of December 31, 2013, presented respectively for the CM11-CIC Group (predecessor to the 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 Statutory Auditors' report on the consolidated financial statements as of December 31, 2013, the extract of 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 2013 Registration Document, registered by the AMF on May 6, 2014 under No. R.14-028.

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.

ATTACHMENT B

GSN NORTH AMERICA, INC.
(formerly ESN North America, Inc.)

Statement of Financial Condition
December 31, 2015

ASSETS	
Cash and cash equivalents	$ 1,402,864
Due from clearing broker	281,762
Advisory fee receivable	63,786
Prepaid and other assets	61,900
	$ 1,810,312
LIABILITIES AND STOCKHOLDER'S EQUITY	
Accounts payable and accrued expense	$ 201,713
Due to affiliate	285,093
Total liabilities	486,806
Common stock, $0.01 par value per share, 934 shares authorized, issued and outstanding	9
Additional paid-in capital	12,130,928
Accumulated deficit	(10,807,431)
Total stockholder's equity	1,323,506
	$ 1,810,312