2008

# Annual Report

CIC

On May 7, 1859, a decree signed by Emperor Napoleon III authorized the establishment, in accordance with the law of the time, of "the limited liability company formed in Paris under the name Société Générale de Crédit Industriel et Commercial" and approved its bylaws as contained in deeds executed on April 30 and May 6 before Mr Dufour, public notary, Paris.

That's our birth certificate - 150 years ago!

This first deposit-taking bank represented a complete break with the past, in that it sought to capture the savings of the public at large, with a view to siphoning off temporarily idle and non-productive funds and using them to finance the working requirements of businesses.

The success of this new model redounded to the benefit of society in general.

For 150 years, CIC has managed to remain faithful to its traditions, while at the same time embracing constructive change so as to be both proactive and reactive in the many different situations it has come through - three wars, several crises, nationalization, privatization, new regulations, etc. These 150 years of trials and growth provide ample proof of CIC's resilience.

After the troubled financial context of 2007 came the year 2008, which was characterized by a financial and economic crisis without precedent. CIC and its majority shareholder Crédit Mutuel were not spared, but, thanks to the streamlining policy pursued over the last several years, it did not suffer the violent shocks that some of its counterparts did in France, Europe and elsewhere. This was, and remains, one of the best assurances for its clients.

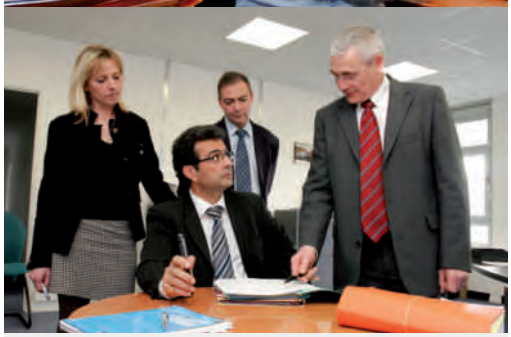
Throughout this very difficult past year, Crédit Mutuel and CIC have continued to provide support and advice to all their various customer groups – private individuals, self-employed professionals and small, medium and large enterprises – in their projects.

Apart from this, the Crédit Mutuel-CIC group was able to take advantage in 2008 of a number of development opportunities which, while consolidating its capital position and financial strength, will also enable it to improve its future competitiveness and facilitate further innovation in its range of products and services for all its clients.

Michel Lucas
President of the Executive Board

CONTENTS



This reference document also serves as an annual report.

CIC, the group holding company and network bank serving the Paris region, comprises five regional banks and specialist entities covering all areas of finance - both in France and abroad - and insurance.

**4,147,827 clients, including:**

**3,455,802 individuals**

**586,676 self-employed professionals**

**104,612 corporates**

**22,656 employees**

**2,122 branches in France**

**3 foreign branches and**

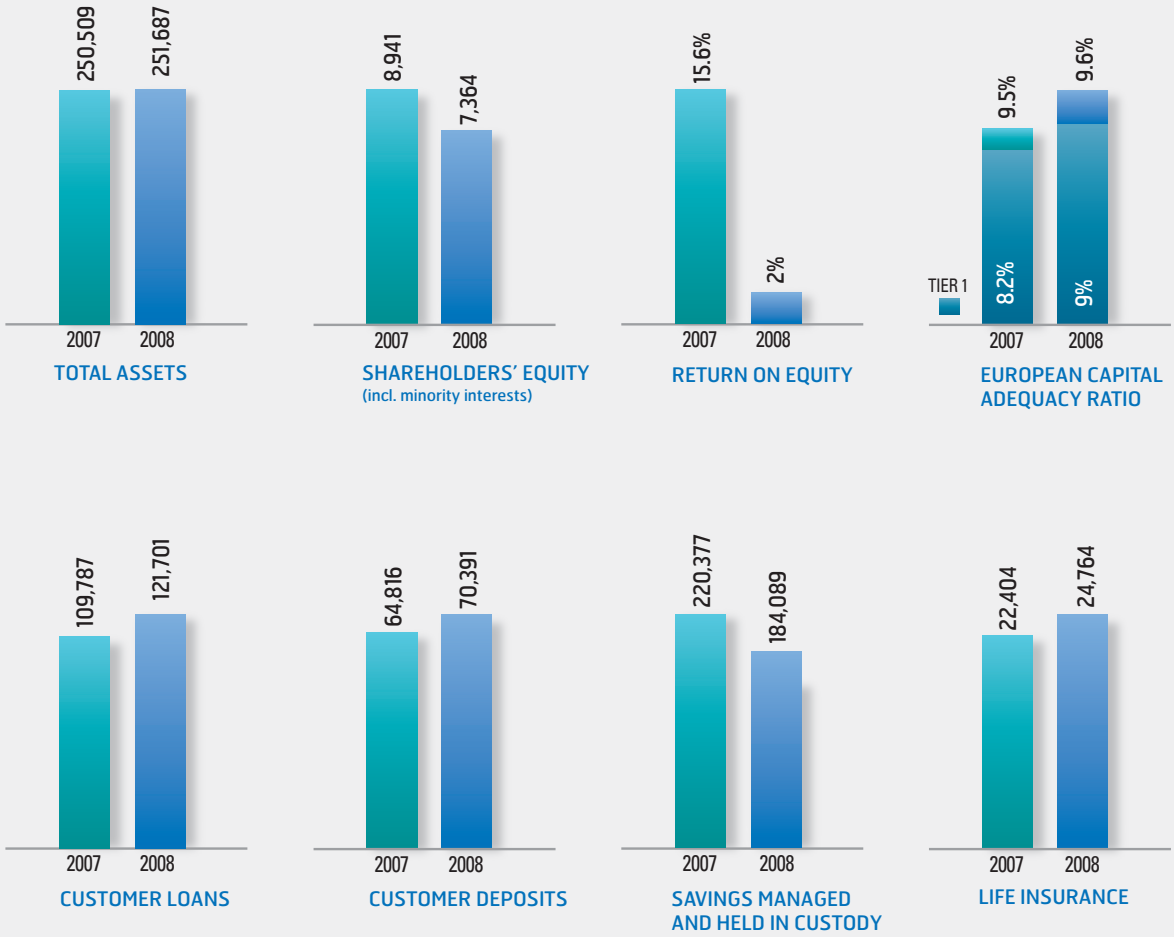
**36 foreign representative offices**

**CIC has been part of Crédit Mutuel since 1998.**

Figures as of December 31, 2008

# Key consolidated figures

**IN € MILLION**

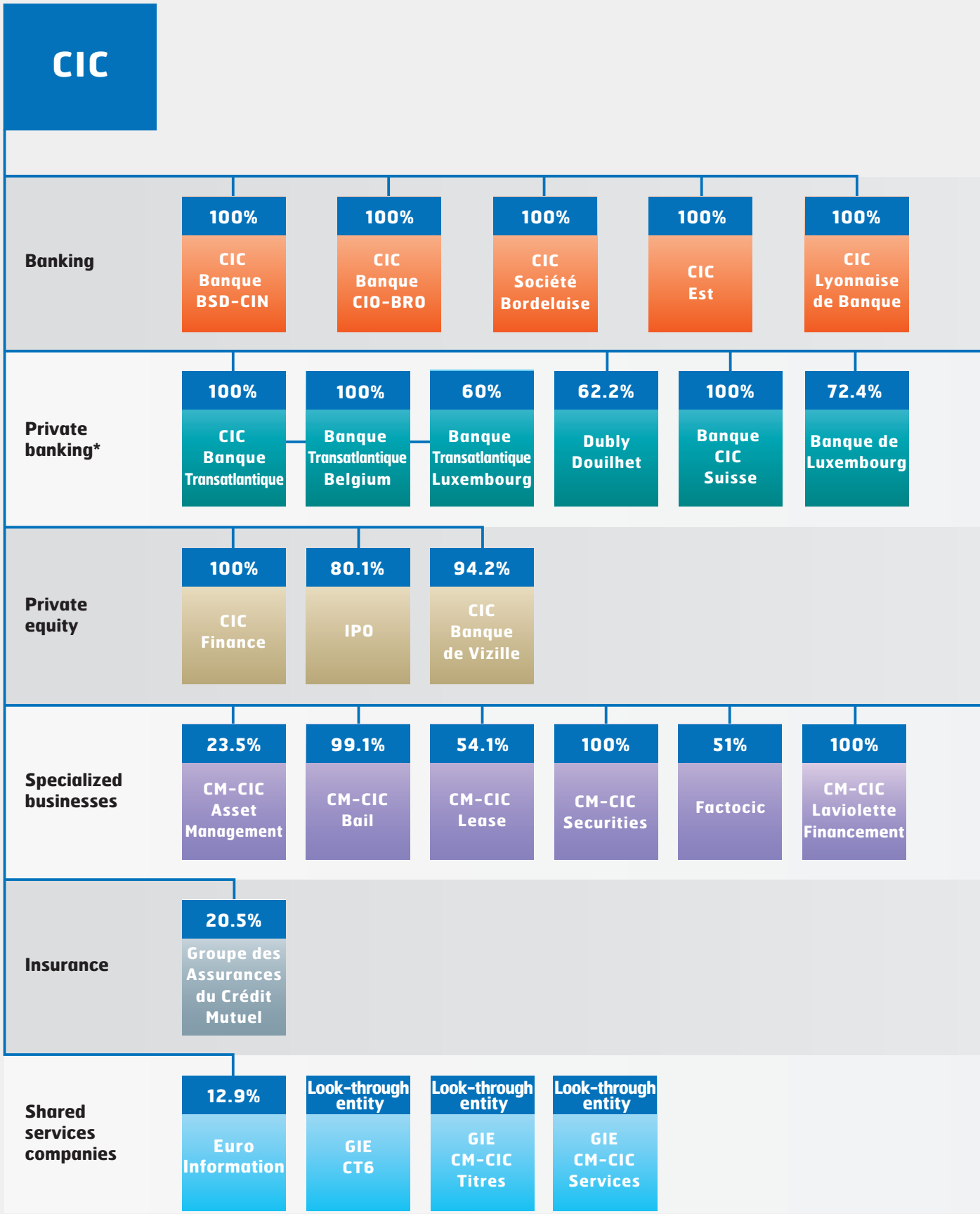


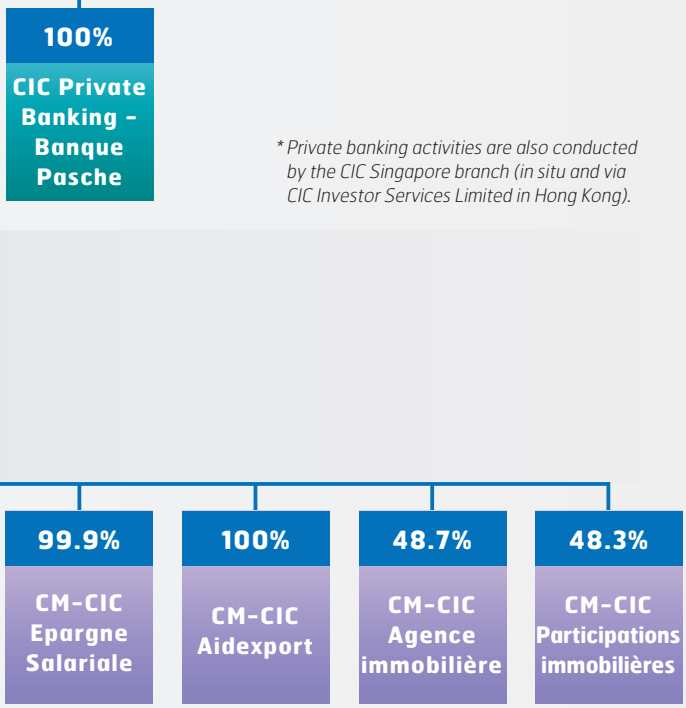

**RESULTS**

| | 2008 | 2007 |
|---|---|---|
| Net banking income | **3,206** | 4,193 |
| Operating income | **-97** | 1,389 |
| Net income | **170** | 1,139 |
| Cost/income ratio | **83%** | 64% |

Source: consolidated financial statements.

# Review of operations


CIC
Banking
100%
CIC Banque BSD-CIN
100%
CIC Banque CIO-BRO
100%
CIC Société Bordelaise
100%
CIC Est
100%
CIC Lyonnaise de Banque
Private banking*
100%
CIC Banque Transatlantique
100%
Banque Transatlantique Belgium
60%
Banque Transatlantique Luxembourg
62.2%
Dubly Douilhet
100%
Banque CIC Suisse
72.4%
Banque de Luxembourg
Private equity
100%
CIC Finance
80.1%
IPO
94.2%
CIC Banque de Vizille
Specialized businesses
23.5%
CM-CIC Asset Management
99.1%
CM-CIC Bail
54.1%
CM-CIC Lease
100%
CM-CIC Securities
51%
Factocic
100%
CM-CIC Laviolette Financement
Insurance
20.5%
Groupe des Assurances du Crédit Mutuel
Shared services companies
12.9%
Euro Information
Look-through entity
GIE CT6
Look-through entity
GIE CM-CIC Titres
Look-through entity
GIE CM-CIC Services




** Private banking activities are also conducted by the CIC Singapore branch (in situ and via CIC Investor Services Limited in Hong Kong).*

*The percentages indicate the portion of the entity controlled by CIC as defined under article L.233-3 of the French Commercial Code (Code de Commerce). The companies not controlled by CIC, i.e. where ownership is less than 50%, are jointly owned by Crédit Mutuel, as indicated opposite. They are therefore controlled by the Crédit Mutuel-CIC group in accordance with the terms of the same article of the French Commercial Code.*

## The CIC group comprises:

- CIC (Crédit Industriel et Commercial), the holding company and head of the CIC group's bank network. It is also the network's bank serving the Paris region and houses the group's investment, financing and capital markets activities;
- five regional banks, each of which serves a clearly defined region;
- specialist entities and service companies serving the whole group.

As at December 31, 2008, CIC's shareholding structure was as follows:

- BFCM (Banque Fédérative du Crédit Mutuel): 71.55% and Ventadour Investissement: 20.21%, representing a total interest of 91.76% for Crédit Mutuel Centre Est Europe;
- Caisse Centrale de Crédit Mutuel: 1.00%;
- Banca Popolare di Milano: 0.96%;
- Crédit Mutuel Nord Europe: 0.86%;
- Compagnie Financière de Crédit Mutuel: 0.72%;
- Crédit Mutuel Maine-Anjou, Basse-Normandie: 0.69%;
- Crédit Mutuel Océan: 0.69%;
- Crédit Mutuel du Centre: 0.57%;
- Crédit Mutuel Loire-Atlantique et Centre-Ouest: 0.35%;
- Crédit Mutuel Normandie: 0.07%;
- Treasury Stock: 0.66%;
- Present and former employees: 0.32%.

The remaining 1.35% of shares are held by the public.

## Crédit Mutuel shareholdings by business

**Private banking**
Banque Transatlantique Luxembourg: 40%
Banque de Luxembourg: 27.6%

**Private equity**
IPO: 9.7%
CIC Banque de Vizille: 3.5%

**Specialized businesses**
CM-CIC Asset Management: 76.4%
CM-CIC Bail: 0.9%
CM-CIC Lease: 45.9%
Factocic: 15%
CM-CIC Agence Immobilière: 51.3%
CM-CIC Participations Immobilières: 51.7%

**Insurance**
Groupe des Assurances du Crédit Mutuel: 79.5%

**Shared services companies**
Euro Information: 87.1%


# Retail banking

**In 2008 most retail banking activities continued to grow.**

**The number of clients rose by 159,502, or 4%, to almost 4,150,000.**

**New business was hampered by the fall in the number of applications for housing loans.**

| Retail banking: key figures *(in € millions)* | 2008 | 2007 | Change |
|---|---|---|---|
| Net banking income | 2,866 | 2,897 | - 1.1% |
| General operating expenses | (2,095) | (2,079) | + 0.8% |
| Operating income before provisions | 771 | 818 | - 5.7% |
| Change in provisions | (298) | (105) | + 183.8% |
| Income before tax | 548 | 820 | - 33.2% |
| Net income attributable to group | 398 | 574 | - 30.7% |

Source: consolidated financial statements.

Outstanding loans grew by 10%, less than the 2007 figure of 19%, due to an appreciable slowing in new home loans granted in the last four months of the year. On the other hand, new lending to corporates and self-employed professionals again showed dynamic growth (+16%).

Deposits grew by 12%, essentially thanks to resources at market rates (+41%).

Life insurance outstandings held up well, despite lower intake, while those of non money-market mutual funds fell in line with financial assets generally.

Service activities associated with electronic payment systems continued to grow, with the stock of high-end cards up by 51.2%, the number of electronic payment agreements with merchants up 8.3% and corporate transactions up 19.2%. On the other hand, new insurance policies for assets (auto and home) showed a decline of 3.6%.

With net banking income down by 1.1%, operating expenses well under control (+0.8%) and a cost of risk of €298 million (as against €105 million in 2007), retail banking posted operating income of €473 million.

## Network

### > Network development

#### 2,122 branches

2008 saw further acceleration in the rate of new branch openings, with 67 new offices completed, mainly in the southwest and southeast of France and the greater Paris region, bringing the number of points of sale to 2,122. Since the year 2000, a total of 468 new branches have been opened.

### Remote banking

#### ATMs

At year-end 2008, the total number of ATMs (full-service terminals, cash dispensers and cash deposit machines) reached 3,287, an increase of 272 on the previous year.

A cash withdrawal service for visually impaired clients (voice-assisted by means of headphones) was rolled out at over 1,500 CM-CIC ATMs.

Additionally, the number of ATMs equipped to recharge Navigo RATP and Badgéo CTS electronic transport passes in the greater Paris region and Strasbourg respectively was increased.

#### cic.fr

With over 28 million additional visits compared with 2007, overall site traffic increased by 30% to 120 million visits and payment requests by 32%. A total of 16 million transactions were carried out.

cic.fr continues to be enhanced with new functionalities for personal banking clients, self-employed professionals and businesses alike: online safe deposit box, online multi-document handling, strengthened security for online payments, dual file validation, standby credit, e-alerts and adaptation of the transfer modules to SEPA standards.

# > Personal banking clients

## New clients

In 2008 the number of clients grew by 140,975 or 4.3% to reach 3,455,802, despite the slowdown in new real estate business.

This was the result of:

- a vigorous client acquisition drive through savings products and property/casualty insurance;
- the policy of opening new branches and modernizing existing ones;
- the extension of the focus on young people, as exemplified by the blanket application of the "Mention bac" operation, which rewards distinctions in high school diplomas.

## Client deposits

Client deposits reached €28.2 billion, with sight deposits leveling off and savings accounts growing by 9.6%. This performance was due to particularly strong growth in term deposits (up by 82.3% to €3 billion) and the success of the 6% "Sup Savings Book" campaign toward the end of the year, in anticipation of CIC's distributing the "Livret A" Savings Book.

## Managed savings

Total intake suffered heavily from the crisis, which translated into impairment of financial assets and redirection of savings into traditional banking products, to the particular detriment of life insurance, where total intake fell by 17.9% to €2 billion.

## Lending

New home loans slowed sharply, to €10.6 billion (down 28.9%). New consumer lending fell by 11% to €2 billion, due to clients' use of the "standby credit" facility and the "crédits maîtrisés" ("borrowing under control" campaigns).

## Service contracts

The total number of contracts grew by 16% to 855,659. An original web formula now enables clients to obtain a reduction in their monthly subscription fee by opting to receive their statements via cic.fr.

## Online banking

Thanks to enriched content, and marketing through Personal Contracts, 116,740 new clients signed up for Filbanque, bringing the total number of contracts to 1,136,657.

## Cards

The total number of cards increased further by 5%. A total of 37,115 Gold, Premier and Infinite cards were subscribed (57% more than in 2007), the new "Deferred plus" service with which they are bundled having had a marked effect in terms of "trading up".

## Mobile telephony

The partnership between NRJ Mobile and Orange found expression in the launch of two new offers in October: "Double jeu" for young people and "C le mobile premier" for adults. A total of 47,783 new subscribers were signed up, representing an increase of 120% on 2007.

## Commissions

Against a backdrop of price stabilization, and with financial commissions falling by 19% to €113 million, commissions on services grew by 6.4% thanks to continued progress on product uptake by clients. At the same time, loan referral commissions fell appreciably as a result of the slowdown in the real estate market and reduced use of outside providers.

# > Self-employed professionals

## Sales force

The 2,088-strong team of relationship managers for self-employed professionals, an 8% increase on the previous year, demonstrates the group's commitment to respond appropriately to the needs of the various market segments.

## Winning new clients

Prospecting continued throughout 2008 by means of targeted actions, and the group won 65,711 new clients.

## Lending

Business again developed well, despite a considerable weakening of demand in the latter part of the year:

- investment loans: €2,905 million compared with €2,853 million in 2007;
- lease financing: €486 million compared with €469 million in 2007;
- long-term leasing contracts: 1,668 compared with 1,544 in 2007.

CIC consolidated its position as the third biggest player in the business start-up loan sector, with a market share of 13%.

The self-employed professionals market accounted for 19.35% of total new home loans, an increase of 1.15 points.

## Customer loyalty and commissions

- a net increase of 22,531 in online banking contracts, versus 28,339 in 2007, bringing the total number of contracts to 168,045;
- a net increase of 26,998 in the number of "Contrats Professionnels" (packages of services designed to meet daily transaction needs), bringing the total number of contracts to 101,604;
- a 10% rise in electronic payments thanks to increase in both the number of terminals and the business conducted by clients equipped with them. As a result, commissions increased by 7.8%.

## Employee savings management

The specific packages were widely distributed among self-employed professionals: 6,628 contracts in 2008, bringing the total number of contracts to 20,721.

## Life and health insurance

Self-employed professional clients accounted for €2,972 million, or 12.5%, of total life insurance outstandings.

A total of 6,603 health insurance policies were written for the non-salaried worker customer segment. Sales of the Plan Assur Horizon Pro (a product benefiting from "Madelin" retirement policy tax advantages) progressed well, with 3,353 new policies being written, as against 2,105 in 2007.

## Partnerships

New agreements were signed with franchise networks (56 to date) and professional representative bodies.

## Agriculture

The group, which now has a dedicated sales force, won 3,038 new farming customers in 2008, compared with 2,451 in 2007, an increase of 24%. Loans totaling €220 million were put in place, for a growth of 6.7%.

New products were launched: insurance for wine growers, inclusion of cover for hospital expenses in case of accident, and support solutions for solar energy projects.

## Communication

Sales actions were backed up by a radio campaign and CIC took part in several major market events.

## > Associations

Sales drives led to a 9.6% increase in savings from this segment in 2008.

CIC consolidated its share in this market by offering tailor-made products, by forming partnerships and by training its teams to understand the specific needs of management associations, particularly those in private, faith-based education, the social and healthcare sectors and "CARPAs" (Caisses de Règlements Pécuniaires des Avocats, or funds for attorneys' monetary payments).

## > Corporates

With 104,612 clients, CIC confirmed its position as a benchmark player in the market. Its strength is based on the meshing network of account executives, combined with the expertise of the business centers and short routing of decision-making processes.

### Lending

Support for SMEs included the introduction of solutions covering all their requirements: medium- and long-term lending, lease finance for equipment and real estate, private equity, etc.

New medium- and long-term lending amounted to €4,678 million, increasing outstandings by 13.7%, while new equipment leases reached €1,372 million (up 4.2%) and new real estate leases €327 million.

The "can do" approach to mergers and acquisitions benefited from synergies between the corporate account executives, CIC Banque Privée, with its wealth management and tax-based approach, and the group's equity structure.

### Treasury management and financial investment

Deposits grew by 9.2% to reach €24,664 million, thanks in particular to bank savings (term deposits and negotiable certificates of deposit) which were up by 36%.

The automated cash management tool CIC Acti-trésorerie recorded a 10.1% rise in managed assets and an 11.6% increase in the number of clients using the facility.

### Cash management

The launch of SWIFTNet Plug and Play and early uptakes confirmed CIC's lead position in the introduction of new banking connection services and its ability to respond to the requirements of large and medium-size corporates.

Online banking services were enriched with new functionalities, notably aimed at increasing the proportion of paperless transactions and enhancing their security.

Volumes of commercial transfers grew by 37%, the number of payment cards grew by 5.6% and merchant card payments grew by 11.1% in total amount.

The year 2008 saw the introduction of SEPA instruments and the corresponding payments processing.

### International operations

From market prospecting through to contract execution, CIC partners its clients internationally.

Through CIC Export Finance it facilitates companies' development: market guarantees, confirmation of documentary letters of credit, commercial information (CIC InfoRisk), finance for export sales prospecting, pre-export finance, purchase of receivables in euros and in foreign currency, forfaiting, buyer credit and supplier credit.

Through CIC Développement International, it helps them to develop strategies for establishing themselves in overseas markets.

### Employee savings plans and pension solutions

CIC has created Force 3 Entreprise: a turnkey solution for simplifying the implementation of profit sharing and employee savings schemes.

Currently 31,955 businesses are customers by virtue of being account holders.

Outstandings under statutory retirement bonus policies amounted to €179 million.

# Support services

## Insurance

In 2008 CIC continued to pursue its development of both personal insurance, sales of which increased by 18.2%, and property/casualty insurance, which was up by 15.8%.

On the other hand, life insurance marked time, with intake falling by 17.9% to €2,041 million.

Commissions amounted to €240 million, compared with €231 million in 2007, representing a decrease of 4%.

### Property and casualty insurance

The total number of auto and home insurance policies increased by 10.9%, despite a 1.3% fall in the number of new customers, reaching 300,050 for auto and 394,800 for home.

To encourage multiple policy holding, clients already insured are offered a program of reductions. In auto, no-claims bonuses are offered. Targeted communication with young people was strengthened, using a pricing approach that rewards accompanied learning and prevention.

In home insurance, five-year cover for breakdown of domestic electrical appliances, television, audio and video equipment is now included in all high-end policies.

Furthermore, the offer has been adapted to include cover suited to co-tenancy.

The year 2008 saw the roll-out of the insurance summary, a personalized annual document sent to all holders of several policies (property and casualty, health and personal risk). It reminds them of the benefits and suggests supplementary cover where appropriate.

### Personal insurance

In personal risk, the number of new policies written, at 115,400, was up by 4%, bringing the total number of outstanding policies to 549,000 (up 12%).

Health insurance continued to develop, reaching 79,250 current policies, an increase of 35%.

CIC Health Insurance is a unique policy in which guarantees and coverage are adapted to individual needs expressed by clients. It can be combined with Réflexe Prévention Santé, a policy covering natural medicines, which has been extended to cover such things as acupuncture and the cost of medication for seasonal ailments.

In order to encourage a younger customer group to insure itself against the risk of dependency, the medical formalities associated with taking out self-sufficiency coverage have been relaxed for those under 60 years of age. The guarantees and services provided by this policy can be claimed in the event of partial, total or temporary dependency, and the services provided to the insured or their next of kin.

A policy specially suited to the needs of self-employed professionals was launched: TNS Prévoyance, which forms part of the Social Protection Package put together to insure their health, income and retirement pension.

### Life insurance

The spread of intake between multi-product insurance policies (76.5%) and policies in euros (23.5%) remained unchanged from the previous year. The customized Sérénis Vie life insurance and endowment policies offered by CIC Banque Privée generated revenue of €163 million, up by 4.2% on the previous year.

New, free arbitrage options are offered to holders of Plan Assur Horizons and Plan Patrimonio multi-product policies: securing capital gains, providing stop-loss on capital depreciation and locking in performance.

Rates of return for 2008 fell, under the effect of the financial crisis, ranging from 3.7% for the "Livret Assurance Retraite" retirement plan to 4.1% for Plan Patrimonio.

## Investment funds

CM-CIC Asset Management, the core of the Crédit Mutuel-CIC group's asset management business, continued to roll out its 2007-2010 three-year plan to pass a new growth plateau.

At year-end 2008, assets under management reached €54.7 billion, of which €3.8 billion in employee savings plans. CM-CIC AM was able to take advantage of the economic situation to place itself in third position among the major networks in terms of net intake of funds (source: Europerformance December 31, 2008).

CM-CIC AM provides accounting services for 54 asset management companies with managed assets of more than €6.8 billion spread among 231 mutual funds.

## Financial management

In France in 2008, the crisis affected both management and funds intake of mutual funds, which were down for the second straight year.

With its risks well under control, CM-CIC AM was shielded from the main shocks such as the Madoff affair. Performances of equity funds, sharply down, were highly volatile; those of the fixed income funds suffered from widening corporate spreads, leading inevitably to lower results compared with benchmark indices essentially made up of sovereign names. CM-CIC AM had the opportunity of proving its professionalism in managing short-term mutual funds, by taking in €3.3 billion of new investment monies.

The rigor of the processes put in place was endorsed by new awards: four Trophies from Revenu magazine, including three Golden Trophies, and ranked second in the company savings plan category at the prestigious annual "Corbeilles" award ceremony organized by Mieux Vivre Votre Argent, France's premier magazine devoted to personal financial asset management.

The year 2008 saw the launch of a number of new products: structured guaranteed mutual funds designed for the network and innovative products for more specialized clients.

Lastly, the commitment to good corporate governance was reflected in keen participation in a number of different conventions and in specific dialogue with listed companies.

## Commercial development

The team of experts was strengthened, in order to support the network's sales efforts. Moreover, restructuring of mutual funds sold by Crédit Mutuel and CIC continued, and the prefix CM-CIC was applied to all mass market products, which were rearranged under a core product called The Essentials.

Commercial successes were achieved in all customer segments:

- retail: good placement of structured funds, sustained efforts on accumulation savings products;
- corporate: success with regular treasury funds (with rigorous selection of counterparties) and with the Union Club and Union Club 2 funds, which benefited from widening spreads;
- private banking: launch of Union Réactif Actions, an absolute performance fund that is eligible for PEA savings benefits;
- external distribution: continued referencing actions with institutional investors and funds selectors.

Revenues reached €288.4 million as against €329.7 million in 2007 (down by 12.5%), with net income of €1.7 million.

## Employee savings management

CM-CIC Epargne Salariale, which originated in 2008 from the merger of CIC Epargne Salariale with CMP (Crédit Mutuel Participation), is the core of this business line for CIC and Crédit Mutuel. At year-end, it represented:

- 44,332 corporate clients (up by 21%);
- 1,603,949 employees' savings under management (up by 8%);
- €3,730 million assets under management (down by 10%);
- 121 employees.

These results are the fruit of an overhaul of the product range and of sales efforts illustrated in particular by:

- the "Force 3 Epargne" and "Retraite et Réactive" products designed for and offered to self-employed professionals, which have confirmed their place in the group's range of banking products just one year after their launch (8,082 contracts sold);
- 2,457 contracts sold in the corporate market, boosted by the launch of "Force 3 Entreprise" (PEI/PERCOI employee savings schemes-Profit sharing);
- numerous lectures in the network, which have positioned CIC as the profit sharing bank;
- the successful deployment of the Large and Large and Medium Enterpriseteams on requests for proposals, which confirmed CM-CIC Epargne Salariale as a major player in the market;
- development of a partnership with the accountants' labor committee;
- and extension of ISO 9001-2000 certification following the first renewal audit.

Revenue associated with employee savings for the CM-CIC network (placement commissions and subscription fees) increased by 71%, as a result of the pursuit of productivity gains and increased selling of contracts by CIC account executives.

## Factoring

For Factocic, 2008 was characterized by intense activity in launching new products:

- the volume of invoices purchased crossed the psychological threshold of €10 billion (up 12.7%);
- new business came in at a record €3.9 billion, with close to 1,000 new contracts, thanks to the development of business with LMEs (large and medium enterprises);
- the Orféo range, which provides tailored receivables financing and management solutions to large and medium enterprises, now offers syndicated factoring as well as, for large enterprises, reverse factoring to respond to shorter payment terms;
- Factoflash, an online product for self-employed professionals and VSEs (very small enterprises), was made available to all the networks, with high levels of satisfaction emerging from surveys of customers and business referral partners;
- Crédimport, another new product, combines traditional factoring with the finance of imports from the Far East.

Operating revenues rose by 7.2% to €86.3 million, boosted by the rise in short-term interest rates.

Commissions paid to the networks increased by 38%.

The cost of risk, which was moderate in spite of the deteriorating economic situation, reflects good risk management and control.

Net income amounted to €23.2 million (up by 35%).

For the CIC group, in the difficult context of 2009, factoring constitutes a secure source of growth in short term finance for businesses and self-employed professionals.

## Receivables purchasing

CM-CIC Laviolette Financement, the group's specialized center of expertise for the purchasing of assigned business receivables, continued to grow in 2008, notably with:

- the establishment of a new partnership with Crédit Mutuel Midi-Atlantique;
- a 7.7% increase in business, with almost 255,000 invoices being processed for €1,527 million of inflows;
- a 7% increase in net banking income to €23.5 million;
- an 8% growth in overall profitability before payment of fees to partner banks, to €12.3 million;
- a 17% increase in fees paid to partner banks, to €9.9 million, or 81% of overall profitability.

Net income amounted to €1.5 million (€1.9 million in 2007).

## Real estate

### CM-CIC Participations Immobilières

Working with real estate developers through the acquisition of interests in SCI (non-trading real estate company) consortia for the financing of residential real estate throughout France, in 2008 CM-CIC Participations Immobilières, acting as the group's vehicle, invested €2.1 million of capital in nine new projects, representing some 470 homes, for a sales turnover of €95 million.

Net accounting income reached €1.5 million.

### CM-CIC Agence Immobilière

CM-CIC Agence Immobilière (AFEDIM), which is licensed to do business as a realtor under the Hoguet law, sells new residential properties on behalf of the Crédit Mutuel and CIC networks including CIC Banque Privée. Its primary targets are investors and first-time buyers. The proposed programs are approved in advance by a committee composed of representatives of the banks' lending, asset management and sales teams.

In 2008, in a sharply falling market, CM-CIC Agence Immobilière achieved 1,849 new bookings, net of cancelations, and rebated €17.4 billion in commissions to the network (up 7% on previous year).

### Real estate leasing

New real estate lease finance agreements made in 2008 by the networks amounted to €474 million, an increase of 10.7% on the previous year. This volume of new business, representing 279 new commercial premises (up by 12.5%), was achieved against a backdrop of an appreciable fall in commercial real estate investment and new project starts.

For CM-CIC Lease the financial year was characterized by internal reorganization and the completion of a product range better suited to the needs of businesses, particularly major ones. Following several years of stagnation, overall finance outstandings showed growth of 5.5% to €2 billion.

Net banking income, not including non-recurring transactions involving the sale of real estate, showed an increase of 4%. Net accounting income amounted to more than €13 million after payment of €8.2 million in risk and referral commissions to the networks (up by 8%).

Requests for finance of new projects mainly concerned commercial premises or warehouses, which now each account for 26% of total outstandings (24% in 2007), industrial premises now weighing just 26% (as against 29%), and offices and other premises remaining stable at respectively 12% and 10% of outstandings.

## Equipment leasing

For the fifth year in a row, in 2008 CM-CIC Bail showed growth in its business, thanks to the dynamic of the Crédit Mutuel and CIC networks. The total volume of new business rose by 8.5% to more than €2.6 billion.

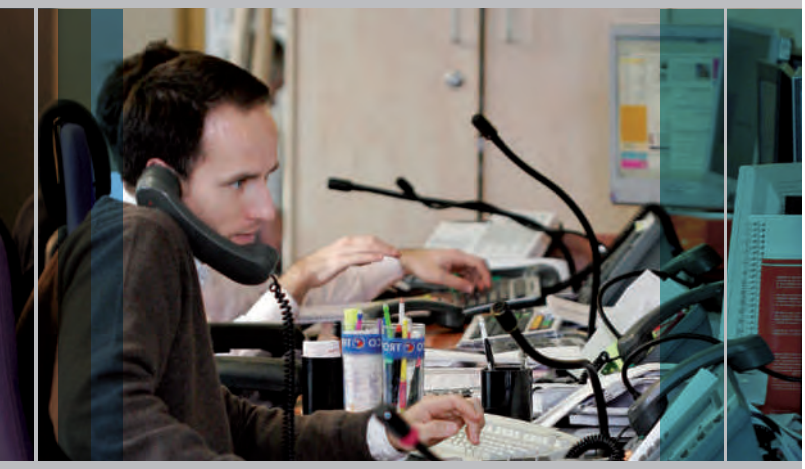
A total of 69,200 files were processed, compared with 63,000 in 2007, an increase of 10%. The growth in total outstandings, together with a slight increase in spreads, led to an 11% increase in the financial margin.

Participation in the Paris, La Rochelle and Cannes boat shows boosted growth in boat leasing (10% increase in sales by volume).

A prestige leasing product was made available to the sales force in order to meet the expectations of the most demanding clients.

Following on from the establishment of CM-CIC Belgium in Brussels in 2007, a second European subsidiary was set up, in Frankfurt: CM-CIC Bail Deutschland. A study is under way on Spain.

Improvements in service and customer relations being one of the lynchpins of the development plan, customer service has been strengthened and the website made more user-friendly. The "Auto confort" long-term rental product and related processes are also being overhauled so as to provide a more comprehensive service.



# Financing and capital markets

**In 2008, CIC maintained its strategy of diversification and selectivity with regard to large risks and support for its clients' international operations.**

**However, the global crisis had an impact on the activity and the results of the financing and capital markets business line.**

| Financing and capital markets: key figures *(in € millions)* | 2008 | 2007 | Change |
|---|---|---|---|
| Net banking income | (112) | 519 | NS |
| General operating expenses | (215) | (256) | - 16.0% |
| Operating income before provisions | (327) | 263 | NS |
| Change in provisions | (224) | (7) | NS |
| Income before tax | (552) | 256 | NS |
| Net income attributable to group | (344) | 191 | NS |

Source: consolidated financial statements.

## Large corporates and institutional investors

Despite a sharp slowdown in the second half, activity was sustained in 2008: CIC's commitments (excluding counter-guarantees received) grew from €20 billion to €22.7 billion. This 13.5% increase is attributable to on-balance-sheet commitments (€9.4 billion, up by €2.8 billion), while off-balance-sheet commitments showed hardly any change (€13.3 billion, down by €0.1 billion).

At year-end 2008, the three main customer groups accounted respectively for 5.71%, 4.76% and 4.14% of the total outstandings of "large accounts". Exposure on the top fifteen portfolios was 41.7%, which illustrates the policy of risk diversification which reserves the bulk of the bank's capacity for a limited number of companies.

CIC continued to strive for selectivity: at year-end 2008, 88.71% of outstandings were rated from A+ to C- (investment grade), as compared with 94.3% one year earlier, the change being due in large part to the difficulties being experienced by certain companies. Outstandings rated D or lower were limited to respectively 9.62% and 1.67%.

Total intake went from €5.2 billion to €6.8 billion, of which €1 billion in the form of credit balances, €2.8 billion entrusted to CM-CIC Marchés and €3 billion invested in money market mutual funds managed by CM-CIC Asset Management.

In a market that was contracting sharply in the last six months of the year, CIC took part in 32 corporate loan syndications, in ten of these cases taking the role of Mandated Lead Arranger, with substantial initial commitments and final takes.

As regards cash management services, CIC was chosen by its clients or prospects in 14 out of 26 formalized tender bids, five of which are still pending. In addition, CIC responded to five informal consultations and some 50 miscellaneous enquiries. ISO 9001 certification for "banking services to major accounts", obtained in April, obviously contributed to these successes. CIC can claim to have real know-how in a number of areas: SWIFTNet, electronic funds transfers, treasury centralization, cyber-validation, etc. A growing number of clients opted to sign service agreements.

The growth in loan outstandings, the appreciable increase in spreads made possible by market developments, and the development of money management activities together generated an increase in net banking income of 13.4%: €152 million in 2008 (€134 million in 2007).

These figures do not take into account business referred to other CM-CIC entities, since management is committed to work for the group as a whole (cross selling). Numerous cases illustrate this collaboration between different specialist teams in various areas: financing activities, structured finance, capital market activity (e.g. the Clarins takeover bid), real estate transactions, company restructuring, leasing, asset management, insurance, etc.

CIC embarked upon effective relationships with new counterparties, notably Hermès International, Groupe Industriel Marcel Dassault, Socpresse, SA Paul Ricard, Finmeccanica, Oléon, Ipsen, Steria, Altergaz, Aduno, Imperial Tobacco, Ameropa, Dufry, Lonza, Maus Frères, World Fuel Services, Autogrill, Euler Hermes SFAC, Fondation de France, Pôle Emploi, the Paris and Greater Paris Regional "URSSAF" (social security and family benefits organization), Allianz Banque, La France Mutualiste, etc.

## Capital markets

Crédit Mutuel-CIC's market activities in France are grouped together in CM-CIC Marchés. Own account and commercial market activities are carried out within CIC, while medium- and long-term refinancing is handled by BFCM, CIC's parent company.

CM-CIC Marchés serves both as a vehicle for refinancing its own business development and a trading room for its various client segments, including large corporates, other companies, local governments, and private banking and institutional clients interested in the innovative capital markets products developed by CIC proprietary trading teams.

### Business development

With three sales teams - network, large corporates, and public sector and local government - the trading room offers its domestic and European clients a range of advisory services and quotations on forex and interest-rate products, investment offerings, both standard and structured.

Based in Paris and the major regional metropolitan areas, the sales teams stand ready to offer competitive products to the network and its clients.

### Refinancing

In 2008, the accentuation of the liquidity crisis brought substantial pressure on borrowing spreads and important changes in the management of access to market resources. This intensified following the failure of Lehman Brothers.

In the last quarter, the reluctance of the usual investors to lend beyond one month led to the need for more drastic intervention by the ECB (at three and six months) for unlimited amounts and the putting in place of support arrangements by governments (with the creation in France of the SFEF, *Société de Financement de l'Économie Française*). Crédit Mutuel plays a leading part in the scheme, with BFCM acting as operator on behalf of the whole group.

BFCM and CIC quickly adapted to this new environment by considerably increasing the amount of eligible collateral with the ECB in order to secure refinancing in the markets. The group's liquidity arrangements were strengthened by taking into account new loan extension measures accepted by the ECB.

In spite of this difficult context, intake from markets grew by 16%. Investors retained their confidence in CM-CIC, buying negotiable certificates of deposit, outstandings of which increased by 32%, rising to €37 billion as against €28 billion in 2007.

CM-CIC Covered Bonds, rated AAA by all three rating agencies, issued €1.5 billion of debentures at two year term.

### Proprietary trading

The year was marked by a sharp increase in borrowing spreads and the cost of liquidity. Against a backdrop of high volatility, own account positions in equity markets were reduced, as were other positions that might entail serious counterparty risk. With the bankruptcy of Lehman Brothers having translated into market dislocation, and prices no longer reflecting the economic value of assets, it was decided to transfer certain assets from the trading portfolios into the AFS or loans and receivables accounting categories. The positions transferred involved portfolios that are half made up of government securities, one third of AAA rated securities, the remainder being investment grade. These positions carry the potential for a rebound in years to come.

The distribution of alternative asset management strategies, which is done through standardized products, provides the group with an offering of alternative and structured investment products.

## Results

Overall net banking income came in at minus €394 million (plus €191 million in 2007). Half the losses on net banking income stem from the New York branch, which was affected by the US real estate crisis, and the other half from CM-CIC Marchés.

In the second half of the year, the accounting regulators amended IAS 39 and IFRS 7, authorizing transfers from trading portfolios to AFS (Available for Sale) and Loans and Receivables portfolios. Accordingly, on July 1, 2008, CIC transferred €16.1 billion to the AFS portfolio and €2.7 billion to the Loans and Receivables portfolio. The impact on net income for 2008 was €969 million.

Furthermore, CIC decided to reduce its exposure to market risks, with a view to reducing regulatory own funds allocated to this activity.

## Brokerage and custodial activities

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

As a member of ESN LLP, a "multi-local" network of 10 brokers operating in 15 European countries (Germany, the Netherlands, Belgium, United Kingdom, Ireland, Italy, Spain, Denmark, Sweden, Norway, Finland, Portugal, Greece, Cyprus and France) and majority shareholder (54%) in ESN North America (United States, Canada), CM-CIC Securities is able to trade for its clients on all the European and American equity markets.

Covering 1,000 European companies, the ESN research team comprises 130 analysts and strategists, 25 of whom are based in Paris. Its equity sales force consists of 140 salespeople, including 49 in France (Paris, Lyon and Nantes) and five in New York.

Furthermore, since the end of 2008, ESN has a quality research facility for US equities at its disposal thanks to an exclusive distribution agreement for Europe signed between ESN North America and Needham & Co, an independent US investment bank based in New York.

It has five salespersons for index-linked and equity derivative products and seven salespersons and traders for traditional and convertible bonds.

CM-CIC Securities organizes over 250 events a year, including company presentations, roadshows and seminars in France and abroad. The most widely attended are:

- Annual seminar, at which the research team presents its selection of the best investment ideas for the coming year;
- "La Bourse rencontre l'informatique" ("Stock Exchange meets IT"), which focuses on IT and software companies;
- European Small- & Mid-Cap Seminar, an event which is held twice a year in London and once a year in New York and brings together 40 mid-cap companies from 15 European countries, chosen by ESN based on their quality.

As a securities custodian, CM-CIC Securities serves 90 asset management companies, administers approximately 38,000 personal investor accounts and 233 mutual funds, representing €13.7 billion in assets.

Net banking income for 2008 came to €63.5 million, and net income to €2.4 million, not counting ESN North America, whose revenues reached US$5.8 million with net income of US$0.9 million.

## Financial transactions

The CM-CIC group benefits from its know-how of financial transactions, bringing together the skills from its various entities specializing in capital structuring (CIC Banque de Vizille, CIC Finance, IPO), capital markets (CM-CIC Securities), specialized finance and the strength of its banking network. Partnership agreements signed in 2008 with all ESN members have extended its stockmarket operations and merger and acquisition activities to Europe.

The group made a notable contribution to the success of Clarins' delisting, one of the most commented-upon financial transactions of the year in the Paris market, and was co-manager for the Société Générale capital increase.

CM-CIC Securities also handled the delisting of Sorefico Coiffure and managed an issue of "OBSAAR" convertible bonds for Havas and for Nextradio and presented takeover bids for Neuf Cegetel shares by SFR and for Costimex shares by the Soufflet Group.

Lastly, issuer services (IPOs and all subsequent share issues, corporate analysis and valuation, financial communication, liquidity contracts and stock buybacks, financial secretarial and securities services) are provided by the teams of CM-CIC Issuer, a department of CM-CIC Securities.

## Specialized financing

The year 2008 was marked by the first effects of the crisis as regards cost of risk and above all, toward year-end, by the Madoff fraud, the consequences of which resemble an operational risk translated into a negative impact on net banking income. In terms of revenues, the business grew by 31% and operating income, before the impact of the Madoff fraud, grew by 40%.

The specific cost of risk amounted to €38.9 million.

Without the effect of this fraud, results would have improved by 9%. After including the negative net banking income associated with this affair, net income amounted to €43 million.

### Financing of acquisitions

The CM-CIC group supports its clients in their business transfers and external growth and development projects by contributing its expertise in advisory services, financing solutions, wealth management for sellers, hedging transactions and commercial banking.

The level of business was sustained, and the group was relatively unaffected by the deterioration of the market for LBOs, thanks to its well balanced positioning as regards the various kinds of transactions (corporate acquisitions, transactions with a financial sponsor, family and wealth transfers) and to its diversification among the various market segments, both in terms of the size of transactions and of their geographical location.

In the framework of management on behalf of third parties, a second mezzanine fund for financing SMEs was successfully launched, with around €100 million in assets.

Business clients were affected by the economic slowdown, particularly in the second half of the year, and this translated into a deterioration in the quality of the assets in the portfolio.

Nevertheless the cost of risk was kept well under control, and the application of a dynamic management approach enabled exposure on certain sensitive business sectors to be reduced.

### Asset finance

Results were affected by the cost of operational risk linked to the Madoff affair in which a securitization client could lose the assets pledged in guarantee to CIC.

In terms of new business, several major arranger mandates were won in the course of the year, particularly in tax-driven transactions. In June, in New York, the teams received the Marine Money Leasing Deal of the Year award for the putting in place of the world's first Singapore double tax effect transaction.

Business grew appreciably, with revenues up by 36% before taking account of the impact of the Madoff affair.

The New York and Singapore offices continued to develop the strategies established by their business line, and their annual level of new business now represents a significant part of overall activity.

### Project finance

Business levels were sustained during the year, with 24 projects being approved: electricity represented 35.2%, with a presence in renewable energies (wind farms and solar energy projects) and thermal energy; infrastructures (concessions and public-private partnerships) 46.7%; the natural resources sector 11.3% and telecommunications operators 6.8%.

By geographical area, 10% of projects are located in the Americas (USA, Canada and Mexico); 67.6% in Europe; 12.8% in the Middle East, and 9.6% in Asia/Australasia.

The team responded to requests for proposals and informal calls for tender, which served to strengthen the CM-CIC group's relations with sponsors. The project financing business line continues to be central to marketing activities aimed at clients of all the component parts of the group, and employees in the overseas offices play an increasingly important role in this.

## International

The main focus of CIC's international strategy is to support clients in their international development, with a diversified offering tailored to companies' needs.

Through CIC Développement International, CIC provides an innovative range of services to SMEs, including market studies, arranging sales visits, and prospecting for partnerships and locations. These services are delivered with the backing of Aidexport, the group's specialist international consulting subsidiary, and of the group's foreign branches and representative offices. They are promoted on an ongoing basis by the branch network and at special events such as one-day seminars and country-specific discussion forums.

CIC also offers its investment clients a research service that analyzes the credit risk of major French and international bond issuers and the main sectors of the European and global economies.

In 2008, financing activity, documentary transactions and issues of guarantees for both import and export, was geographically well spread, particularly among Brazil, Chile, Mexico and Central Europe, while also holding up well in Asia and North Africa.

Thanks to agreements with partner banks, CIC boasts competitive offerings in the area of international transaction processing, particularly cash management and opening accounts abroad.

CIC also offers its French and foreign customer banks a range of diversified products and services.

Managed by a single ISO 9001 certified business unit, processing of international transactions is spread over five regional centers so as to provide services close to home in tandem with the corporate banking branches.

Support for clients abroad is underpinned by strategic partnerships with the Bank of East Asia in China, with Banque Marocaine du Commerce Extérieur and Banque de Tunisie in North Africa, and with Banca Popolare di Milano in Italy.

## Foreign branches and representative offices around the world

### London

The main activities are: financing companies, particularly UK subsidiaries of French groups; specialized financing; advisory services to French SME and LME clients wishing to enter the UK market; and obtaining refinancing for the group.

From mid-2008 on, the branch was hit by the virtual absence of new transactions in the market for the leveraged finance of acquisitions and by an increase in bad debt provisions in this sector, while other types of financing showed improved results.

Despite the crisis, the year showed a further advance in net banking income and a positive result for the corporate finance business. However, after making provision for Icelandic bank securities in the investment portfolio, the branch recorded a net loss of €34 million.

### New York

The year 2008 saw the United States faced with a crisis on a scale not seen since 1929, with three of the five great American investment banks folding, the Madoff affair, and the economy going into recession.

Against this backdrop, the branch's performance was uneven.

The corporate and asset finance business remained profitable, with net banking income up by 28% and a high quality portfolio.

The capital markets business was faced with high levels of volatility, erratic refinancing conditions, and market prices that did not reflect the economic value of the assets (see pp. 19-20).

The branch recorded a net loss of €169 million.

### Singapore and Hong Kong

As the crisis spread to Asia, in 2008 the branch maintained its niche market strategy in the more stable countries, supported by the group's international business lines (specialized financing, products specially designed for private and institutional investors).

The structured finance business remained profitable thanks to rigorous selection of risks and a solid portfolio.

Private banking showed a loss due to falling markets and bad debt provisions.

Lastly, the capital markets business, centered on regional clients, produced improved profits.

Net income came in at €4 million.

The branch also provides support for corporate customers of the French banking network, based on the group's international product range.

In addition, the Singapore office of CIC Banque Transatlantique offers a full range of private banking products and services to its French expatriate clients.

### Representative offices

In addition to its foreign branches, CIC also has a network of 36 representative offices around the world, which place their expertise and knowledge of regional markets at the disposal of the group's clients and specialized business lines, thus contributing to the development of its international business.

# Private banking

**In 2008, wealth management activities showed further organic growth, benefiting from the acquisitions carried out in 2007.**

**However, revenues were adversely affected by deteriorating conditions in financial markets.**

Internationally, the brand name *CIC Private Banking* acts as standard bearer for the CM-CIC group's private banking business lines, notably in Europe (Luxembourg, Switzerland and Belgium) and Asia (Singapore and Hong Kong), where private banking network entities offer their clients, and other group clients, a range of high added value services.

In France, the business is carried on by two major players:

- *CIC Banque Privée*, the group's private banking arm, established regionally within the CIC network, providing high-end services to company executives;
- *CIC Banque Transatlantique*, whose customized services, aimed mainly at French nationals living abroad, also include private banking and stock options.

## The private banking business at CIC

With 345 employees spread over 59 branches, CIC Banque Privée provides its clients throughout France with a high quality service.

In particular it assists senior executives with the key stages in the life of their companies: broadening their capital base, external growth, family transfers and succession.

Supported by financial and wealth engineers, the private banking managers meet with senior executives to analyze and advise on their particular situation and thus define the most appropriate business and wealth-management strategy.

In 2008, in a turbulent financial and stockmarket environment, CIC Banque Privée continued to expand and to boost its intake, thanks to expert services close at hand (tax, legal, wealth and business engineering), as well as to the careful selection of the best banking and financial opportunities in the market. A multi-management product, conceived and designed by CM-CIC Gestion, has been on offer for several months now.

Savings under management by CIC Banque Privée branches reached €11 billion for a net banking income of €89 million and recurring income of €32 million.

| Private banking: key figures *(in € millions)* | 2008 | 2007 | Change |
|---|---|---|---|
| Net banking income | 427 | 449 | - 4.9% |
| General operating expenses | (272) | (262) | + 3.8% |
| Operating income before provisions | 156 | 187 | - 16.6% |
| Change in provisions | 108 | (6) | NS |
| Income before tax | 47 | 181 | - 74.0% |
| Net income attributable to group | 34 | 107 | - 68.2% |

Source: consolidated financial statements.

# Specialized entities

## > France

### CIC Banque Transatlantique

In 2008 the bank achieved considerable commercial success, despite the stockmarket crisis.

Substantial capital inflows were achieved, in both wealth management and private asset management, and insurance intake also advanced - in a sharply falling market.

Discretionary portfolio management performed satisfactorily and saw hardly any capital flight; the number of clients grew by 6%, confirming the bank's widespread reputation and the dynamism of its teams.

Important agreements were signed with major corporates covering stock options and free allocations of stock to employees.

Lending to credit institutions increased by €134.9 million to €669.3 million, while lending to customers rose by €31.6 million.

Liabilities to credit institutions grew by €23 million, while those to clients increase by 13.3%, to €1.111 billion. Debts evidenced by securities amounted to €45.8 million (up by €28 million).

Net interest income amounted to €19.8 million, compared with €24.3 million in 2007.

Dividends from subsidiaries increase by 63% to €6.8 million.

Net commissions fell by 23.6%, while the CAC lost 42.7%.

Net banking income came in at €52 million as against €62.1 million in 2007 (down by 16%).

General operating expenses, at €38.8 million, were up by €0.7 million.

Operating income before provisions was €13.2 million (2007: €24.1 million) and net income for the financial year was €12.1 million (2007: €18.6 million).

### Banque Transatlantique Belgium

The bank's third financial year saw an increase of 24% in net banking income, while net income after tax doubled, to €1.6 million.

Now that start-up expenses have been fully covered, shareholders' equity is already in excess of the bank's share capital. Thanks to new customers won, and to prudent management, assets remained stable despite the crisis.

### Banque Transatlantique Luxembourg

Sales activity in 2008 served to consolidate the value of the business, and the year was further characterized by the setting up of a wealth management department.

Because of the fall in value of equities and perpetuals, customer assets fell by 14%, to €461 million.

Net banking income, at €6.3 million, was down by 7.2% and net income came in at €1.6 million.

### BT Jersey Limited

Banque Transatlantique Jersey, with stable activity, turned in non significant results. It was decided to close this subsidiary effective January 31, 2009.

### Management companies: BLC Gestion, Transatlantique Finance and GPK Finance

BLC Gestion and Transatlantique Finance, mainly involved in capital markets, stood up well in the context of 2008. BLC Gestion, with net banking income of €6.7 million, turned in net income of €2.6 million, while Transatlantique Finance, with net banking income of €2.9 million, closed the year with a net income of €1.3 million.

This was a year of restructuring for GPK Finance: the Lyon offices were closed at the end of September; GCA, the insurance subsidiary, was bought by CIC Banque Transatlantique and Gramont Conseil is being wound up. Net income for the year was €1 million.

### Dubly-Douilhet

In 2008, Dubly-Douilhet, an investment company specializing in discretionary portfolio management for high net worth clients in northern and eastern France, withstood the crisis well and, with close to €10 million in equity, showed a solid financial position.

Assets under management amounted to €683 million. The company recorded net income of €2 million, compared with €2.8 million in 2007, representing a decrease of 29%.

# > CIC Private Banking Network

## Banque de Luxembourg

Considering the context of 2008, the bank made good progress, both in Luxembourg and abroad. Net banking income reached €264.1 million (up by 12.1%) and net income amounted to €61.6 million (down by 14.1%).

The bank continued to focus on its core business - wealth management. Banque de Luxembourg has made prudence and continuity the leitmotifs of its investment policy. This responsible approach has earned it not only a number of awards for the quality of its investment management but also its clients' appreciation. While the main growth in deposits took place in Luxembourg, the bank also notched up commercial success in new markets such as Latin American and North African countries.

Banque de Luxembourg expanded its range of services to professional clients (investment fund promoters, independent wealth managers and insurance companies). Efforts were aimed at consolidating the growth achieved over the last few years.

The bank reviewed its risk management system and embarked upon the modernization of its information systems so as to achieve, from autumn 2009, even greater effectiveness.

## CIC Private Banking – Banque Pasche

In 2008 CIC Private Banking - Banque Pasche made a pause in its external growth.

The year was devoted to integrating the four companies acquired in 2007. This effort will continue until mid-2009, when all the entities will share the same tool, the same organization, the same product and service standards for the benefit of a clientele spread around 70 countries.

The crisis did not have a significant impact on the bank's business. Its international network continued to expand, with the opening of a representative office in Dubai and a Serficom Family Office in Shanghai.

These new establishments illustrate the CIC Private Banking - Banque Pasche strategy of getting as close as possible to a demanding international clientele.

## Banque CIC Suisse

To celebrate the centenary of Banque CIC Suisse, various events will be organized throughout 2009 (see photograph).

The bank combines the tradition of a solid banking house, based on long-term values, with a strong ambition to develop.

In 2008 it pursued the development of its Swiss network, with the opening of a new branch in Fribourg, bringing the number of offices to eight. ICM, a subsidiary of BFCM specializing in wealth management, merged with Banque CIC Suisse in order to expand its product range.

The considerable progress made in terms of levels of business and results in the first half of the year, were affected by market turmoil in the second half. The bank benefited from new inflows of funds from its clients to the tune of SFr 194 million. However, total client assets fell. Loan outstandings increased by 11% to SFr 2,323 million.

The interest margin increased by 9% and the profit from capital markets transactions by 4%. On the other hand, commissions were down by 9%, reflecting the fall in financial markets. General operating expenses fell by 2% despite investments made for development. The year ended with a 1% increase in operating income and a 37% increase in net income, to SFr 20.1 million.

## CIC Singapore Branch and CICIS Private Limited Hong Kong

Since 2002, CIC's teams have been carrying on private banking business in China and Southeast Asia.

In 2008, in spite of the crisis, Singapore continued to emerge as a major offshore financial market for wealth management, for private as well as institutional investors. Nonetheless, business in the area was affected and the situation was exacerbated by the financial behavior of Asian clients accustomed to seeking capital gains in preference to capital protection.

The Singapore branch and its Hong Kong subsidiary did not escape this trend, with a 41% fall in the value of the portfolios and a 39% drop in revenues.

CIC still intends to develop a private banking business aimed at large investors in the area.

Façade of Banque CIC Suisse, Geneva, illuminated by artist Gerry Hofstetter (January 2009).

# Private equity

**In the field of private equity, CIC features among the very top players in the regions.**

**Its three specialized entities, operating independently or jointly, throughout France, carried out €341 million worth of investments in 2008.**

**The value of the investment portfolio is more than €2.1 billion.**

## Paris and Northeastern France

### CIC Finance

CIC Finance, with 55 employees in Paris and the regions, has two business lines: private equity and M&A advisory services.

Investment transactions are carried out for own account through the wholly-owned subsidiaries CIC Investissement, CIC Investissement Nord, CIC Investissement Est and CIC Investissement Alsace, and for third parties, with funds managed by subsidiaries CM-CIC Capital Privé (20 FIP investment funds/ FCPI innovation funds) and CIC LBO Partners (the mid-cap CIC LBO Funds dedicated to majority LBOs).

Thanks to portfolio growth and fresh capital inflows, CIC Finance now manages €1.3 billion of assets, of which €629 million managed on behalf of third parties.

In an adverse context, proprietary investment performed less well in 2008 than hitherto. Portfolio rotation slowed, with capital gains falling to €58 million in consequence, and this valuation was affected by a higher level of provisions. Investments, the bulk of which were made in the first half of the year, fell to €193 million (of which €37 million subscribed and not yet called up in the CIC LBO Fund II, for which CIC Finance is the sponsor).

In third-party management, CM-CIC Capital Privé positioned itself as one of the top FIP/FCPI fund managers in the French market, with €74 million of new funds collected in collaboration with the CM-CIC networks, bringing assets under management to €350 million. CIC LBO Partners launched its second fund, called CIC LBO Fund II, with initial subscriptions of €143 million.

Several important advisory assignments were carried out, including the disposals of Arsix Presse and Babeau Seguin, and consulting services for the managers of Sagem Communications.

CIC Finance recorded consolidated net income of €34.6 million based on IFRS; shareholders' equity stood at €314 million and unrealized capital gains at €150 million.

**Private equity: key figures** *(in € millions)*

| | 2008 | 2007 | Change |
|---|---|---|---|
| Net banking income | 112 | 381 | NS |
| General operating expenses | (38) | (42) | - 9.5% |
| Operating income before provisions | 73 | 339 | NS |
| Change in provisions | 0 | 0 | |
| Income before tax | 74 | 339 | NS |
| Net income attributable to group | 67 | 310 | NS |

Source: consolidated financial statements.

# Western France

## IPO

IPO, a company listed on the stock exchange in Eurolist B and 80.1% held by the CIC group, has been present in the greater western regions of France for nearly 30 years, and in the south-west since 2006. Based in Nantes, its 15-strong team manages an equity portfolio worth €345.2 million invested in 156 regional companies.

The past year was marked by the merger by absorption of Société Financière Ar Men by IPO, resulting in an increase in net assets of €40.7 million, and by the acquisition of the entire share capital of Société Financière Voltaire for €5.9 million. Both were subsidiaries of CIC Banque CIO-BRO for which IPO had been managing the final run-down since 2006.

With 27 new deals worth €82.9 million, the year was a dynamic one in terms of investments, which mainly took place in the first half. Disposals and redemptions totaling €75.9 million generated €46.5 million in net gains. Consolidated net income came to €32.9 million based on IFRS.

As a long-term investor, IPO frequently partners its clients through the key stages of their corporate life, from development to changes in ownership structure and succession. Such was the case in 2008 with Dôme Holding (cosmetics), Groupe Hadule (cupboard doors), Holding du Tariquet (wine trade), Vensys Post Equipement (hydraulic jacks), Financière de Plouguiel (office supplies), SDMS (detached houses), Aserti Group (electronic maintenance), Evolis (plastic card printers), New Deal (footwear), Groupe Hérault (PVC, wood and aluminum sunroofs), Deca France (cleaning and upkeep of buildings), EJP Investissements (electrical engineering), Conexio (water treatment equipment), Financière de Corton (lifting, handling, specialized transport), Finaéro (aircraft painting and waterproofing), SIIL (dairy processing), MTN Holding (PVC and aluminum building materials), Holding Groupe SERAP (milk coolers), Vulcain (metal building frames), Maine Finances (PVC extrusion), Monts Fournil (bread and confectionery), and Inovelec Développement (electronic components).

# Southern France

## CIC Banque de Vizille

Following three years of strong activity and profitability, with cumulative net banking income of €247 million and net income of €210 million, CIC Banque de Vizille made a pause in 2008. In spite of the crisis in the markets, the soundness of its model, offering a comprehensive range of equity-based products, and the durability of its strategy, based on the simple logic of equity investment in industry, were both confirmed.

The year saw significant disposals: €65.5 million in capital gains (more than the cumulative total for the period 2006-2007) with an annual average RRI (rate of return on investment) of 35.6%.

This performance proves the quality of the portfolio, which during this same period had to cope with exaggerated falls in value of the listed portion (though these companies represent a latent source of future revenues). Finally, CIC Banque de Vizille generated €17.7 million of net gains and booked consolidated net banking income of €33.4 million.

Despite a rising deal flow, investments were voluntarily limited to €65 million (down by 40%) and concentrated to the extent of 70% in portfolio companies in order to give them the means to take advantage of investment opportunities.

The invested portfolio ended the year at €473.2 million compared with €465.3 million for 2007, with unrealized capital gains of €184.7 million (2007: €194.7 million), and an overall performance of +4.7%.

While commissions fell to €1 million, they nonetheless constitute a key driver for 2009, since CIC Banque de Vizille intends to play its role of global and strategic adviser to management to the full.

With its substantial and rapidly mobilizable resources, the bank should return to overall profitability well in excess of the 2008 net income of €30 million based on French CNC standards or €18.2 million in consolidated IFRS terms.

# Regional and international directory

## Regional centers

**CIC**

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75009 Paris
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www.cic.fr

Chairman of the Supervisory Board: Etienne Pflimlin
Chairman of the Executive Board: Michel Lucas
Vice-Chairman of the Executive Board: Alain Fradin
Members of the Executive Board: Michel Michenko
Jean-Jacques Tamburini
Philippe Vidal - Rémy Wéber
Head of the Greater Paris Region Network: René Dangel

**CIC Banque BSD-CIN**

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59800 Lille
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www.cic.fr
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Chairman and Chief Executive Officer: Gérard Romedenne
Chief Operating Officer: Stelli Prémaor

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2 avenue Jean-Claude Bonduelle
44000 Nantes
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www.cic.fr

Chairman and Chief Executive Officer: Michel Michenko
Chief Operating Officer: Jean-Pierre Bichon

**CIC Est**

31 rue Jean Wenger-Valentin
67000 Strasbourg
Tel: +33 3 88 37 61 23
www.cic.fr

Chairman and Chief Executive Officer: Philippe Vidal
Chief Operating Officers: Luc Dymarski - Pierre Jachez
Deputy Chief Operating Officer: Thierry Marois

**CIC Lyonnaise de Banque**

8 rue de la République
69001 Lyon
Tel: +33 4 78 92 02 12
www.cic.fr

Chairman and Chief Executive Officer: Rémy Wéber
Deputy Chief Operating Officers: Isabelle Bourgade - Yves Manet

**CIC Société Bordelaise**

Cité Mondiale
20 quai des Chartrons
33058 Bordeaux Cedex
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www.cic.fr

Chairman and Chief Executive Officer: Jean-Jacques Tamburini
Chief Operating Officer: Pascale Ribault
Deputy Chief Operating Officers: Bernard Gonzalez
Jean-François Lagraulet

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## International network

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Atul Ahuja

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Chairman and Chief Executive
Officer: Bruno Julien-Laferrière
Chief Operating Officer:
Hubert Veltz

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Paul Kwek

# Corporate governance

# Supervisory Board

## Members appointed by the Annual General Meeting of Shareholders:

| | |
|---|---|
| **Etienne Pflimlin**<br>Chairman | Chairman, Confédération Nationale du Crédit Mutuel, Crédit Mutuel Centre Est Europe and Banque Fédérative du Crédit Mutuel |
| **Gérard Cormorèche**<br>Vice-Chairman | Chairman, Crédit Mutuel du Sud-Est |
| **Banque Fédérative du Crédit Mutuel** | *represented by* **Christian Klein** - Manager |
| **Gérard Bontoux** | Chairman, Crédit Mutuel Midi-Atlantique |
| **Luc Chambaud** | CEO, Crédit Mutuel Normandie |
| **Maurice Corgini** | Director, Banque Fédérative du Crédit Mutuel |
| **François Duret** | Chairman, Crédit Mutuel du Centre |
| **Pierre Filliger** | Chairman, Crédit Mutuel Méditerranéen |
| **Jean-Louis Girodot** | Chairman, Crédit Mutuel Ile-de-France |
| **Daniel Leroyer** | Chairman, Crédit Mutuel Maine-Anjou, Basse-Normandie |
| **Roberto Mazzotta** | Chairman, Banca Popolare di Milano |
| **Jean-Luc Menet** | CEO, Crédit Mutuel Océan |
| **André Meyer** | Director, Crédit Mutuel Centre Est Europe |
| **Albert Peccoux** | Chairman, Crédit Mutuel Savoie-Mont Blanc |
| **Paul Schwartz** | Director, Confédération Nationale du Crédit Mutuel |
| **Alain Têtedoie** | Chairman, Crédit Mutuel Loire-Atlantique et Centre-Ouest |
| **Philippe Vasseur** | Chairman, Crédit Mutuel Nord Europe |
| **Jean-Claude Martinez** | Employee, CIC Est, representing employee shareholders |

## Members elected by employees:

| | |
|---|---|
| **Yannick Ardaine** | Telecounselor with CIC Est |
| **Linda Corneau-Pattyn** | Customer Adviser with CIC Banque CIO-BRO |
| **Jean-Pierre Van den Brocke** | Head of social engineering at CIC Banque BSD-CIN |

## The following also attend Board meetings:

| | |
|---|---|
| **Stéphane Marché** | CIC Works Council Representative |
| **François de Lacoste Lareymondie** | CIC Company Secretary, Secretary to the Supervisory Board |

## Composition of the Supervisory Board

### Statutory framework

The composition of the Supervisory Board is regulated by Article 12 of the company bylaws.

The Supervisory Board is composed of not less than 15 and not more than 18 members appointed by the Annual General Meeting of Shareholders, and of employee representatives.

Three members of the Supervisory Board are elected by employees and one member of the Supervisory Board is designated by the Annual General Meeting of Shareholders from among the employee shareholders or employees who are members of the Supervisory Board of an FCPE fund holding shares in CIC (Article 12 of the bylaws, § I B).

The age limit is 70. This is applied such that no-one over the age of 70 can be appointed if his appointment has the effect of bringing the number of members over 70 to more than one third of the total number of members.

The term of office for members of the Supervisory Board is five years. The functions of members other than those elected by employees come to an end upon adjournment of the Ordinary General Meeting of Shareholders held to ratify the accounts of the preceding financial year and held in the year in which their term of office expires.

The term of office of members elected by employees expires on the fifth anniversary of their election.

Every member of the Supervisory Board must own one share in CIC, either directly or through a company mutual fund (FCPE) (Article 12 of the bylaws § VIII). However, making use of the option granted by Article L.225-72 of the French Commercial Code (Code de Commerce) as interpreted by Article 57 of Law No. 2008-776 of August 4, 2008, a proposal will be laid before the Annual General Meeting of Shareholders called for May 12, 2009 to dispense with this obligation.

### Guiding principles

As well as the law and the company bylaws, two guiding principles are applied in determining the composition of the Supervisory Board.

As regards "independent" members within the meaning of the applicable regulations, their status derives from a number of recommendations regarding corporate governance. To the extent that corporate governance procedures have to be adapted to each company's particular situation, CIC has to take account of two parameters:

- on the one hand, Banque Fédérative du Crédit Mutuel holds 91.76% of the company's shares (directly and indirectly);
- on the other hand, at the same time, the Supervisory Board mainly comprises representatives, often Chairmen, of Crédit Mutuel federations. Chairmen of Crédit Mutuel federations on the Supervisory Board number ten, out of a total of 21 members. They all come from the non-banking business world. Of the ten federations concerned, six are neither in the chain of shareholder control of CIC nor in the group constituted by the four associated federations belonging to the CM4 [1]. They can thus be considered genuinely "independent", if not according to the letter, at least according to the spirit of the recommendations referred to.

Further to an exchange of letters of intent, signed on December 20, 2002, which established the basis for the projected partnership between the CM-CIC group and Banca Popolare di Milano, followed by another exchange of letters on April 11, 2003 regarding the scope of application of the project, the Chairman of Banca Popolare di Milano was appointed as a member of the CIC Supervisory Board at the Ordinary Shareholders' Meeting of May 15, 2003. At the same time Mr Jean-Jacques Tamburini, a member of the CIC Executive Board, was appointed as a Director of Banca Popolare di Milano.

### Changes during financial year 2008

The terms of office of the sixteen members appointed by the Annual General Meeting of Shareholders of May 15, 2003, or of those co-opted by the Board to replace those retiring before the expiry of their term of office, expired upon adjournment of the Annual General Meeting of Shareholders of May 22, 2008.

The Executive Board proposed to the Annual General Meeting of Shareholders that the terms of office of all members of the Supervisory Board concerned be renewed. The Annual General Meeting of Shareholders approved the proposal.

The following persons were therefore appointed for a term of five years, which will expire upon adjournment of the Ordinary General Meeting of Shareholders called to ratify the accounts for the financial year 2012:

- Mr Etienne Pflimlin, born October 16, 1941, Chairman, Confédération Nationale du Crédit Mutuel, Crédit Mutuel Centre Est Europe and Banque Fédérative du Crédit Mutuel;
- Mr Gérard Cormorèche, born July 3, 1957, Chairman, Crédit Mutuel du Sud-Est;
- Mr Gérard Bontoux, born March 7, 1950, Chairman, Crédit Mutuel Midi-Atlantique;
- Mr Luc Chambaud, born March 24, 1956, CEO, Crédit Mutuel Normandie;
- Mr Maurice Corgini, born September 27, 1942, Director, Banque Fédérative du Crédit Mutuel;
- Mr François Duret, born March 18, 1946, Chairman, Crédit Mutuel du Centre;
- Mr Pierre Filliger, born November 27, 1943, Chairman, Crédit Mutuel Méditerranéen;
- Mr Jean-Louis Girodot, born February 10, 1944, Chairman, Crédit Mutuel Ile-de-France;
- Mr Daniel Leroyer, born April 15, 1951, Chairman, Crédit Mutuel Maine-Anjou, Basse-Normandie;
- Mr Roberto Mazzotta, born November 3, 1940, Chairman, Banco Popolare di Milano (Milan, Italy);
- Mr Jean-Luc Menet, born February 2, 1951, CEO, Crédit Mutuel Océan;
- Mr André Meyer, born March 31, 1934, Director, Crédit Mutuel Centre Est Europe;
- Mr Paul Schwartz, born January 29, 1937, Director, Banque Fédérative du Crédit Mutuel;
- Mr Alain Têtedoie, born May 16, 1964, Chairman, Crédit Mutuel Loire-Atlantique et Centre-Ouest;
- Mr Philippe Vasseur, born August 31, 1943, Chairman, Crédit Mutuel Nord Europe;
- Banque Fédérative du Crédit Mutuel.

The term of office of elected employees having expired at the end of September 2008, elections were held at group level to designate their successors, in the framework of an agreement reached with trade union representatives on May 14, 2008.

Following two rounds of voting held on October 15 and 29, 2008, the following were elected:

- executives: Mr Jean-Pierre Van den Brocke, born February 25, 1953, head of social engineering with CIC Banque BSD-CIN, based at Regional Management, Caen;
- other employees:
  - Ms Linda Corneau-Pattyn, born June 1, 1979, customer adviser with CIC Banque CIO-BRO, based at La Turballe Branch;
  - Mr Yannick Ardaine, born February 25, 1958, telecounselor with CIC Est, based in Reims.

They assumed their duties at the Supervisory Board Meeting of December 11, 2008. Their term of office expires at the end of October 2013. The dates of first appointment and expiry of term of office of members of the Supervisory Board are shown in the summary table on page 37.

## Workings of the Supervisory Board

The workings of the Supervisory Board are governed by Articles 13 to 18 of the company's bylaws, though these do not contain any stipulations additional to those provided for by law.

*(1) The CM4 grouping comprises the following four federations: Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France, and Crédit Mutuel Savoie-Mont Blanc.*

## Chairmanship

A meeting of the Supervisory Board held immediately following the Annual General Meeting of Shareholders on May 22, 2008, renewed the appointments of:

- Mr Etienne Pflimlin, as Chairman of the Supervisory Board;
- Mr Gérard Cormorèche, as Vice-Chairman of the Supervisory Board.

These appointments were made for the duration of the terms of office of the persons concerned.

## Board committees

### Remuneration committee

The Supervisory Board has established a specialized three-member committee charged with studying the statutory situation and the remuneration of members of the Executive Board and making any relevant proposals. This committee meets at least once a year, its conclusions taking the form of proposals submitted for consideration by the Board. In particular, it proposes to the Supervisory Board, in its meeting immediately following the Annual Ordinary General Meeting of Shareholders ratifying the accounts of the financial year last ended, the amount to be allocated to each member of the Executive Board by way of the variable portion of his or her remuneration. This variable portion is determined on a discretionary basis based on a specific percentage.

In its meeting of May 22, 2008, the Supervisory Board renewed the appointments of Messrs:

- Etienne Pflimlin;
- André Meyer;
- Paul Schwartz;

as members of the remuneration committee.

### Group audit committee

With a view to responding to the new requirements arising from the transposition, by Prescription No. 2008-1278 of December 8, 2008, of European Directive 2006/43/EC concerning the legal auditing of annual accounts and consolidated accounts and to those arising from the new standards of governance, an audit and accounts committee is in the process of being put in place at CM4-CIC group level.

This committee will propose to the group's governing bodies such improvements as it deems necessary in light of its findings. It will also examine the annual accounts and consolidated accounts and assess how they have been drawn up, in particular making sure of the relevance and consistency of the accounting principles and methods applied. Its members will have free access to the auditors and to the accounts, as well as to the heads of the various control functions (periodic, permanent, compliance) as they deem necessary to complete their work.

To represent it in this body, the Supervisory Board in its meeting of May 22, 2008, renewed the designation of its representatives, namely Messrs:

- Pierre Filliger;
- Daniel Leroyer.

They will be required to submit a report on the execution of their responsibilities to the Board.

### Group risk monitoring committee

This committee has been set up at CM4-CIC group level. It is composed of members of the deliberative bodies, and meets half-yearly to examine strategic issues in terms of risk. It proposes to the group's deliberative bodies, in light of its findings, any decisions of a prudential nature that are applicable group-wide. Committee meetings are led by the chief risk officer, who is also responsible for presenting the files opened on the various risk areas. General Management is also invited to the committee meetings, and the committee may also invite the heads of business lines involved in the agenda items.

To represent it in this body, the Supervisory Board in its meeting of May 22, 2008, renewed the designation of its representatives, namely Messrs:

- Gérard Bontoux;
- François Duret.

They are required, with the assistance of the chief risk officer, to submit a report on the execution of their responsibilities to the Board.

## Other aspects

The Supervisory Board has not drawn up any internal regulations. The assessment of its work is documented in the general report it presents every year to the Ordinary General Meeting of Shareholders (page 185) and in the report of the Chairman of the Supervisory Board to the AGM on the preparation and organization of the Board's work (page 185).

The Supervisory Board met four times during financial year 2008. Its members' attendance rates varied from 62% to 90%.

The Annual General Meeting of Shareholders did not approve any Directors' attendance fees, so the Supervisory Board did not allocate any fees to its members.

In its meeting of February 26, 2009, the Supervisory Board took note of the agreement signed with the government by Mr Etienne Pflimlin on behalf of the entire Crédit Mutuel group, on October 23, 2008, in the framework defined by Amendment No. 2008-1061 to the Finance Act, dated October 16, 2008, and in particular of the commitments contained in this agreement concerning governance as regards policy on Directors' remuneration and an end to concurrent directorships and employment contracts. The Board confirmed the commitment to adhere to these principles as regards CIC, and checked that the mechanisms in place covered this commitment, either by complying with the recommendations made or by explaining the reasons for not doing so.

# Executive Board

From left to right: **Alain Fradin,** Vice-President **– Rémy Wéber,** Chairman and CEO, CIC Lyonnaise de Banque **Michel Lucas,** President **– Philippe Vidal,** Chairman and CEO, CIC Est **– Michel Michenko,** Chairman and CEO, CIC Banque CIO-BRO **– Jean-Jacques Tamburini,** Chairman and CEO, CIC Société Bordelaise.

## Composition of the Executive Board

The composition of the Executive Board is governed by Article 10 of the bylaws, which stipulates that it shall have from three to seven members.

The term of office is five years.

The age limit for Executive Board members is set at 70; however the Supervisory Board has the power to extend this by up to two years.

The dates of members' first appointment and the dates on which their terms of office expire are summarized in the table on page 37.

On the occasion of the new mandate granted to members of the Executive Board by the Supervisory Board in 2007, applying new case law according to which the notion of "executive officer" can be dissociated from that of "corporate Officer", as mentioned in its 2004 annual report and its statement of September 19, 2005, CECEI simply reappointed the five retiring Executive Board members as executive officers responsible for effectively determining the overall business strategy of the bank and the CIC group within the meaning of Article 17 of French Act No. 84-46 of January 24, 1984 concerning the activity and supervision of credit institutions. This decision has no effect on the composition of the Board, with six members, nor on the way in which the Board operates in accordance with French company law.

From left to right: **René Dangel,** head of the CIC greater Paris region network **– Gérard Romedenne,** Chairman and CEO, CIC Banque BSD-CIN.

Executive Board meetings are also attended by Mr Gérard Romedenne, in his capacity as manager of an important group subsidiary, CIC Banque BSD-CIN, and Mr René Dangel, in his capacity as head of the CIC greater Paris region network. Messrs Romedenne and Dangel are therefore members of the "key management personnel" of the group within the meaning of IAS 24 and the current interpretation of Article L.225-102-1 of the French Commercial Code (Code de Commerce).

## Workings of the Executive Board

The Executive Board is vested with the broadest of powers.

Transactions requiring the approval of the Supervisory Board are set out in Article 11 of the bylaws, which sets ceilings of €8 million or €16 million, depending on the case, for acquisitions and disposals of real estate or equity interests on which the Executive Board can decide, and of €16 million for granting security interests to guarantee commitments for the bank's own account other than those relating to banking activities without the approval of the Supervisory Board.

The Executive Board meets in principle twice a month.

CIC's Company Secretary acts as secretary to the Executive Board.

# Information concerning members of the Executive Board and the Supervisory Board

## Relations with the business

CIC complies with the regulations in force concerning corporate governance.

To the best of CIC's knowledge, there are no conflicts of interest between the obligations of the members of the Supervisory Board or of the Executive Board toward CIC and their personal interests or other obligations.

Apart from regulated agreements and the exception referred to on page 33 relating to the reciprocal representation of CIC and Banca Popolare di Milano on each other's Boards, no arrangements or agreements have been entered into with the main shareholders, clients, suppliers or others pursuant to which a member of the Executive Board or a member of the Supervisory Board has been nominated.


There are no service agreements linking members of the Executive Board or the Supervisory Board with any of the group's companies. In particular, Banque Fédérative du Crédit Mutuel, which controls CIC and holds a seat on its Supervisory Board, does not receive any management fees.

To the best of CIC's knowledge, there are no family relationships between Executive Board and Supervisory Board members.

Supervisory and Executive Board members are reminded on a regular basis of the rules applicable to persons holding privileged information. They are also informed that they must disclose any trading in CIC shares on the stock exchange by them or persons closely linked to them to the AMF (French Financial Markets Authority) and to CIC. No such transactions were reported in 2008.

The Executive Board and Supervisory Board members have each declared that:

**1°.** during the last five years they have not been:

- convicted of fraud;
- associated with the bankruptcy, receivership or liquidation of a legal entity in which they were a member of an administrative, management or supervisory body or of which they were the chief executive officer;
- subject to disciplinary sanctions imposed by the administrative bodies responsible for supervising CIC;
- subject to an administrative or court order which prevents them from acting as members of an administrative, management or supervisory body or from participating in the management or operations of a company;

**2°.** there are no potential conflicts of interest between their obligations toward CIC and their own personal interests;

**3°.** they have not, either directly or through a third party, entered into an arrangement or agreement with any of the main shareholders, clients, suppliers or subsidiaries of CIC pursuant to which they are granted special benefits by virtue of their position in CIC.

The originals of these declarations are held in the Company Secretary's office.

## Summary table, group management

| | Date of first nomination | Date of expiry of current term of office | Main position held in the company | Main positions held outside the company [1] |
|---|---|---|---|---|
| **Executive Board** | | | | |
| Michel Lucas | June 17, 1998 | At the Supervisory Board Meeting held immediately following the AGM ratifying the accounts for 2011 | President of the EB | CEO, CM Centre Est Europe and BFCM |
| Alain Fradin | June 17, 1998 | | Vice-President of the EB | CEO, CM du Sud-Est |
| Michel Michenko | May 31, 2007 | | Member of the EB | |
| Jean-Jacques Tamburini | June 17, 1998 | | Member of the EB | |
| Philippe Vidal | May 30, 2002 | | Member of the EB | |
| Rémy Wéber | May 30, 2002 | | Member of the EB | |
| **Supervisory** | | | | |
| Etienne Pflimlin | June 17, 1998 | At the AGM ratifying the accounts for 2012 | Chairman of the SB | Chairman, Confédération Nationale du CM, CM Centre Est Europe and BFCM |
| Gérard Cormorèche | June 17, 1998 | | Vice-Chairman of the SB | Chairman, CM du Sud-Est |
| Gérard Bontoux | March 7, 2002 | | Member of the SB | Chairman, CM Midi-Atlantique |
| Luc Chambaud | Dec. 16, 2004 | | Member of the SB | CEO, CM Normandie |
| Maurice Corgini | June 17, 1998 | | Member of the SB | Director, BFCM |
| François Duret | Feb. 22, 2007 | | Member of the SB | Chairman, CM du Centre |
| Pierre Filliger | June 17, 1998 | | Member of the SB | Chairman, CM Méditerranéen |
| Jean-Louis Girodot | Dec. 19, 2001 | | Member of the SB | Chairman, CM Ile-de- France |
| Christian Klein (representing BFCM) | June 17, 1998 | | Member of the SB | Manager with BFCM |
| Daniel Leroyer | May 19, 2005 | | Member of the SB | Chairman, CM Maine-Anjou, Basse Normandie |
| Roberto Mazzotta | May 15, 2003 | | Member of the SB | Chairman, Banca Popolare di Milano |
| Jean-Luc Menet | Dec. 13, 2007 | | Member of the SB | CEO, CM Océan |
| André Meyer | June 17, 1998 | | Member of the SB | Director, Confédération Nationale du CM |
| Paul Schwartz | June 17, 1998 | | Member of the SB | Director, Confédération Nationale du CM |
| Alain Têtedoie | Sept. 7, 2006 | | Member of the SB | Chairman, CM Loire-Atlantique et Centre-Ouest |
| Philippe Vasseur | May 30, 2001 | | Member of the SB | Chairman, CM Nord-Europe |
| Albert Peccoux | May 11, 2006 | AGM ratifying accounts for 2010 | Member of the SB | Chairman, CM Savoie-Mont Blanc |
| Jean-Claude Martinez | April 28, 2004 | AGM ratifying accounts for 2008 | Employee, CIC Est | - |
| Yannick Ardaine | Oct. 30, 2008 | October 30, 2013 | Employee, CIC Est | - |
| Linda Corneau-Pattyn | Oct. 30, 2008 | October 30, 2013 | Employee, CIC Banque CIO-BRO | - |
| Jean-Pierre Van den Brocke | Oct. 30, 2008 | October 30, 2013 | Employee, CIC Banque BSD-CIN | - |

*CM: Crédit Mutuel.*
*EB: Executive Board*
*SB: Supervisory Board.*
*(1) The remaining mandates and positions are listed on pages 40-49.*

## Executive remuneration

### Guiding principles

In its meeting of February 26, 2009, the Supervisory Board took note of developments in the legislative and regulatory frameworks, of recommendations made by the profession regarding the remuneration of executive directors, and of the terms of the agreement signed between the government and the Crédit Mutuel group on October 23, 2008. In this context, and applying Article L.225-42 of the French Commercial Code, it took due note of the decision of the Board of Directors of BFCM, which is elaborated upon hereunder, and confirmed that the required mechanisms as referred to above have been properly implemented, particularly as regards the executive remuneration policy.

### Implementation

Remuneration received by the group's key executives is detailed in the table below.

Part of the remuneration received by some of the group's key executives relates to their duties as employees or corporate officers of Crédit Mutuel. Remuneration accruing to other executives relates exclusively to their activities within the CIC group.

Executive remuneration is set by the Supervisory Board based on recommendations made by a special three-member committee (see page 34). Remuneration comprises a fixed and a variable component. The fixed portion is determined in light of market rates of pay for positions carrying comparable responsibilities. It is established at the time of their appointment together with any benefits in kind and group pension benefits. The variable portion is determined on a discretionary basis based on a specific percentage and approved by the meeting of the Supervisory Board following the Annual General Meeting of Shareholders called to approve the financial statements for the year in respect of which the variable compensation is paid.

Most of the group's key executives are also entitled to the same welfare and top-up pension benefits as all group employees, in respect of either Crédit Mutuel, for those carrying out part of their activities there, or in respect of CIC. However, those who receive compensation for their work but who because of their positions are not eligible for profit sharing, incentive bonuses or a retirement package will be allocated a bonus upon their departure.

In the framework of the provisions of Article L.225-42 of the French Commercial Code, the terms of the agreement reached between Crédit Mutuel and the government on October 23, 2008, and the recommendations of the profession published in October 2008, the Board of Directors of BFCM, in its meeting of December 19, 2008, decided to replace the arrangements decided on July 4, 2007 concerning its Chairman, Mr Etienne Pflimlin and CEO, Mr Michel Lucas, with the following ones:

Pursuant to Article L.225-38 of the Commercial Code, it approved the reaching of an agreement whereby upon termination of their mandates, and to the extent that the condition set out hereinafter shall have been met, its Chairman, Mr Etienne Pflimlin, and CEO, Mr Michel Lucas, would receive a termination payment calculated as follows:

- an initial portion to be calculated in the same way as the final payment to which employees are entitled by virtue of the CMCEE collective agreement;
- a second portion to be equivalent to the employee savings scheme provisions in force for employees of the CMCEE group during their terms of office as Chairman or CEO.

The combined amount of the two portions may not exceed two years' worth of the average annual net remuneration paid by BFCM over the last four years to the beneficiary.

For allocating this indemnity, the Board of Directors of BFCM decided to apply a results-linked performance criterion, determined and applied as follows: payment of this indemnity will be allocated to the Chairman or CEO upon termination of their mandate, if the Board is satisfied that at that date average BFCM group consolidated results subsequent to financial year 2008 are at least 10% more than 2008 results (the financial year in which the decision was taken to grant the indemnity). For calculating this average, the consolidated results as ratified by the Annual General Meeting of Shareholders of BFCM are used.

Amounts provided for under this heading are €955,072 for Mr Etienne Pflimlin and €1,677,124 for Mr Michel Lucas.

The group's key executives do not have any other specific benefits. They have not been awarded any CIC shares or share equivalents. Furthermore, they are not entitled to attendance fees relating either to their positions in group companies or to those in other companies by reason of their positions in the group.

Apart from this, the group's key executives may hold assets with and take loans from the group banks on the same terms as those offered to employees in general. Total outstanding principal on loans taken out by the group's key executives amounted to €1,179,155 as of December 31, 2008.

The Annual General Meeting of Shareholders did not approve any Directors' attendance fees, so the Supervisory Board did not allocate any fees to its members in 2008.

## Remuneration paid to the group's senior executives in 2008

| *Amounts in euros (a)* | from Crédit Mutuel | from CIC Fixed portion | from CIC Variable portion (b) | from CIC Benefits in kind (c) | Miscellaneous payments | **Total 2008** | Total 2007 |
|---|---|---|---|---|---|---|---|
| Etienne Pflimlin Chairman of the Supervisory Board | 848,380 | - | - | | - | **848,380** | 834,405 |
| **Executive Board** | | | | | | | |
| Michel Lucas | 755,008 | 550,000 | 200,000 | - | | **1,505,008** | 1,375,586 |
| Alain Fradin | - | 308,927 | 150,000 | 4,973 | | **463,900** | 391,488 |
| Michel Michenko | - | 300,000 | 150,000 | 7,174 | 494 | **457,668** | 398,221 |
| Jean-Jacques Tamburini | - | 300,000 | 150,000 | 3,000 | 494 | **453,494** | 376,504 |
| Philippe Vidal | - | 300,000 | 150,000 | - | 954 | **450,954** | 423,734 |
| Rémy Wéber | - | 300,000 | 150,000 | 3,726 | 634 | **454,360** | 376,839 |
| **Other executives** | | | | | | | |
| René Dangel | 292,162 | - | - | - | - | **292,162** | 230,452 |
| Gérard Romedenne | - | 250,000 | 115,750 | 9,600 | 494 | **375,844** | 362,645 |

*(a) Gross, pre-tax amounts paid during the year.*
*(b) The variable portions are determined by the meeting of the Supervisory Board following the Annual General Meeting of Shareholders called to approve the financial statements for the year in respect of which the variable compensation is paid: the variable portion paid in 2008 thus relates to the year 2007.*
*(c) Company cars exclusively, except in the case of G. Romedenne, who has the use of a company apartment but no car, and M. Michenko, who has both company car and apartment.*

# Executives' terms of office

## Executive Board

### Michel Lucas

Born May 4, 1939, Lorient

| *Business address:* Crédit Industriel et Commercial 6 avenue de Provence - 75009 Paris | Term of office started | Term of office expires |
|---|---|---|
| **President of the Executive Board** | June 17, 1998 | 2012 |
| *Other positions held* | | |
| **Chairman and CEO:** | | |
| Carmen Holding Investissement | Nov. 7, 2008 | 2011 |
| **CEO:** | | |
| Confédération Nationale du Crédit Mutuel | Jan. 21, 1998 | unlimited term |
| **Chairman of the Board:** | | |
| Groupe des Assurances du Crédit Mutuel | Feb. 24, 1993 | 2011 |
| Assurances du Crédit Mutuel Vie SA | June 29, 1993 | 2011 |
| Assurances du Crédit Mutuel IARD SA | March 19, 1993 | 2011 |
| Assurances du Crédit Mutuel Vie SAM | March 13, 1991 | 2009 |
| Banque du Crédit Mutuel Ile-de-France | Nov. 17, 2003 | 2009 |
| **Chairman:** | | |
| Crédit Mutuel Cartes de Paiements | May 7, 2003 | 2009 |
| Europay France | May 28, 2002 | 2009 |
| **Chairman of the Supervisory Board:** | | |
| Fonds de Garantie des Dépôts | Nov. 26, 2008 | n/a |
| Euro Information Production (GIE) | May 19, 1994 | 2012 |
| Citicorp Deutschland GmbH | Dec. 8, 2008 | 2012 |
| Citicorp Management AG | Dec. 8, 2008 | 2013 |
| Citicorp Privatkunden AG | Dec 8, 2008 | 2013 |
| **Vice-Chairman of the Supervisory Board:** | | |
| Banco Popular France | June 5, 2008 | 2013 |
| Banque de Luxembourg (Luxembourg) | March 25, 2003 | 2009 |
| **Member of the Board of Directors - CEO:** | | |
| Fédération du Crédit Mutuel Centre Est Europe | April 6, 2001 | unlimited term |
| Caisse Fédérale du Crédit Mutuel Centre Est Europe | April 6, 2001 | 2011 |
| Banque Fédérative du Crédit Mutuel | June 14, 2002 | 2010 |
| **Member of the Board of Directors:** | | |
| ACMN IARD | July 25, 1997 | 2009 |
| ASTREE (Tunis) | March 04, 2005 | 2011 |
| Desjardins Assurances Générales (Québec) | May 12, 1993 | 2009 |
| Banque de Tunisie (Tunis) | March 30, 2004 | 2010 |
| Banque Marocaine du Commerce Extérieur (Casablanca) | Sept. 17, 2004 | 2014 |
| CIC Banque Transatlantique | Dec. 19, 2000 | 2014 |
| Banque Transatlantique Belgium (Brussels) | March 21, 2005 | 2010 |
| Caisse de Crédit Mutuel "Grand Cronenbourg" | May 11, 1985 | 2009 |
| CRCM Midi-Atlantique | May 24, 2008 | 2014 |
| Crédit Mutuel Paiements Électroniques | March 19, 2003 | 2009 |
| CIC Investissements | Dec. 20, 2000 | 2011 |
| CIC Finance | Dec. 20, 2000 | 2010 |
| CIC Lyonnaise de Banque | July 6, 1999 | 2009 |
| SOFEDIS | June 5, 2000 | 2012 |
| **Member of the Supervisory Board:** | | |
| Banque de l'Économie du Commerce et de la Monétique | May 15, 1992 | 2010 |
| CM-CIC Asset Management | Sept. 28, 1992 | 2010 |
| Manufacture Beauvillé | Feb. 14, 2000 | 2012 |
| CM-CIC Services (GIE) | May 7, 2008 | 2014 |
| SAFRAN | Oct. 30, 2002 | 2011 |
| **Member of the Management Committee:** | | |
| Euro Information | June 14, 2002 | 2014 |
| Euro Information Développement | June 14, 2002 | 2014 |
| EBRA | Feb. 24, 2006 | 2013 |
| *Positions held in the last five financial years* | | |
| **CEO:** | | |
| Caisse Centrale du Crédit Mutuel | Feb. 18, 1998 | 2006 |
| **Vice-Chairman of the Supervisory Board:** | | |
| MasterCard Europe Région (Brussels) | Aug. 30, 1992 | 2008 |
| **Member of the Board of Directors:** | | |
| Suravenir | June 18, 1996 | 2005 |
| CIC Capital Développement | Dec. 20, 2000 | 2006 |
| CIC Information | April 2, 2001 | 2006 |
| CIC Banque SNVB | Dec. 20, 2007 | 2007 |
| CIC Banque BRO | Aug. 1, 1999 | 2006 |
| **Member of the Supervisory Board:** | | |
| Société Alsacienne de Publications "L'Alsace" | June 2, 2004 | 2007 |
| Fiducia Cash | Nov. 5, 1990 | 2004 |
| GIE CIC Production | July 28, 1999 | 2006 |

### Alain Fradin

Born May 16, 1947, Alençon

| *Business address:* Crédit Industriel et Commercial 6 avenue de Provence - 75009 Paris | Term of office started | Term of office expires |
|---|---|---|
| **Vice-president of the Executive Board** | June 17, 1998 | 2012 |
| *Other positions held* | | |
| **Chairman and CEO:** | | |
| CM-CIC Bail | July 20, 1999 | 2011 |
| CIC Migrations | Nov. 26, 1999 | 2014 |
| **Chairman of the Board:** | | |
| Le Républicain Lorrain | April 12, 2007 | 2010 |
| Groupe Républicain Lorrain Communication | May 4, 2007 | unlimited term |
| **Chairman of the Supervisory Board:** | | |
| Banco Popular France | June 5, 2008 | 2009 |
| **Vice-Chairman of the Board - Member of the Board:** | | |
| Confédération Nationale du Crédit Mutuel | Sept. 12, 2001 | 2010 |
| **CEO:** | | |
| Fédération du Crédit Mutuel Antilles-Guyane | May 30, 1998 | unlimited term |
| Caisse Fédérale du Crédit Mutuel Antilles-Guyane | May 30, 1998 | unlimited term |
| Fédération des Caisses du Crédit Mutuel du Sud-Est | June 21, 2001 | unlimited term |
| Caisse de Crédit Mutuel du Sud-Est | June 21, 2001 | unlimited term |
| **Deputy CEO:** | | |
| Fédération du Crédit Mutuel Centre Est Europe | Feb. 14, 1998 | unlimited term |
| Caisse Fédérale du Crédit Mutuel Centre Est Europe (CFCMCEE) | Feb. 14, 1998 | unlimited term |
| **Member of the Board of Directors:** | | |
| Boréal | Oct. 14, 2002 | 2013 |
| CM-CIC Titres | Feb. 18, 1994 | 2012 |
| Groupe Sofémo | May 30, 1997 | 2014 |
| Banque du Crédit Mutuel Ile-de-France | Nov. 17, 2003 | 2009 |
| **Member of the Supervisory Board:** | | |
| CM-CIC Services (GIE) | May 7, 2008 | 2014 |
| Eurafric Information | May 28, 2008 | 2011 |
| Citicorp Deutschland GmbH | Dec. 8, 2008 | 2012 |
| Citicorp Management AG | Dec. 8, 2008 | 2013 |
| Citicorp Privatkunden AG | Dec. 8, 2008 | 2013 |
| **Member of the Management Committee:** | | |
| Euro Information | May 3, 2006 | 2013 |
| Bischenberg | Sept. 30, 2004 | 2011 |
| **Permanent Representative:** | | |
| CFCMCEE (Vice-Chairman, Caisse Centrale du Crédit Mutuel) | Jan. 3, 2001 | 2012 |
| CCM Sud-Est (Director, ACM Vie) | May 4, 2005 | 2011 |
| CIC Participations (Director, CIC Banque BSD-CIN) | June 13, 1989 | 2009 |
| CIC Participations (Director, CIC Banque CIO-BRO) | Dec. 26, 1990 | 2009 |
| Groupement des Assurances du Crédit Mutuel (Director, Sérénis Vie) | July 16, 2002 | 2012 |
| *Positions held in the last five financial years* | | |
| **Chairman:** | | |
| SOLODIF | June 1, 2007 | 2008 |
| **Permanent Representative:** | | |
| CIC (Director, CIC Information) | April 2, 2001 | 2006 |
| CIC Participations (Director, CIC Banque CIN) | Dec. 26, 1990 | 2006 |

## Michel Michenko

Born November 18, 1947, Nancy
*Business address:*
Crédit Industriel et Commercial
6 avenue de Provence - 75009 Paris

| | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Executive Board** | May 31, 2007 | 2012 |
| *Other positions held* | | |
| **Chairman and CEO:** | | |
| CIC Banque CIO-BRO | April 22, 2004 | 2009 |
| **Vice-Chairman of the Supervisory Board:** | | |
| CM-CIC Lease | Jan. 12, 2005 | 2011 |
| **Member of the Supervisory Board:** | | |
| CM-CIC Asset Management | Dec. 31, 2004 | 2010 |
| Ouest Pierre Investissement | June 06, 2005 | n/a |
| CM-CIC Services (GIE) | May 07, 2008 | 2010 |
| **Permanent representative:** | | |
| CIC (Director, CM-CIC Participations Immobilières) | Jan. 12, 2001 | 2012 |
| Groupe des Assurances du Crédit Mutuel (Director, ACM Vie) | May 04, 2005 | 2010 |
| **Associate member:** | | |
| Chambre de Commerce et d'Industrie de Nantes | Dec. 10, 2004 | n/a |
| **Treasurer:** | | |
| Fondation de Thérapie Génique | May 10, 2004 | n/a |
| Union pour la Valorisation du Patrimoine | May 19, 2008 | 2011 |
| *Positions held in the last five financial years* | | |
| **Chairman and CEO :** | | |
| CIC Banque BRO | Feb. 24, 1998 | 2006 |
| **Director:** | | |
| IPO (Institut de Participation de l'Ouest) | April 12, 2005 | 2008 |
| **Permanent representative:** | | |
| CIC Banque CIO-BRO (Director, Bail Ouest) | April 22, 2004 | 2006 |
| CIC Banque BRO (member of the Supervisory Board de Centre Capital Développement) | Sept 20, 2001 | 2004 |
| CIC Banque CIO-BRO (Director, Financière Ar Men) | April 22, 2004 | 2008 |
| CIC Banque CIO-BRO (Director, Financière Voltaire) | April 22, 2004 | 2008 |
| **Member of the Management Committee:** | | |
| CM-CIC Agence Immobilière (SAS) | March 7, 2002 | 2008 |
| **Member of the Management Committee:** | | |
| Euro Information SAS | July 27, 1999 | 2006 |

## Jean-Jacques Tamburini

Born December 9, 1947, Chambéry
*Business address:*
Crédit Industriel et Commercial
6 avenue de Provence - 75009 Paris

| | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Executive Board** | June 17, 1998 | 2012 |
| *Other positions held* | | |
| **Chairman and CEO:** | | |
| CIC Société Bordelaise | May 12, 2004 | 2009 |
| CIC Participations SAS | June 3, 2002 | 2014 |
| Adepi SAS | May 30, 2002 | 2014 |
| Valimar 3 SAS | June 1, 2007 | 2013 |
| **Chairman of the Supervisory Board:** | | |
| CM-CIC Capital Privé | June 29, 2001 | 2010 |
| **Vice-Chairman of the Supervisory Board:** | | |
| CM-CIC Asset Management | Dec. 31, 2004 | 2010 |
| **Member of the Supervisory Board:** | | |
| CIC Production (GIE) | June 21, 2004 | 2011 |
| **Director:** | | |
| CIC Investissement | June 30, 2000 | 2012 |
| CIC Finance | Dec. 20, 2000 | 2011 |
| Banca Popolare di Milano (Milan) | Dec. 20, 2002 | 2009 |
| Banca di Legnano (Milan) | June 27, 2004 | n/a |
| IPO (Institut de Participation de l'Ouest) | April 12, 2005 | 2011 |
| **Member of the Audit Committee:** | | |
| Banque Marocaine du Commerce Extérieur (Casablanca) | Sept. 17, 2004 | n/a |
| **Permanent representative:** | | |
| CIC (Director, Banque de Tunisie-Tunis) | March 31, 2000 | 2009 |
| CIC Participations (Director, CIC Est) | June 5, 1989 | 2009 |
| Banque Fédérative du Crédit Mutuel (Director, ACM IARD SA) | May 4, 2005 | 2011 |
| CIC Société Bordelaise (Director, SFAP) | Aug. 3, 1999 | 2009 |
| *Positions held in the last five financial years* | | |
| **Permanent representative:** | | |
| CIC (Director, CM-CIC Asset Management) | n/a | 2004 |
| CIC (Director, CIC Banque de Vizille) | Sept. 11, 2002 | 2007 |
| CIC Participations (Director, CIC Société Bordelaise) | July 5, 1994 | 2004 |
| CIC Participations (Director, CIC Lyonnaise de Banque) | July 1, 1989 | 2007 |
| CIC Participations (Director, CIC Banque SNVB) | June 5, 1989 | 2007 |
| CIC Participations (Director, CIC Banque CIAL) | Jan. 1, 1990 | 2007 |

## Philippe Vidal

Born August 26, 1954, Millau

*Business address:*
Crédit Industriel et Commercial
6 avenue de Provence - 75009 Paris

| | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Executive Board** | May 30, 2002 | 2012 |
| *Other positions held* | | |
| **Chairman and CEO:** | | |
| CIC Est | Dec. 05, 2007 | 2009 |
| **Chairman of the Board of Directors:** | | |
| CM-CIC Gestion | Feb. 24, 2006 | 2013 |
| Banque CIC Suisse | May 7, 2007 | 2010 |
| **Chairman:** | | |
| Fund Market France SAS | July 4, 2001 | 2014 |
| **Vice-Chairman of the Board of Directors:** | | |
| CM-CIC Bail | July 20, 1999 | 2009 |
| Banque de Luxembourg (Luxembourg) | March 28, 2000 | 2011 |
| **Director:** | | |
| Saint-Gobain PAM | March 17, 1994 | 2013 |
| Cigogne Management (Luxembourg) | July 6, 2004 | 2009 |
| Banque Transatlantique Belgium (Brussels) | March 21, 2005 | 2010 |
| CM-CIC Titres | May 4, 2004 | 2010 |
| CM-CIC Covered Bonds | April 16, 2007 | 2013 |
| **Member of the Supervisory Board:** | | |
| Foncière des Régions | April 2, 2001 | 2013 |
| **Permanent representative:** | | |
| CIC (Director, Dubly-Douilhet) | Oct. 24, 2003 | 2009 |
| CIC Est (member of the Supervisory Board de CM-CIC Asset Management) | May 20, 2008 | 2010 |
| ADEPI (Director, ACM Vie) | May 04, 2005 | 2011 |
| *Positions held in the last five financial years* | | |
| **Chairman and CEO:** | | |
| CIC Banque CIAL | April 29, 1999 | 2007 |
| **Chairman of the Board of Directors:** | | |
| CIC Banque SNVB (now CIC Est) | Jan.7, 1994 | 2007 |
| CIAL Invest | May 28, 2004 | 2007 |
| **Director:** | | |
| LORBAIL SA | May 28, 2001 | 2004 |
| SNVB Financements | Dec. 28, 1993 | 2008 |
| **Member of the Supervisory Board:** | | |
| Est Gestion (now CM-CIC Gestion) | April 30, 2002 | 2006 |
| **Permanent representative:** | | |
| CIC Banque SNVB (member of the management of SAS CIC Information) | July 15, 2002 | 2006 |
| CIAL Invest (Director, CIAL Equipement) | May 10, 1999 | 2006 |
| CIC Banque CIAL (member of the Supervisory Board of CM-CIC Asset Management) | Dec. 31, 2004 | 2007 |
| **Member of the Management Committee:** | | |
| SAS SNVB Participations | Aug. 26, 2002 | 2006 |
| SAS Finances et Stratégies | Aug. 27, 2002 | 2006 |

## Rémy Wéber

Born November 18, 1957, Strasbourg

*Business address:*
Crédit Industriel et Commercial
6 avenue de Provence - 75009 Paris

| | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Executive Board** | May 30, 2002 | 2012 |
| *Other positions held* | | |
| **Chairman and CEO:** | | |
| CIC Lyonnaise de Banque | July 17, 2002 | 2013 |
| **Chairman of the Supervisory Board:** | | |
| CIC Banque de Vizille | 2002 | 2012 |
| **Chairman:** | | |
| Gesteurop SAS | June 30, 2006 | 2014 |
| **Vice-Chairman:** | | |
| CIC Banque Pasche (Geneva) | Nov. 16, 2001 | n/a |
| **Director:** | | |
| Euro P3C | May 16, 2001 | n/a |
| **Member of the Supervisory Board:** | | |
| CIC Production (GIE) | June 24, 2002 | 2012 |
| **Member of the Executive Committee:** | | |
| Danifos SAS | July 17, 2002 | n/a |
| **Member of the Management Committee:** | | |
| Euro Information (SAS) | May 17, 2000 | 2014 |
| **Permanent representative:** | | |
| CIC (Director, Groupe Sofemo) | May 7, 2003 | 2009 |
| CIC Lyonnaise de Banque (member of the Supervisory Board of CM-CIC Asset Management) | Dec. 31, 2004 | 2010 |
| CIC Lyonnaise de Banque (Director, UVP) | n/a | 2009 |
| CIC Banque de Vizille (Director, Descours et Cabaud) | Sept.18, 2002 | n/a |
| Groupe des Assurances du Crédit Mutuel (Director, ACM IARD SA) | May 4, 2005 | 2010 |
| Gesteurop (Director, Factocic) | Aug. 26, 1992 | 2010 |
| *Positions held in the last five financial years* | | |
| **Chairman of the Board of Directors:** | | |
| CIC Bonnasse Lyonnaise de Banque (merger-absorption by CIC Lyonnaise de Banque Dec 31, 2008) | May 11, 2007 | 2008 |
| **Member of the Management Committee:** | | |
| LYCACE | July 17, 2002 | 2005 |
| **Permanent representative:** | | |
| CIC Lyonnaise de Banque (member of the Management Committee of CIC Information) | May 24, 2002 | 2006 |
| CIC Lyonnaise de Banque (Director, CIC Bonnasse Lyonnaise de Banque) | Sept. 13, 2002 | 2007 |
| Sérénis (Director, Télévie) | Oct. 5, 2004 | 2005 |

## Supervisory Board

### Etienne Pflimlin

Born October 16, 1941, Thonon-les-Bains

*Business address:*
Confédération Nationale du Crédit Mutuel
88-90 rue Cardinet - 75017 Paris

| | Term of office started | Term of office expires |
|---|---|---|
| **Chairman of the Supervisory Board** | June 17, 1998 | 2013 |
| *Other positions held* | | |
| **Chairman of the Board of Directors:** | | |
| Confédération Nationale du Crédit Mutuel | Dec. 16, 1987 | 2012 |
| Caisse Centrale du Crédit Mutuel | May 18, 1988 | 2012 |
| Fédération du Crédit Mutuel Centre Est Europe | June 25, 1985 | unlimited term |
| Caisse Fédérale du Crédit Mutuel Centre Est Europe | Sept. 29, 1992 | 2011 |
| Banque Fédérative du Crédit Mutuel | Sept. 29, 1992 | 2009 |
| Caisse de Crédit Mutuel "Strasbourg Esplanade" | May 16, 1991 | 2009 |
| Le Monde Entreprises | June 23, 1988 | 2014 |
| **Chairman of the Supervisory Board:** | | |
| Banque de l'Économie du Commerce et de la Monétique | Sept. 29, 1992 | 2011 |
| Société d'Etudes et de Réalisation pour les Equipements Collectifs (SODEREC) | June 20, 1988 | 2012 |
| Éditions Coprur | July 02, 1987 | 2010 |
| Société Alsacienne de Publications "L'Alsace" | June 15, 1987 | 2010 |
| **Director:** | | |
| Groupe des Assurances du Crédit Mutuel | Feb. 24, 1993 | 2011 |
| Société Française d'Édition de Journaux et d'Imprimés Commerciaux "L'Alsace" | June 02, 2004 | 2010 |
| FIMALAC | May 30, 2006 | 2010 |
| **Member of the Supervisory Board:** | | |
| Le Monde S.A. | Nov. 11.2001 | 2013 |
| Le Monde et Partenaires associés | May 31, 1995 | 2013 |
| Société éditrice du Monde | Nov, 11.2001 | 2013 |
| **Permanent representative:** | | |
| Caisse Centrale du Crédit Mutuel (member of the Supervisory Board of CM-CIC Asset Management) | Dec. 31, 2004 | 2010 |
| Fédération du Crédit Mutuel Centre Est Europe (Director, SOFEDIS) | Nov. 24, 1994 | 2012 |
| Fédération du Crédit Mutuel Centre Est Europe (member of the Management Committee of Euro Information) | June 14, 2002 | 2014 |
| CIC (Director, CIC Est) | Dec. 20, 2007 | 2009 |
| CIC (Director, CIC Banque BSD-CIN) | Sept. 11, 1998 | 2009 |
| CIC (Director, CIC Banque CIO-BRO) | July 07, 1998 | 2009 |
| CIC (Director, CIC Société Bordelaise) | Sept. 25, 1998 | 2009 |
| *Positions held in the last five financial years* | | |
| **Member of the Board of Directors:** | | |
| Assurances du Crédit Mutuel IARD SA | March 19, 1993 | 2004 |
| Assurances du Crédit Mutuel Vie SA | June 29, 1993 | 2005 |
| Assurances du Crédit Mutuel Vie SFM | June 02, 1992 | 2005 |
| **Permanent representative:** | | |
| Banque Fédérative du Crédit Mutuel (Director, CM-CIC Asset Management) | Aug. 24, 1998 | 2004 |
| CIC (Director, CIC Banque CIAL) | Jan. 01, 1999 | 2007 |
| **Member of the Management Committee:** | | |
| EBRA | Feb. 24, 2006 | 2007 |


### Gérard Cormorèche

Born July 3, 1957, Lyon

*Business address:*
Crédit Mutuel du Sud-Est
8-10 rue Rhin et Danube - 69266 Lyon Cedex 09

| | Term of office started | Term of office expires |
|---|---|---|
| **Vice-Chairman and Member of the Supervisory Board** | June 17, 1998 | 2013 |
| *Other positions held* | | |
| **Chairman:** | | |
| Fédération du Crédit Mutuel du Sud-Est | 1995 | 2011 |
| Caisse de Crédit Mutuel du Sud-Est | 1995 | 2013 |
| CECAMUSE | Dec. 2, 1991 | n/a |
| Caisse Agricole du Crédit Mutuel | 2004 | 2010 |
| Caisse de Crédit Mutuel de Neuville-sur-Saône | April 15, 1993 | 2009 |
| **Vice-Chairman:** | | |
| CMAR | 1997 | n.c. |
| **Member of the Board of Directors:** | | |
| Confédération Nationale du Crédit Mutuel | Oct. 05, 1995 | 2009 |
| Banque Fédérative du Crédit Mutuel | May 16, 2001 | 2010 |
| Caisse Fédérale du Crédit Mutuel Centre Est Europe | June 22, 1995 | 2010 |
| Société des Agriculteurs de France | n/a | n/a |
| **Manager:** | | |
| SCEA Cormorèche Jean-Gérard | July 01, 1982 | n/a |
| SARL Cormorèche | Jan. 01, 2002 | n/a |
| **Permanent representative:** | | |
| Caisse de Crédit Mutuel du Sud-Est (Director, ACM Vie) | 1995 | 2010 |
| *Positions held in the last five financial years* | | |
| **Auditor:** | | |
| ACM IARD | 1995 | 2005 |
| Groupe des Assurances du Crédit Mutuel IARD SA | 1995 | 2005 |

## Banque Fédérative du Crédit Mutuel

| *Business address:* 34 rue du Wacken – 67000 Strasbourg | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | June 17, 1998 | 2013 |
| *Other positions held* | | |
| **Chairman:** | | |
| Bischenberg | Sept. 30, 2004 | 2010 |
| **Vice-Chairman:** | | |
| Crédit Mutuel Paiements Électroniques | March 19, 2003 | 2009 |
| **Director:** | | |
| Assurances du Crédit Mutuel SFM | May 4, 2005 | 2009 |
| Assurances du Crédit Mutuel Vie SA | May 4, 2005 | 2011 |
| Assurances du Crédit Mutuel IARD SA | May 4, 2005 | 2011 |
| Boréal | Jan. 25, 1991 | 2012 |
| Caisse Centrale du Crédit Mutuel | Sept. 17, 1969 | 2011 |
| Caisse de Refinancement de l'Habitat | Oct. 12, 2007 | 2013 |
| CM-CIC Covered Bonds | April 16, 2007 | 2013 |
| CM-CIC Securities | Dec. 31, 1999 | 2011 |
| CM-CIC Participations Immobilières | Sept. 17, 1981 | 2009 |
| CM-CIC SCPI Gestion | Jan. 30, 1990 | 2014 |
| Crédit Mutuel Cartes de Paiements | March 17, 1983 | 2009 |
| Crédit Mutuel Habitat Gestion | March 20, 1990 | 2014 |
| Critel | Nov. 24, 1989 | 2014 |
| Fédération du Crédit Mutuel Centre Est Europe | Sept. 29, 1992 | unlimited term |
| Groupe des Assurances du Crédit Mutuel | Feb. 4, 1994 | 2011 |
| Groupe SOFEMO | Nov. 19, 1986 | 2014 |
| Institut Lorrain de Participations | May 30, 1997 | 2010 |
| Sarest | April 23, 1981 | 2009 |
| SA d'HLM Alsace Habitat | May 4, 2005 | 2010 |
| SEM Action 70 | Oct. 1, 1990 | 2014 |
| SEM CAEB – Bischheim | Nov. 27, 1997 | 2009 |
| SEM CALEO – Guebwiller | June 24, 2005 | 2013 |
| SEM Euro Moselle Développement | March 15, 1991 | 2011 |
| SEM Micropolis | July 24, 1997 | 2012 |
| SEM Nautiland | May 25, 1987 | 2009 |
| SEM Patinoire Les Pins | Oct. 1, 1990 | 2011 |
| SEM pour la promotion de la ZAC Forbach Sud (banking pool) | Feb. 24, 1989 | 2010 |
| SEM Semibi Biesheim | Nov. 14, 1984 | 2009 |
| CM-CIC Epargne Salariale | May 21, 2008 | 2014 |
| SIBAR | May 27, 1999 | 2010 |
| Société Fermière de la Maison de L'Alsace | Jan. 1, 1977 | 2011 |
| Société Française d'Édition de Journaux et d'Imprimés Commerciaux "L'Alsace" | June 2, 2004 | 2010 |
| SOFEDIS | Nov. 24, 1994 | 2012 |
| UES PACT ARIM | Nov. 17, 1994 | 2012 |
| Ventadour Investissement | May 24, 1991 | 2013 |
| **Member of the Management Committee:** | | |
| Euro Information | June 14, 2002 | 2014 |
| Euro Protection Surveillance | June 27, 1992 | 2012 |
| Euro TVS | Nov. 27, 1979 | 2014 |
| Euro Information Direct Service | June 14, 2002 | 2014 |
| **Member of the Supervisory Board:** | | |
| Batigère | March 22, 1996 | 2012 |
| CM-CIC Asset Management | Dec. 31, 2004 | 2010 |
| SAEM Mulhouse Expo | Feb. 16, 2005 | 2012 |
| SCPI Crédit Mutuel Habitat 3 | Sept. 18, 1991 | 2009 |
| SCPI Crédit Mutuel Habitat 4 | Oct. 13, 1993 | 2009 |
| SCPI Finance Habitat 1 | April 29, 1998 | 2010 |
| SCPI Finance Habitat 2 | June 18, 1997 | 2009 |
| Société d'Etudes et de Réalisation pour les Equipements Collectifs (SODEREC) | May 30, 1978 | 2012 |
| STET – Systèmes Technologiques d'Échanges et de Traitement | Dec. 8, 2004 | 2009 |
| **Auditor:** | | |
| SEM E Puissance 3 Schiltigheim | March 7, 1991 | 2011 |


*Positions held in the last five financial years*

| | | |
|---|---|---|
| **Director:** | | |
| Crédit Mutuel Participations | Sept. 10, 1988 | 2007 |
| SEMDEA (banking pool) | Jan. 2, 1976 | 2006 |
| CIC Banque de Vizille | March 12, 1991 | 2006 |
| Parcus (banking pool) | May 26, 1982 | 2006 |
| CM-CIC Agence Immobilière | April 17, 2001 | 2008 |
| SCPI Crédit Mutuel Habitat 2 | Sept. 13, 1990 | 2008 |
| SEM Destination 70 (banking pool) | Nov. 19, 2002 | 2004 |

## Christian Klein

Born January 9, 1951, Metz

| *Business address:* Banque Fédérative du Crédit Mutuel 34 rue du Wacken – 67000 Strasbourg | Term of office started | Term of office expires |
|---|---|---|
| **Representing Banque Fédérative du Crédit Mutuel, Member of the Supervisory Board** | June 17, 1998 | 2013 |
| *Other positions held* | | |
| **Chairman of the Board of Directors:** | | |
| CM-CIC Covered Bonds | April 16, 2007 | 2013 |
| **Member of the Board of Directors:** | | |
| Cigogne Management SA (Luxembourg) | July 06, 2004 | 2009 |
| ESN North America (New York) | n/a | n/a |
| Investessor | Oct. 15, 2004 | 2010 |
| Société de Financement de l'Économie Française -SFEF | Oct. 17, 2008 | 2014 |
| **Member of the Board of Directors – CEO:** | | |
| Carmen Holding Investissement | Nov. 7, 2008 | 2011 |
| **Co-manager:** | | |
| CM Akquisitions GmbH | Dec. 8, 2008 | unlimited term |
| **Member of the Supervisory Board:** | | |
| Banco Popular France | June 5, 2008 | 2009 |
| **Permanent representative:** | | |
| Banque Fédérative du Crédit Mutuel (Director, CM-CIC Securities) | May 25, 2005 | 2011 |
| Banque Fédérative du Crédit Mutuel (Director, SAREST) | May 27, 1998 | 2009 |
| Banque Fédérative du Crédit Mutuel (Director, Groupe Sofemo) | April 29, 1997 | 2014 |
| Banque Fédérative du Crédit Mutuel (Director, BOREAL) | June 8, 2004 | 2012 |

| | | |
|---|---|---|
| Banque Fédérative du Crédit Mutuel (member of the Supervisory Board of CM-CIC Asset Management) | April 12, 2004 | 2010 |
| Sofinaction (Director, CM-CIC Bail) | April 13, 2004 | 2010 |
| Sofinaction (Director, CM-CIC Lease) | Jan. 12, 2005 | 2011 |
| Cicoval (Director, CIC Lyonnaise de Banque) | Dec. 9, 1998 | 2009 |

*Positions held in the last five financial years*

| | | |
|---|---|---|
| **Member of the Board of Directors:** | | |
| Sicav Gestion 365 | June 26, 1984 | 2006 |
| **Manager:** | | |
| CM Akquisitions GmbH | June 30, 2008 | 2008 |
| **Permanent representative:** | | |
| BFCM (Director, Sofébail) | April 22, 1999 | 2004 |

## Gérard Bontoux

Born March 7, 1950, Toulouse

| *Business address:* Crédit Mutuel Midi-Atlantique 6 rue de la Tuilerie - 31132 Balma cedex | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | March 7, 2002 | 2013 |

*Other positions held*

| | | |
|---|---|---|
| **Chairman:** | | |
| Fédération du Crédit Mutuel Midi-Atlantique | 1994 | 2013 |
| Caisse Fédérale du Crédit Mutuel Midi-Atlantique | 1994 | 2013 |
| **Director:** | | |
| Confédération Nationale du Crédit Mutuel | 1994 | 2010 |
| Caisse Centrale du Crédit Mutuel | 1999 | 2009 |
| Groupe des Assurances du Crédit Mutuel | 2005 | 2011 |
| Caisse de Crédit Mutuel de Toulouse St Cyprien | 1979 | 2014 |

## Luc Chambaud

Born March 24, 1956, Angoulême

| *Business address:* Crédit Mutuel de Normandie 17 rue du 11 Novembre - 14052 Caen cedex | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | Dec. 16, 2004 | 2013 |

*Other positions held*

| | | |
|---|---|---|
| **Vice-Chairman of the Board of Directors:** | | |
| NORFI | June 25, 2004 | n/a |
| **CEO:** | | |
| Caisse Fédérale du Crédit Mutuel de Normandie | Jan. 1, 2003 | n/a |
| Fédération du Crédit Mutuel de Normandie | Jan. 1, 2003 | n/a |
| **Director:** | | |
| SA Euro-P3C | June 16, 2003 | 2010 |
| CM-CIC Covered Bonds | July 15, 2008 | 2013 |
| **Member of the Supervisory Board:** | | |
| Banque de l'Économie du Commerce et de la Monétique | May 3, 2006 | 2009 |
| Euro Information Production (GIE) | May 7, 2003 | 2009 |
| **Permanent representative:** | | |
| Banque Fédérative du Crédit Mutuel (member of the Supervisory Board of Batigère SAS) | June 20, 2006 | 2012 |
| Caisse Fédérale de Crédit Mutuel de Normandie (Director, Assurances du Crédit Mutuel Vie SA) | Jan. 29, 2003 | 2011 |
| Caisse Fédérale de Crédit Mutuel de Normandie (member of the Board of Management of Euro Information SA) | May 7, 2003 | 2014 |
| Caisse Fédérale de Crédit Mutuel de Normandie (member of the Board of Management of Euro GDS) | Dec. 31, 2003 | 2010 |

*Positions held in the last five financial years*

| | | |
|---|---|---|
| **Member of the Board of Directors:** | | |
| **Director:** | | |
| SAS CLOE | Jan. 1, 2003 | 2008 |
| **Représentant permanent:** | | |
| Caisse Fédérale de Crédit Mutuel de Normandie (Director, GIE CLOE Services) | Jan. 1, 2003 | 2008 |

## Maurice Corgini

Born September 27, 1942, Baume-Les-Dames

| *Business address:* Fédération du Crédit Mutuel Centre Est Europe 34 rue du Wacken - 67000 Strasbourg | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | June 17, 1998 | 2013 |

*Other positions held*

| | | |
|---|---|---|
| **Chairman of the Board of Directors:** | | |
| Caisse de Crédit Mutuel de Baume-Valdahon-Rougemont | May 10, 1981 | 2012 |
| Caisse de Crédit Mutuel du District de Franche-Comté Sud | April 20, 1995 | 2010 |
| **Director:** | | |
| Fédération du Crédit Mutuel Centre Est Europe | April 20, 1995 | 2010 |
| Banque Fédérative du Crédit Mutuel | June 22, 1995 | 2009 |
| Caisse Agricole Crédit Mutuel | Feb. 20, 2004 | 2014 |
| **Co-manager:** | | |
| Cogit'Hommes Franche-Comté | March 1, 2005 | unlimited term |

## François Duret

Born March 18, 1946, Chartres

| *Business address:* Crédit Mutuel du Centre - Place de l'Europe 105 rue du Faubourg Madeleine - 45920 Orléans cedex 9 | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | Feb. 22, 2007 | 2013 |

*Other positions held*

| | | |
|---|---|---|
| **Chairman of the Supervisory Board:** | | |
| Caisse Fédérale de Crédit Mutuel du Centre | 1999 | 2009 |
| **Chairman of the Board of Directors:** | | |
| Fédération Régionale des Caisses de Crédit Mutuel du Centre | 2000 | 2010 |
| Caisse de Crédit Mutuel Agricole du Centre | 1998 | 2009 |
| Caisse de Crédit Mutuel Agricole d'Auneau | 1997 | 2009 |
| **Vice-Chairman:** | | |
| Syndicat Agricole du Dunois | 2006 | n/a |
| **Director:** | | |
| Confédération Nationale du Crédit Mutuel | 2000 | 2010 |
| Centre International du Crédit Mutuel | 2007 | 2010 |
| **Permanent representative:** | | |
| Caisse Fédérale de Crédit Mutuel du Centre (Director, Caisse Centrale de Crédit Mutuel) | 2000 | 2010 |
| Caisse Fédérale de Crédit Mutuel du Centre (Director, Assurances du Crédit Mutuel Vie SAM) | 2005 | 2011 |
| Caisse Fédérale de Crédit Mutuel du Centre (member of the Supervisory Board of SODEREC) | 2000 | 2014 |
| Caisse Fédérale de Crédit Mutuel du Centre (member of the Supervisory Board de SODELEM) | 2005 | n/a |
| Caisse de Crédit Mutuel Agricole du Centre (Director, Fédération du Crédit Mutuel Agricole et Rural) | 1997 | n/a |
| **Manager:** | | |
| EARL de la Marée de Sermonville | 2000 | unlimited |

*Positions held in the last five financial years*

| | | |
|---|---|---|
| **Chairman:** | | |
| SAS CLOE | 2003 | Dec 31, 2005 |
| **Représentant permanent:** | | |
| SAS CLOE (Director, Banque Fédérative du Crédit Mutuel) | n/a | Jun 30, 2006 |

## Pierre Filliger

Born November 27, 1943, Rixheim

| *Business address:* Crédit Mutuel Méditerranéen 494 avenue du Prado - 13267 Marseille cedex 08 | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | June 17,1998 | 2013 |
| *Other positions held* | | |
| **Chairman:** | | |
| Fédération du Crédit Mutuel Méditerranéen | 1995 | 2010 |
| Caisse Régionale du Crédit Mutuel Méditerranéen | 1996 | 2010 |
| Caisse Interfédérale du Crédit Mutuel Sud Europe Méditerranée | 2006 | 2011 |
| Caisse de Crédit Mutuel Marseille-Prado | 1981 | 2010 |
| Caisse Méditerranéenne de Financement (CAMEFI) | 2008 | 2011 |
| **Chairman of the Supervisory Board:** | | |
| ACTIMUT SA | 1997 | 2013 |
| CAMEFI Banque | 2002 | 2011 |
| **Director:** | | |
| Confédération Nationale du Crédit Mutuel | Oct. 1, 1992 | 2012 |
| Crédit Mutuel Evasion S.A. | 2007 | 2010 |
| *Positions held in the last five financial years* | | |
| **Chairman of the Executive Board:** | | |
| Caisse Méditerranéenne de Financement (CAMEFI) | 1987 | 2008 |
| **Vice-Chairman:** | | |
| Caisse Fédérale du Crédit Mutuel Agricole et Rural Provence-Languedoc | 2001 | 2008 |
| **Director:** | | |
| France Luxembourg Invest Advisory (Luxembourg) | 1989 | 2008 |

## Jean-Louis Girodot

Born February 10, 1944, Saintes

| *Business address:* Crédit Mutuel Ile-de-France 18 rue de la Rochefoucault - 75439 Paris cedex 9 | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | Dec. 19, 2001 | 2013 |
| *Other positions held* | | |
| **Chairman of the Board of Directors:** | | |
| Fédération du Crédit Mutuel Ile-de-France | 1995 | 2009 |
| Caisse Régionale de Crédit Mutuel Ile-de-France | 1995 | 2009 |
| Caisse de Crédit Mutuel " Paris-Montmartre Grands Boulevards" | 1975 | 2010 |
| **Chairman and CEO:** | | |
| CODLES | 1980 | legal age |
| **Chairman:** | | |
| Chambre Régionale de l'Économie Sociale-CRES | 1986 | 2011 |
| AUDIENS | 2002 | 2009 |
| PEMEP | 1997 | 2011 |
| **Vice-Chairman:** | | |
| Conseil économique et social d'Ile-de-France | 1989 | 2013 |
| Fédération Nationale de la Presse Spécialisée (FNPS) | 1979 | 2009 |
| **Director:** | | |
| Banque Fédérative du Crédit Mutuel | 2002 | 2011 |
| Caisse Fédérale du Crédit Mutuel Centre Est Europe | 2003 | 2009 |
| Confédération Nationale du Crédit Mutuel | 1995 | 2012 |
| Coopérative d'information et d'édition mutualiste | 1985 | 2010 |
| MEDIAFOR | 1995 | 2010 |
| **Member of the Supervisory Board:** | | |
| EI PRODUCTION | 1995 | 2010 |
| **Permanent representative:** | | |
| Caisse Régionale de Crédit Mutuel Ile-de-France (Director, ACM Vie SFM) | 2005 | 2010 |
| Caisse Régionale de Crédit Mutuel Ile-de-France (Director, Commission paritaire des publications et agences de presse) | 1994 | 2010 |

## Daniel Leroyer

Born April 15, 1951, Saint-Siméon

| *Business address:* Crédit Mutuel Maine-Anjou, Basse-Normandie 43 boulevard Volney - 53083 Laval cedex 9 | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | May 19, 2005 | 2013 |
| *Other positions held* | | |
| **Chairman of the Board of Directors:** | | |
| Fédération du Crédit Mutuel Maine-Anjou, Basse-Normandie | 2003 | 2010 |
| Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie | 2003 | 2014 |
| Caisse Générale de Financement (CAGEFI) | 2003 | 2009 |
| Créavenir (Association) | 2004 | 2010 |
| Caisse de Crédit Mutuel du Pays Fertois | 1998 | 2009 |
| Caisse de Crédit Mutuel Solidaire de Maine-Anjou, Basse-Normandie | 2007 | 2009 |
| Crédit Mutuel Solidaire de Maine-Anjou, Basse-Normandie (Association) | 2007 | 2009 |
| SAS CLOE | 2008 | 2009 |
| **Director:** | | |
| SAS Volney Développement | 1999 | 2010 |
| SAS Assurances du Crédit Mutuel Maine-Anjou-Normandie (ACMAN) | 2002 | 2014 |
| Confédération Nationale du Crédit Mutuel | 2003 | 2009 |
| **Member of the Supervisory Board:** | | |
| Société de Réassurance Lavalloise (SOCREAL) SA | 1998 | 2013 |
| **Permanent representative:** | | |
| Fédération du Crédit Mutuel Maine-Anjou, Basse-Normandie (Director, GIE CLOE Services) | 2003 | n/a |
| Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie (Director, Groupe des Assurances du Crédit Mutuel) | 2005 | n/a |
| *Positions held in the last five financial years* | | |
| **Chairman of the Board of Directors:** | | |
| Caisse de Crédit Mutuel Enseignant Maine-Anjou, Basse-Normandie | 2006 | 2007 |
| Caisse de Crédit Mutuel Enseignant Saint-Lô | 2007 | 2008 |
| **Permanent representative:** | | |
| Société de Réassurance Lavalloise (Director, Groupe des Assurances du Crédit Mutuel) | 2003 | 2005 |

## Roberto Mazzotta

Born November 3, 1940, Milan, Italy

| *Business address:* Banca Popolare di Milano Piazza Meda 4 - 20121 Milan, Italy | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | May 15, 2003 | 2013 |
| *Other positions held* | | |
| **Chairman:** | | |
| Banca Popolare di Milano (Milan) | April 30, 2001 | 2009 |
| **Member of the Executive Committee:** | | |
| ABI (Italian Bankers Association) | April 30, 2001 | 2009 |

## Jean-Luc Menet

Born February 2, 1951, Nantes

| *Business address:* Crédit Mutuel Océan - 34 rue Léandre-Merlet 85001 La Roche-sur-Yon cedex 27 | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | Dec. 13, 2007 | 2013 |
| *Other positions held* | | |
| **Chairman of the Supervisory Board:** | | |
| S.A. SODELEM | Sept. 26, 2007 | 2012 |
| **CEO:** | | |
| Fédération du Crédit Mutuel Océan | Nov. 1, 2007 | n/a |
| SA Coopérative Caisse Fédérale du Crédit Mutuel Océan | Nov. 1, 2007 | n/a |
| Société Coopérative de Crédit C.M.A.R. Océan | Nov. 1, 2007 | n/a |
| **Director:** | | |
| Confédération Nationale du Crédit Mutuel | Oct. 4, 2007 | 2011 |
| S.A.S. Océan Participations | Oct. 26, 2007 | 2010 |
| **Permanent representative:** | | |
| Caisse Fédérale du Crédit Mutuel Océan (Chairman, LLD Participations) | Dec. 20, 2008 | unlimited |
| Caisse Fédérale du Crédit Mutuel Océan (Director, SA Tourisme Océan) | Oct. 24, 2007 | 2010 |
| Caisse Fédérale du Crédit Mutuel Océan (Director, Assurances du Crédit Mutuel IARD SA) | Oct. 11, 2007 | 2011 |
| Caisse Fédérale du Crédit Mutuel Océan (Director, Caisse Centrale du Crédit Mutuel) | Dec. 19, 2007 | 2013 |
| Caisse Fédérale du Crédit Mutuel Océan (Director, SA FINANCO) | Nov. 30, 2000 | 2010 |
| Caisse Fédérale du Crédit Mutuel Océan (Director, SAS Crédit Mutuel Payment Cards) | Nov. 11, 2007 | 2009 |
| Caisse Fédérale du Crédit Mutuel Océan (Director, SAS Crédit Mutuel Electronic Payments) | Nov. 11, 2007 | 2009 |
| Caisse Fédérale du Crédit Mutuel Océan (Director, SAEM SEMIS ) | March 14, 2002 | 2009 |
| Caisse Fédérale du Crédit Mutuel Océan (member of the Supervisory Board of CM-CIC Asset Management) | March 22, 2007 | 2010 |
| *Positions held in the last five financial years* | | |
| **Chairman and CEO:** | | |
| SA Tourisme Océan | n/a | Oct. 24, 2007 |
| **Permanent representative:** | | |
| Caisse Fédérale du Crédit Mutuel Océan (Director, SAS CMO Gestion ) | Sept. 25, 2005 | June 22, 2007 |
| Caisse Fédérale du Crédit Mutuel Océan (Director, SAS Vendée Logement) | June 23, 2005 | Apr. 25, 2007 |

## André Meyer

Born March 31, 1934, Stotzheim

| *Business address:* Fédération du Crédit Mutuel Centre Est Europe 34 rue du Wacken - 67000 Strasbourg | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | June 17, 1998 | 2013 |
| *Other positions held* | | |
| **Honorary Chairman of the Board of Directors:** | | |
| Caisse de Crédit Mutuel de l'Ungersberg | March 4, 2005 | 2010 |
| **Member of the Board and Honorary Chairman:** | | |
| Union des Caisses de Crédit Mutuel du district de Sélestat | Oct. 8, 2002 | 2010 |
| **Représentant permanent:** | | |
| ACM (Director, Fédération du Crédit Mutuel Centre Est Europe) | Dec. 13, 2002 | unlimited term |
| **Manager:** | | |
| SCI Binnweg | Nov. 6, 2003 | n/a |
| *Positions held in the last five financial years* | | |
| **Director:** | | |
| Confédération Nationale du Crédit Mutuel | 1998 | 2008 |

## Albert Peccoux

Born November 2, 1939, St Martin-Bellevue

| *Business address:* Crédit Mutuel de Savoie-Mont Blanc 99 avenue de Genève - 74054 Annecy cedex | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | May 11, 2006 | 2011 |
| *Other positions held* | | |
| **Chairman of the Board of Directors:** | | |
| Fédération du Crédit Mutuel Savoie-Mont Blanc | June 2, 1998 | 2009 |
| Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc | Jan. 1, 2000 | 2009 |
| SICA Haute-Savoie (Société Civile Coopérative d'Intérêt Collectif Agricole) | Nov. 29, 1989 | 2009 |
| **Director:** | | |
| Confédération Nationale du Crédit Mutuel | June 17, 1998 | 2009 |
| Banque Fédérative du Crédit Mutuel | Jan. 1, 2006 | 2009 |
| Caisse Fédérale du Crédit Mutuel Centre Est Europe | Jan. 1, 2006 | 2009 |
| Centre International du Crédit Mutuel | May 13, 2003 | 2009 |
| Crédit Mutuel d'Annecy-les-Fins | March 17, 1973 | 2009 |
| ACM Vie SAM | May 7, 2003 | 2014 |

## Paul Schwartz

Born January 29, 1937, Bitche

| *Business address:* Fédération du Crédit Mutuel Centre Est Europe 34 rue du Wacken - 67000 Strasbourg | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | June 17, 1998 | 2013 |
| *Other positions held* | | |
| **Honorary Chairman:** | | |
| Union des Caisses de Crédit Mutuel du district de Sarreguemines | 2007 | 2010 |
| Caisse de Crédit Mutuel de Bitche | May 22, 1971 | 2012 |
| **Director:** | | |
| Banque Transatlantique Luxembourg (Luxembourg) | July 24, 1998 | 2014 |
| **Auditor:** | | |
| Banque de l'Économie du Commerce et de la Monétique | Dec. 15, 2006 | 2009 |
| **Permanent representative:** | | |
| Banque Fédérative du Crédit Mutuel (Director, Société de Participations Immobilières) | Sept. 8, 1993 | 2009 |
| Caisse Fédérale du Crédit Mutuel Centre Est Europe (Director, Groupe des Assurances du Crédit Mutuel) | Feb. 4, 1994 | 2011 |
| Banque de l'Economie du Commerce et de la Monétique (Director, Fédération du Crédit Mutuel Centre Est Europe) | Dec. 8, 2006 | unlimited term |
| *Positions held in the last five financial years* | | |
| **Chairman:** | | |
| Union des Caisses de Crédit Mutuel du District de Sarreguemines | Nov. 24, 1984 | 2006 |
| **Member of the Board of Directors:** | | |
| Confédération Nationale du Crédit Mutuel | Oct. 6, 1999 | 2008 |
| Banque Fédérative du Crédit Mutuel (Director, Caisse Centrale du Crédit Mutuel) | Nov. 9, 1999 | 2008 |
| **Permanent representative:** | | |
| Groupe des Assurances du Crédit Mutuel (Director, Assurances du Crédit Mutuel Vie SA) | June 29, 1993 | 2005 |
| Groupe des Assurances du Crédit Mutuel (Director, Assurances du Crédit Mutuel IARD SA) | Feb. 4, 1994 | 2005 |


## Alain Têtedoie

Born May 16, 1964, Loroux-Bottereau

*Business address:*
Crédit Mutuel de Loire Atlantique et du Centre-Ouest
46 rue du Port Boyer - 44326 Nantes cedex 3

| | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | Sept. 7, 2006 | 2013 |
| *Other positions held* | | |
| **Chairman of the Board of Directors:** | | |
| Caisse Fédérale du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest | May 23, 2006 | n/a |
| Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest | May 23, 2006 | n/a |
| **Chairman:** | | |
| FITEGA (SAS) | Dec. 09, 1994 | n/a |
| **Chairman of the Supervisory Board:** | | |
| PFALZEUROP GMBH (Harthausen) | Aug. 31, 2007 | n/a |
| CM-CIC Services | May 7, 2008 | 2012 |
| **CEO:** | | |
| NANTEUROP (SAS) | July 31, 2007 | n/a |
| **Vice-Chairman of the Board of Directors:** | | |
| Caisse de Crédit Mutuel de Saint-Julien de Concelles | 2003 | n/a |
| **Vice-Chairman of the Supervisory Board:** | | |
| Banque Commerciale pour le Marché de l'Entreprise | 2006 | n/a |
| **Director:** | | |
| Confédération Nationale du Crédit Mutuel | 2004 | 2013 |
| Banque Fédérative du Crédit Mutuel | 2006 | 2009 |
| ATARAXIA (SAS) | May 3, 2004 | n/a |
| **Permanent representative:** | | |
| Caisse Fédérale CMLACO (member of the Supervisory Board of SODELEM) | 2006 | n/a |
| Caisse Fédérale CMLACO (Director, Groupe des Assurances du Crédit Mutuel) | 2006 | 2011 |
| Fédération du CMLACO (Chairman of INVESTLACO SAS) | 2006 | n/a |
| EFSA (Director, CIC Banque CIO-BRO) | 2006 | n/a |
| *Positions held in the last five financial years* | | |
| **Member of the Supervisory Board:** | | |
| INFOLIS (SAS) | Oct. 26, 2004 | July 27, 2008 |
| SURAVENIR | Oct. 27, 2004 | June 27, 2008 |
| **Auditor:** | | |
| SURAVENIR Assurances Holding (SAS) | Oct. 26, 2004 | June 27, 2008 |
| **Permanent representative:** | | |
| Caisse Fédérale CMLACO (Director, Swiss Life Prévoyance et Santé) | 2005 | July 31, 2006 |
| SURAVENIR Assurances Holding (Director, SURAVENIR Assurances) | Oct. 26, 2004 | June 27, 2008 |

## Philippe Vasseur

Born August 31, 1943, Le Touquet

*Business address:*
Crédit Mutuel Nord Europe
4 place Richebé - 59011 Lille cedex

| | Term of office started | Term of office expires |
|---|---|---|
| **Member of the Supervisory Board** | May 30, 2001 | 2013 |
| *Other positions held* | | |
| **Chairman:** | | |
| Caisse Fédérale du Crédit Mutuel Nord Europe | May 26, 2000 | n/a |
| Caisse de Crédit Mutuel Lille Liberté | March 29, 2005 | n/a |
| Société de Développement Régional de Normandie (SA) | May 29, 2001 | n/a |
| Crédit Mutuel Nord Europe Belgium (SA-Belgium) | Sept. 11, 2000 | n/a |
| BKCP Brabant (SCRL, Belgium) | Dec. 21, 2001 | n/a |
| BKCP Wallonie (SRCL-Belgium) | Oct. 21, 2008 | n/a |
| **Chairman of the Supervisory Board:** | | |
| Banque Commerciale du Marché Nord Europe (SA) | May 26, 2000 | n/a |
| Groupe UFG (SA) | May 29, 2006 | n/a |
| Nord Europe Assurances (SA) | June 1, 2006 | n/a |
| **Director:** | | |
| Confédération Nationale du Crédit Mutuel | Oct. 11, 2002 | 2013 |
| Groupe Eurotunnel (SA) | June 20, 2007 | n/a |
| Holder (SAS) | 2005 | n/a |
| Caisse Solidaire du Crédit Mutuel Nord Europe | Sept. 27, 2005 | n/a |
| Bonduelle (SA) | 2008 | n/a |
| BKCP NOORD (SCRL-Belgique) | June 30, 2006 | n/a |
| BKCP Securities (SA-Belgique) | March 31, 2005 | n/a |
| Crédit Professionnel (SA-Belgique) | May 11, 2000 | n/a |
| Nord Europe Private Bank (SA-Luxembourg) | July 10, 2003 | n/a |
| **Permanent representative:** | | |
| Caisse Fédérale du Crédit Mutuel Nord Europe (Auditor of LOSC Lille Métropole SA) | 2005 | n/a |
| Crédit Mutuel Nord Europe France (Director, Groupe des Assurances du Crédit Mutuel) | May 4, 2005 | 2011 |
| Société de Développement Régional de Normandie (Director, Normandie Partenariat) | March 18, 2008 | n/a |
| Crédit Mutuel Nord Europe Belgium SA (Vice-Chairman of BKCP NOORD -SCRL, Belgium) | June 30, 2006 | n/a |
| Crédit Mutuel Nord Europe Belgium SA (Vice-Chairman of Federale Kas voor het Beroepskrediet -SCRL- Belgium) | March 25, 2004 | n/a |
| Crédit Mutuel Nord Europe Belgium SA (Vice-Chairman of BKCP Wallonie SCRL-Belgium) | Oct. 21, 2008 | n/a |
| *Positions held in the last five financial years* | | |
| **Chairman of the Supervisory Board:** | | |
| Crédit Mutuel Nord Europe France | Dec. 18, 1999 | June 08, 2007 |
| Saint Louis Sucre | n/a | 2007 |
| Crédit Professionnel Interfédéral (SCRL-Belgique) | Nov. 22, 2000 | Oct. 21, 2008 |
| **Director:** | | |
| HEINEKEN France | n/a | June 30, 2006 |
| Middenstands Deposito en Kredietkantoor (SCRL, Belgium) | 2005 | June 30, 2008 |
| **Auditor:** | | |
| Crédit Mutuel Nord Immobilier | March 28, 2002 | Oct. 23, 2006 |
| **Permanent representative:** | | |
| Caisse Fédérale du Crédit Mutuel Nord Europe (Director, BATIROC Normandie) | May 29, 2001 | May 25, 2005 |
| Crédit Mutuel Nord Europe Belgium SA (Director, Crédit Professionnel Interfédéral -SCRL- Belgium) | Nov. 22, 2000 | Nov. 21, 2008 |
| Crédit Mutuel Nord Europe Belgium SA (Director, BKCP Brabant -SCRL, Belgium) | Dec. 21, 2001 | Dec. 21, 2008 |

## Jean-Claude Martinez

Born November 6, 1949, Oran, Algeria

| *Business address:* Banque CIC Est, 7 avenue Foch - 90000 Belfort | Term of office started | Term of office expires |
|---|---|---|
| **Representing employee shareholders, member of the Supervisory Board** | April 28, 2004 | 2009 |
| *Other positions held* | | |
| **Chairman of the Supervisory Board:** FCPE ACTICIC | March 19, 2004 | n/a |
| **Vice-Chairman:** CIC group retirement fund | Sept. 21, 2001 | n/a |

## Yannick Ardaine

Born February 25, 1958, Ay

| *Business address:* Banque CIC Est, 3, Parvis du Chanoine Warnier - 51100 Reims | Term of office started | Term of office expires |
|---|---|---|
| **Representing employees, member of the Supervisory Board** | Oct. 30, 2008 | 2013 |

## Jean-Pierre Van den Brocke

Born February 25, 1953, Suresnes

| *Business address:* CIC Banque BSD-CIN, 6, rue Alfred Kastler - 14054 Caen cedex 4 | Term of office started | Term of office expires |
|---|---|---|
| **Representing employees, member of the Supervisory Board** | Oct. 30, 2008 | 2013 |

## Linda Corneau-Pattyn

Born June 1, 1979, Paris

| *Business address:* CIC Banque CIO-BRO, 25, Quai Saint-Paul - 44420 La Turballe | Term of office started | Term of office expires |
|---|---|---|
| **Representing employees, member of the Supervisory Board** | Oct. 30, 2008 | 2013 |

# Shareholders' Meetings

## Composition

***(summary of Articles 20 to 27 of the bylaws)***

All shareholders are entitled to attend Shareholders' Meetings.

There are no double voting rights.

Except as stipulated in the section below on disclosure thresholds, access to Shareholders' Meetings is not restricted and shareholders are not required to hold a minimum number of CIC shares to exercise the rights conferred upon them by law.

The Combined Ordinary and Extraordinary General Meeting of shareholders and holders of voting rights certificates of June 17, 1998:

- authorized shareholders to hold their "A" series ordinary shares in either bearer or registered form (Article 7 (1) of the bylaws);
- authorized the company to obtain details of identifiable holders of shares and securities from SICOVAM (Article 7 (3) of the bylaws);
- added mandatory disclosure thresholds (Article 9 (6) of the bylaws).

## Disclosure thresholds

***(summary of Article 9 of the bylaws)***

In addition to statutory requirements, the bylaws require disclosure of any changes in ownership that result in shareholdings exceeding or falling below 0.5% of the share capital or any multiple thereof. If a shareholder fails to comply with this requirement, the shares held in excess of the disclosure threshold may be stripped of voting rights for a period of two years following notification on a motion tabled by one or more shareholders holding shares or voting rights at least equal to the smallest proportion of share capital or voting rights requiring disclosure. Such motion shall be duly noted in the minutes of the Annual General Meeting of Shareholders.

# Sustainable development

# Ethics and compliance

## Code of ethics

The provisions of the CMCEE-CIC group's new code of ethics came into effect in 2008.

This code of ethics outlines the rules of good conduct to be adhered to by all employees, especially with respect to client relations, and is based on the following general principles:

- the client's interests are our priority;
- the rules of confidentiality must be followed rigorously;
- duties should be performed to the highest standard of professionalism;
- integrity is at the core of our business operations.

It also lays down provisions to be applied by employees working in "sensitive positions" who may be exposed to conflicts of interest or who have access to confidential or privileged information. Specific ethical rules are developed for capital markets activities, financial transactions, the management of securities portfolios and financial analysis.

Management is responsible for ensuring compliance with these rules, whose application must be subject to regular controls.

## Combating money laundering and the financing of terrorism

Anti money laundering mechanisms have been considerably strengthened over the last few years throughout the CMCEE-CIC group. Measures put in place are aimed at detecting any suspicious transactions, so as to learn more about the clients concerned and, where necessary, avoid all dealings with clients whose identity or activities cannot be adequately determined. These measures fall within the scope of recommendations issued by the Financial Action Task Force and of applicable legal and regulatory requirements, in particular those contained in the French Monetary and Financial Code, and European directives and regulations that have been transposed into French law.

In this context, CIC focuses on:

- knowing its clients and their transactions as well as possible;
- exercising watchfulness in relation to the origin of funds deposited and/or account movements in order to detect any unusual or irregular transactions;
- ensuring compliance with legal requirements and internal standards by carrying out the necessary controls and establishing standard procedures;
- involving all employees in the fight against money laundering, through regular training and awareness-raising initiatives.

The control process and its various components (periodic, permanent and compliance controls) are designed to ensure that procedures are consistently implemented and properly applied. The control processes rely in particular on inspectors from TRACFIN, the French Finance Ministry division tasked with combating money laundering. These inspectors provide oversight for transactions, handle necessary filings, and work to make all those involved more watchful.

The employees and control departments involved in this work have a wide range of group-wide tools that enable them to detect transactions or situations requiring their attention, record their observations and inform their management teams and the TRACFIN inspectors. The tools are frequently upgraded and adapted to keep pace with regulatory changes. Thus in 2008, new automated filters and controls were implemented, particularly for monitoring foreign transactions, improving the system of alerts and the detection of risky operations.

Work to be completed in 2009 will focus on implementing legislation deriving from the transposition of the third EU money laundering directive; enhancing the range of tools; updating procedures; and continuing training programs.

# Internal control

CIC's internal control processes, which have been incorporated into the organization implemented at CMCEE-CIC group level, include the functions for periodic controls, permanent controls and compliance verification in accordance with regulatory requirements. Control functions are split into two structures, one dealing with the retail banking network and the other with the business lines – major corporate accounts, capital markets activities, asset management, financial services, cash management, etc.

In 2008, new tools made it possible to carry out more targeted and more effective controls, both for inspections within the network and for remote permanent controls. At the same time, specialized control portals were put in place based on the type of business line. By making control procedures more uniform and more systematic, these tools provide tighter monitoring while ensuring consistency.

In addition to the range of tools dedicated to monitoring operational risks and combating money laundering, new compliance tools have been developed, specifically to monitor the application of regulatory requirements. For example, the group has put in place a portal for carrying out controls on the application of AMF (French Financial Market Authority) rules. Changes in this area with respect to procedures, tools or reports and documents, are taken into account on a regular basis.

Objectives for 2009 are to improve the documentation of certain requirements, strengthening the monitoring of their implementation through dedicated control portals and, more generally, to strengthen the overall system.

# Report of the Chairman of the Supervisory Board on internal control procedures

In accordance with Article L.225-68 of the French Commercial Code (Code de Commerce), as amended by the law of July 3, 2008, "*In companies offering savings facilities to the public, the Chairman of the Supervisory Board shall give an account, in a report attached to the report referred to in the foregoing paragraph and in Articles L.225-102, L.225-102-1 and L.233-26, ... of the internal control and risk management procedures put in place by the Company, with details in particular of those relating to the preparation and processing of the accounting and financial information used for the company and, where applicable, consolidated, accounts.*"

CIC's internal control system is integrated into that of the CM4-CIC group.

The CM4-CIC group is led by entities governed by a single collective banking license - the mutual banks Crédit Mutuel Centre Est Europe, Crédit Mutuel Ile-de-France, Crédit Mutuel du Sud-Est and Crédit Mutuel Savoie-Mont Blanc - and includes all subsidiaries and fully consolidated companies, including CIC Ile-de-France and the CIC group regional banks.

The purpose of internal control and risk management work is to ensure compliance with all rules defined by supervisory authorities for the conduct of the group's operations, by using the tools, guidelines reference points and procedures put in place to that end. It is within this framework that this report has been drawn up with the help of the departments concerned in internal control and risk management, based on checks deemed appropriate, and relying, insofar as necessary, on the frame of reference and guidelines recommended by the AMF (French Financial Markets Authority). This report was approved by the Supervisory Board of CIC in its meeting of February 26, 2009 in accordance with regulatory provisions.

## CM4-CIC group-level internal control and risk monitoring process

### General framework

Internal control is an integral part of the group's life, and an internal control system has been implemented at Company and group level with the aim of complying with legal requirements and ensuring proper risk control and operational security, as well as improved performance.

### A shared process

The group watches to ensure that the mechanisms it has put in place match its size, the nature of its operations and the scale of risks to which it is exposed.

Internal control and risk measurement systems rely on common methods and tools to:

- completely cover the full range of the group's operations;
- list, identify, assess and track risks at both Company and group levels, in a consistent manner;
- ensure compliance with applicable laws and regulations, internal standards, and instructions and guidelines established by executive management;
- ensure that in-house processes are running satisfactorily, assets are secure and financial information is reliable.

More generally, the processes in place are aimed at helping to ensure proper control of operations while at the same time improving the effectiveness of control work carried out.

### A structured process

One of the key purposes of the organization set up is to verify the quality and completeness of the internal control system. Both for itself and the businesses it controls, the group ensures that the internal control system is underpinned by a set of procedures and operational limits that match regulatory requirements and applicable internal standards. Its work is based on methods and tools defined at group level, and on generally applied rules in the area of internal control audits.

All group internal control teams are constantly working towards successfully identifying key risks through the use of guidelines or process mapping, then tracking them using appropriate exposure limits, formal procedures and dedicated tools. In addition to their work on detecting and reducing risks, these teams are involved in enhancing the means of managing them. At the same time, analytical tools and tracking dashboards make it possible to regularly review the various risks to which the group is exposed through its operations, including counterparty, market, asset-liability management or operational risks. In accordance with regulatory requirements, the group issues each year, alongside the internal control report, a report on risk measurement and monitoring that presents a detailed review of risk control processes.

The group constantly seeks to strike an appropriate balance between the objectives assigned to internal control and the resources at its disposal.

### An independent process

To ensure the necessary independence of controls, those who perform them work in dedicated internal control structures, have no operational responsibilities and report to a level of management that preserves their freedom of judgment and assessment.

## Internal control processes

The internal control processes of the CM4-CIC have a twofold objective:

- to separate the periodic, permanent and compliance controls into distinct functions in accordance with regulatory requirements;
- to harmonize internal control work throughout the group by creating a common organization relying on standardized methods and tools.

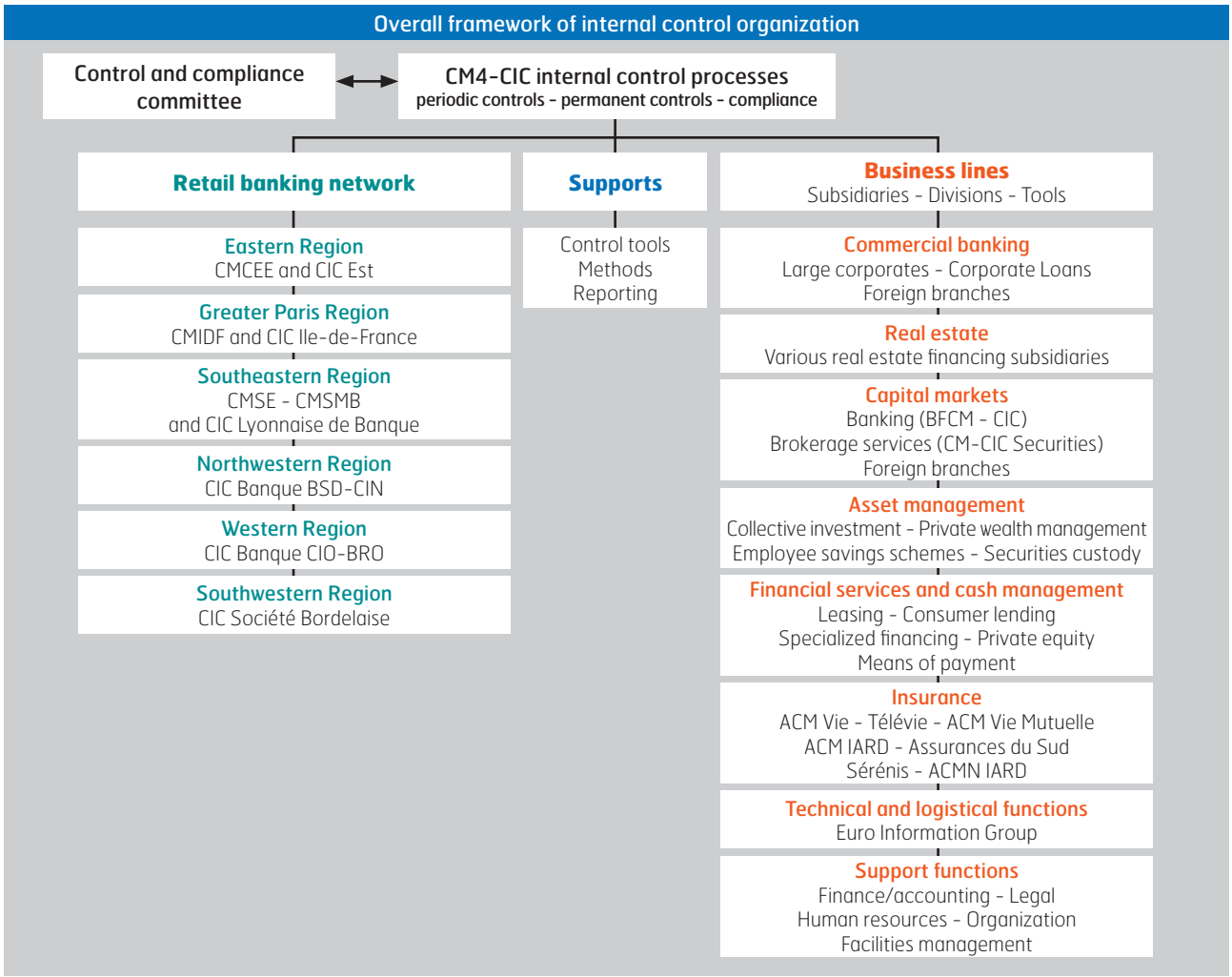
### Organization of controls

**Breakdown by type of control**

In addition to the controls performed by management teams as part of their daily work, controls are performed by:

- periodic controls staff, for in-depth, audit-style assignments, carried out in control cycles spanning several years;
- permanent controls staff, for all work of a recurring nature, particularly that which uses remote control applications;
- compliance staff, for all work relating to the implementation of regulations and internal standards.

The periodic control department is responsible for ensuring the overall quality of the internal control system, its effective workings and oversight of risks, as well as the smooth workings of the permanent and compliance controls.



**Split between network and business lines**
Control functions have been split into two structures, one dealing with the retail banking network and the other with the business lines of corporate clients, capital markets activities, asset management, financial services, cash management, etc. For each business line managers are appointed who report to the CM4-CIC group.

**A common support unit for the various kinds of control**
This unit, dedicated to the control functions, is responsible for:

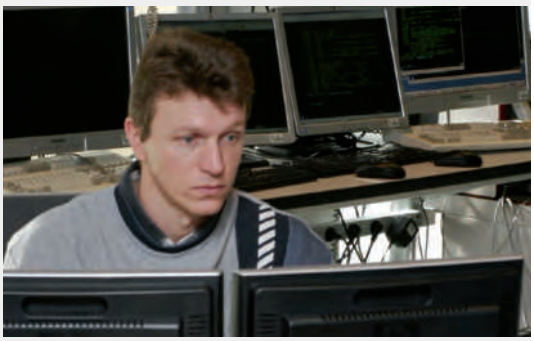
- developing the tools necessary for effective control and keeping them up to date and in good working order;
- contributing to the application of uniform methods throughout the various teams;
- preparing the reporting tools required for monitoring control operations and assignments and for providing information to the executive bodies.

### Oversight of internal control processes

**Group Control and Compliance Committee**
Chaired by the Vice-Chairman of the Executive Board of CIC, the Compliance Committee regularly brings together group leaders in charge of periodic, permanent and compliance controls and risk management, with the following objectives:

- coordinating the entire control process;
- ensuring that the work and assignments of the various parties involved are complementary;
- reviewing the outcomes of internal and external control assignments;
- monitoring implementation of the recommendations made to the various group entities following these controls.

The Compliance Control Committee is also called upon to review a certain number of activities and documents that serve as points of reference for the group. In 2008, the committee gave its opinion on new control tools and procedures.



**Group audit committee**
In order to meet the new requirements arising from the transposition of European Directive 2006/43/EC concerning the legal control of the annual accounts and consolidated accounts by Prescription No. 2008-1278 of December 8, 2008, and from the new governance rules, an audit and accounts committee is in the process of being set up at CM4-CIC group level.

This committee will propose to the group's deliberative bodies such improvements as it deems necessary based on its findings. It will also examine the annual accounts and the consolidated accounts and assess how they have been drawn up, as well as the relevance and consistency of the accounting principles and methods used. More generally, and in accordance with regulatory provisions (Article of the Prescription of December 8, 2008), it will be responsible for monitoring "the process used to prepare financial information, the effectiveness of the internal control and risk management systems, legal control of the annual accounts and, where applicable, consolidated accounts by the auditors, the independence of the auditors... ". Its members will have free access to the auditors and to the heads of the various areas of control (periodic, permanent and compliance) insofar as they deem it necessary for the performance of their work.

## Risk oversight procedures

This entire structure was put in place in 2008 and the respective responsibilities of the "commitments" and "risks" arms defined.

### Group risk department

The Risk Department is responsible for analyzing and reviewing all types of risks on a regular basis, as regards their relation to the return on allocated regulatory capital. The Department's role is to help the group expand and improve its profitability while monitoring the quality of its risk control procedures.

### Group risk monitoring committee

This committee is made up of members from the deliberative bodies and meets twice a year to examine the group's strategic issues in terms of risks. It proposes to the group's deliberative bodies, in light of its findings, any decisions of a prudential nature that are applicable group-wide. Committee meetings are led by the chief risk officer who is also responsible for presenting the files opened on the various risk areas. General Management is also invited to the committee meetings, and the committee may also invite the heads of business lines involved in the agenda items.

### Group risks committee

This committee, meeting quarterly, brings together the operational managers, namely the chief risk officer, and the heads of the business lines and functions concerned (commitments, capital markets, finance, retail banking, BFI, real estate, and private equity) in the presence of general management. It exercises overall oversight of risks, both existing and prospective.

## CIC's risk control and monitoring procedures

This section mentions only CIC's in-house oversight bodies, but CIC must also report on its operations to the supervisory authorities, which regularly conduct on-site audits.

### Control mechanisms

### General structure

#### Supervisory Board

In accordance with regulatory requirements, a report on internal control work is submitted to the Supervisory Board of CIC twice a year, and in particular the CIC annual internal control report is submitted to it.

#### Levels of control

The various levels of controls are identical to those set up at group level. Leaders have been appointed to head periodic, permanent and compliance controls at CIC.

CIC teams not only perform controls within the bank, but also take part in work and assignments at CM4-CIC group level.

### Control work

Control work is carried out in all areas in which the bank operates, drawing on group level methods and tools as well as formal procedures. The results of these controls are used to generate recommendations, implementation of which is monitored.

The year 2008 saw the continuation of work at group level on the Basel II project and the implementation of new tools designed to strengthen the mechanisms for controlling and monitoring risk.

#### Basel II project

In June 2008 the Banking Commission authorized the CM-CIC group to use the advanced approach for retail, except for the consumer credit subsidiaries and the portfolio rated using the agricultural algorithm. Authorization for the "banks" portfolio was obtained in October 2008.

In conjunction with the Confédération Nationale du Crédit Mutuel, an organization has been put in place within the group that enables regular control of the system. A procedural framework has been established and the distribution of tasks among the various entities involved has been defined.

#### Common methods and tools

The harmonization of internal control and risk management methods and tools was further pursued in 2008. In its control work, CIC benefits from the common tools developed by the group support center. In particular these include functionalities dedicated to oversight and reporting.

**Periodic control tools**

Periodic control tools for the network are organized in control references aimed at providing a mapping of network risks, by consolidating all types of assignments based on a common catalog of points of control.

The tools are regularly updated. In 2008, new control reference bases were established, targeted by type of entity.

At the same time, access to all information necessary for carrying out the controls is provided by means of the computerized permanent application, which was enriched with new functionalities in 2008, notably in terms of reporting and the use made of data.

**Permanent control tools**

The tools for loans make it possible to detect files subject to alerts and at-risk entities. They are also used to assess how network-wide tools such as the internal control portal are being used. In the same spirit, several dedicated internal portals focusing on specific business lines or activities were implemented in 2008.

**Compliance tools**

Further enhancements were made in 2008 to the tools to combat money laundering. The group also implemented a portal for carrying out controls required to apply AMF (French Financial Markets Authority) regulations. Work on the legal and regulatory compliance risk monitoring tool also continued.

### Procedures

The procedures applicable within the CIC group, particularly with regard to risk control, are posted on the corporate intranet and may be accessed at all times by employees with the help of search engines. Access is facilitated by the tools in place and links have been created to make it easier to look up and apply the procedures.

Framework procedures have been established at group level in a number of areas that relate to compliance in particular. These procedures were taken from CIC.

## Risk oversight system

### Risk management

Credit risk management is organized in two structures: one focuses on the granting of loans, while the other deals with measuring risk monitoring commitments.

A reference base of CM4-CIC group commitments was established in 2008. Its purpose is to summarize all the internal procedures arising from the practices of the commitments arm of CM4-CIC in the framework of applicable statutory, organizational and regulatory provisions. This reference base describes in particular the system for granting loans, for measuring and overseeing commitments and for managing total assets at risk. It contains attachments relating to capital markets activities as well as to the subsidiaries directly concerned. Liquidity risk for the whole group is now managed centrally by a group balance sheet management committee; the same approach will be applied to interest rate risk in 2009.

The management of operational risk is performed and controlled in accordance with group procedures, coordinated by dedicated units. In particular the security of the information systems and the putting in place of business continuity plans form part of the work carried out in this area. Moreover, in 2008, particular attention was given to the prevention of the risk of fraud.

Overall measurement of market risk is based on the regulatory framework. Capital market activities are monitored in accordance with formal procedures in terms of organization and control.

### Risk oversight

Risk oversight is carried out by dedicated teams, which have at their disposal a set of tools designed on the one hand to provide a comprehensive aggregated overview of commitments, and on the other to carry out ongoing monitoring of risk, notably by means of an advance detection system for any anomalies, monitoring of adherence to limits as well as changes in internal ratings.

Information enabling an assessment to be made of the trend in credit risk, market risk, risks linked to balance sheet management and operational risk is provided regularly to the management bodies and other responsible persons concerned.

The risk department carries out general risk management with regard to the regulatory capital consumed by each activity by reference to the risks incurred and the return obtained on them (implementation Q1 2009).

## Accounting data and control at CIC and group levels

CM4-CIC's group Finance Department, which is responsible for producing and validating the financial statements, is organized into two functional sections - networks and specialized businesses. The specialized businesses section deals with financial accounting and consolidation, as well as accounting controls.

The information used for financial reporting is produced and validated by this Department.

### Controls on the bank's financial statements

#### Accounting system

**Accounting architecture**

CIC's accounting system architecture is based on an IT platform shared throughout 13 Crédit Mutuel federations and the CIC group's regional banks, and includes accounting and regulatory features, in particular for:

- the chart of accounts, whose structure is identical for all institutions of the same type managed through this platform;
- automated templates and procedures shared by all the banks (means of payment, deposits and credits, day-to-day transactions, etc.);
- reporting tools (BAFI, consolidation software input, etc.) and oversight tools (management control).

Administration of the shared accounting information system is handled by dedicated divisions, the "accounting procedures and templates" divisions that form independent units, either within the "network" Finance Department or the "specialized businesses" Finance Department. More specifically, these dedicated divisions are responsible for:

- managing the shared chart of accounts (creating accounts, defining the characteristics of the accounts, etc.);
- defining shared accounting procedures and templates, in accordance with tax and regulatory requirements. If necessary, the division concerned consults the Tax Department, and templates are validated by various operational managers.

The "accounting procedures and templates" divisions do not report to, nor are they linked to, the departments that handle the actual accounting production. As such, the divisions involved in designing and administering the system architecture are separate from the other operational departments.

All accounts within CIC must be allocated to an operational department, which is responsible for maintaining and verifying the accounts. Therefore, an account cannot be "unallocated," and responsibility for monitoring must be clearly determined.

The organization and the procedures in place provide compliance with Article 12 of CRBF regulation 97-02 of the French Banking and Financial Regulations Committee and ensure that there is an audit trail.

**Chart of accounts**
The chart of accounts is divided into two major types of captions: third-party captions showing payables and receivables for individual third parties, and the general accounting captions.

Thus the use of dedicated accounts for third party deposits and loans enables them to be monitored. As regards custody of negotiable securities, there is a "substance" accounting system that distinguishes between securities owned by third parties and those owned by the bank. The chart of accounts for all the credit institutions using the shared IT platform contains unique identifiers and is managed by the "accounting procedures and templates" divisions.

The chart of accounts defines the following account properties:

- regulatory characteristics (link to the official chart of accounts of credit institutions (PCEC), link to the item in the publishable financial statements, etc.);
- certain tax characteristics (VAT position, etc.);
- management characteristics (whether presence is required or not, link with the consolidated chart of accounts, length of time online transactions are stored, presence at headquarters/branch, etc.).

**Processing tools**
The accounting information processing tools rely primarily on internal applications designed by the group's IT companies. These tools also include a number of specialized internal and external applications, particularly production software for management reporting, balances or reports, a file query processing utility, consolidation software, regulatory report processing software, property and equipment management software and tax filing software.

**Procedure for data aggregation**
In accordance with the model defined by CM4, accounting data are aggregated for the following entities:

- groups (e.g. the CIC group);
- federations made up of one or more banks or other legal entities;
- banks belonging to a federation.

All bank operations (head office and field operations) are broken down into branches, which represent the base unit of the accounting system. Accounting entries are recorded at the level of the branch.

**Accounting consistency of management accounting data**
Each branch includes an external section that records financial accounting data and an internal section that records cost accounting data. At the individual branch level, the figures used for management accounting purposes are obtained by combining the internal and external data. Final outputs are derived by adding together the resulting balances for the various branches.

Links are established between financial accounting captions and the codes attributed to the products marketed by the bank.

Cost accounting data are used to determine the results by business segment that are needed to prepare the consolidated financial statements.

## Control methods

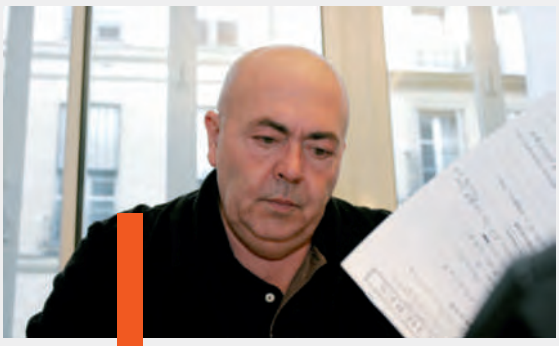
**Automated controls**
A series of automated controls are carried out when accounting records are processed and before transactions are allocated to ensure that records are balanced and valid, and to update the audit trail of the captions affected by the transaction.

In-house tools are used to control accounting transactions on a daily basis and detect any discrepancies.

**Closing process controls**
At each closing date, financial accounting results are compared with forecast cost accounting data and data from the previous year, for purposes of validation. The forecast cost accounting data are generated by the Management Accounting Department and the Budget Control Department, both of which are independent from the production of financial statements.

This reconciliation of financial accounting data to cost accounting forecasts particularly concerns:

- interest margins: for interest-rate instruments, including deposits, loans and off-balance-sheet transactions, the Management Accounting Department calculates expected yields and costs based on average historical data. These are then compared to the actual recorded interest rates, for validation business segment by business segment;
- commission levels: based on business volume indicators, the Management Accounting Department estimates the volume of commissions received and payable, compared to recorded data;
- overheads (personnel costs and other general operating expenses);
- net additions to provisions for loan losses (provisioning levels and recorded losses).



**Procedures put in place**
Accounting procedures and templates are documented. For the network, procedures are posted on the bank's Intranet.

**Levels of control**
Daily accounting controls are performed by the appropriate staff within each branch.

The Accounting Control Departments (controls/procedures and "specialized businesses" management accounting) are also responsible for more general controls, including mandatory controls for regulatory purposes, verification of the supporting evidence for internal accounting data, monitoring of branch-related data, control of the foreign exchange position, control of net banking income by business segment, agreement of accounting procedures and templates with CMC4, and assurance of the interface between back offices and the auditors for the half-yearly and annual closes.

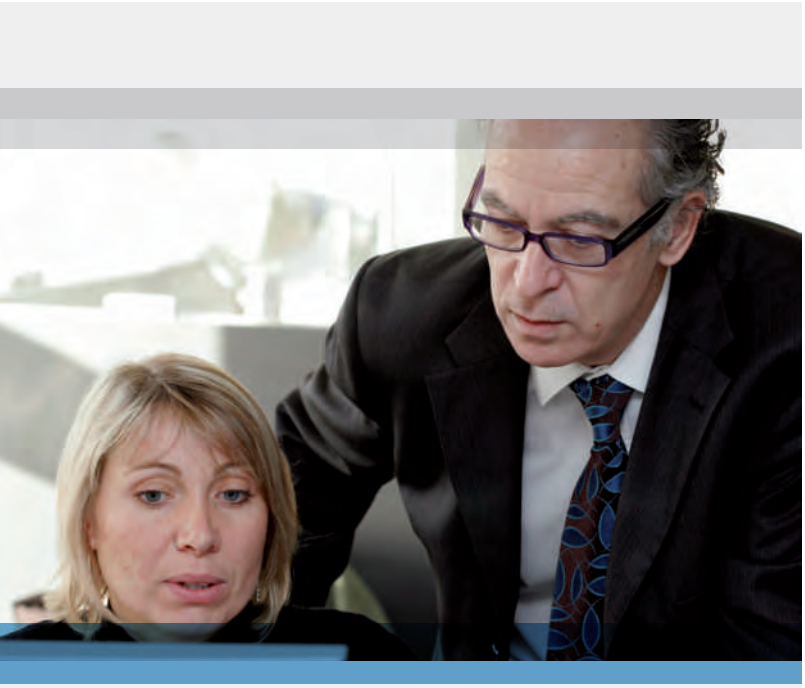
Furthermore, the Control Departments (periodic, permanent, compliance) are called on to perform accounting work. A dedicated accounting control portal is being established.

### Performing controls

**Automated accounting controls**
An automated daily control procedure based on the bank's daily balance allows the verification of balance sheet and off-balance sheet positions, asset/liability balances by branch and by currency, and the monitoring of technical accounts.

This control procedure is also applied to the general ledger at the end of each month.

**Evidencing the accounts**
All balance sheet accounts are evidenced either by means of an automated control or by the department responsible for the account. Reports by department evidencing accounts contain the results of checks carried out.



## Controls on the consolidated financial statements

### Accounting principles and methods

**Adapting to changes in regulations**
The system is periodically upgraded in response to changes in regulations (IFRS) or to improve the reliability of financial statement preparation. For instance, in 2006, the calculation of deferred taxes using data from the tax reporting packages and the preparation of cash flow statements under IFRS were automated.

**IFRS compliance**
IFRS compliance took effect within group entities on January 1, 2005. The consolidated financial statements include a summary of key IFRS principles.

CIC and CM4 jointly define the French (CNC) and international (IFRS) accounting principles and methods to be applied by all group entities in their statutory financial statements. Foreign subsidiaries use this information to restate their local accounts in accordance with French and international accounting standards in their consolidation packages and for financial reporting purposes. The accounting principles used to consolidate the accounts comply with the group accounting principles of the Crédit Mutuel's central body, the Confédération Nationale du Crédit Mutuel.

The accounting managers of the various CM4-CIC group entities meet twice a year to prepare the half-yearly and annual closes.

The statutory financial statements under international accounting standards (IFRS) are prepared for the entities using the central IT platform. The closing process for the IFRS statutory financial statements uses the same organization and team as those for the statutory financial statements under French (CNC) accounting principles.

### Reporting and consolidation

**Consolidation process**
The CM4-CIC group has a consolidation chart of accounts. Within the shared information system, each caption within the shared chart of accounts is linked into the consolidation chart of accounts, in an identical way for all companies using the shared chart.

The consolidated accounts are prepared in accordance with a timetable distributed to all the subsidiaries and the Statutory Auditors, which includes, where applicable, changes in procedures and standards to be incorporated. Each consolidated subsidiary has a person in charge of its closing process and a person in charge of the reporting with respect to intercompany transactions of fully consolidated companies.

The auditors in charge of consolidation also give the Statutory Auditors of the consolidated companies audit instructions, which help ensure that the subsidiary complies with various standards, in accordance with their business standards.

A dedicated software package, one of the main standard tools on the market, is used to consolidate the accounts. Reporting for the consolidation software (consolidation package) is partially automated, using an interface developed on the accounting information system. This system makes it possible to automatically retrieve balances, thus ensuring that statutory data and consolidated data are consistent.

**Reporting and data control**

Companies cannot submit their consolidation package until a number of consistency checks that are directly programmed into the entry software have been carried out. These rules for controls (currently more than 600) are established by the consolidation departments and involve a wide variety of items (changes in shareholders' equity, provisions, fixed assets, cash flows, etc.).

The outcome of controls can result in "blocking," which prevents a package from being transmitted by the subsidiary and can only be overridden by the central consolidation departments.

Consistency checks with statutory data are also performed by the Consolidation Department upon receipt of the consolidation packages (level of results, profit and loss account intermediate balances, etc.).

Finally, automatic reconciliation statements for statutory and consolidated data are generated for shareholders' equity and profit or loss. This process, which illustrates the consistency of the transition between the statutory and consolidated checks, is carried out without using the consolidation software, making it possible to validate consolidated data.

### Analysis of accounting and financial information

The consolidated financial statements are analyzed in relation to the previous year, to the budget and to quarterly accounting and financial reporting. Each analysis covers a specific area, such as provisions for loan losses, trend in outstanding loans and deposits, etc. Observed trends are corroborated by the departments concerned, such as the Lending Department and the Management Accounting Department of the entities concerned. Each entity's contribution to the consolidated financial statements is also analyzed.

Each time a closing involves the publication of financial data; this information is presented to CIC's Executive Board and Supervisory Board by the Finance Department, which explains the breakdown of income, the balance sheet position and CIC's current business situation, including the reconciliation of non-accounting data (rates, average capital, etc.).

## Conclusion

Based on common principles and tools, CIC's internal control and risk oversight mechanism fits into the organization of controls within the CMC4-CIC group. We remain committed to reinforcing processes and enhancing internal control efficiency, and will be implementing measures aimed at furthering these goals in 2009.

Etienne Pflimlin
Chairman of the Supervisory Board

# Human resources

## Staff levels

In 2007, CIC continued the development that has been under way for the last several years, particularly of the branch network, while keeping staff numbers under control.

Total headcount in the regional banks decreased from 20,643 at year-end 2007 to 20,269 at the end of 2008, a fall of 1.81%.

Consolidated total FTE (full-time equivalent) headcount fell by 0.9%, from 22,866 at the end of 2007 to 22,656 at the end of 2008.

## Training

With an overall budget representing 6.4% of the total payroll of the banks in the group, training remained a priority for CIC in 2008.

As in the previous year, training efforts were directed on the one hand toward courses on mastering development tools and on the other to the redeployment of personnel from headquarters into the branch network.

## Employee relations

Three agreements in particular were signed during the year.

The first merged the retirement pension funds of the regional banks into a single fund, which can be converted into an IGRS ("Institution de Gestion de Retraites Supplémentaires", or Supplemental Pension Management Institution) so as to comply with the Fillon Act.

The second, by means of an addendum to the CET (employee savings) agreement, opened the possibility of converting employee savings represented by RTT days (extra holidays taken to comply with the 35-hour working week) and certain other types of leave into immediate remuneration for employees who so wish.

The third, on salaries, allowed a 2% general increase to be allocated effective January 1 and a further 1% effective July 1, i.e. an effective 3.02% for the year.

## Employee profit sharing and incentive bonuses

For the first time, following the signing in 2007 of addenda allowing the CIC group to take part in CMCEE's agreements on employee profit sharing and incentive bonuses, employees of the whole CM-CIC group received profit sharing and incentive bonuses based on the same conditions.

Altogether (profit sharing, additional payments and incentive bonuses), over 15.8% of total CIC payroll was distributed to employees in 2008 relating to 2007 performance.

No stock option plans have been established for CIC executives.

# Technological capabilities

## Euro Information

As of year-end 2008, following the merger of the Paris and Lyon divisions, the CMCEE-CIC group has five "cloned" IT production sites, four of which each bring together, within a single division that can handle 15 million accounts, the fund and branch processing for banking products and insurance policies.

As such, the overall management of the IT system is simpler, costs are contained, and the quality of customer service has improved.

This work on optimization and concentration of resources also enabled infrastructure performance to be improved in a number of areas:

- consolidation and replacement of several central computers by latest generation machines, leading also to reduced energy consumption;
- decision making IT system brought down to three divisions;
- increase in capacity of Osny backup site;
- construction of new machine room at Lille (comes on stream H1 2009);
- strengthening of telecoms network and rationalization of costs by carrying all the various types of flows exchanged among the different sites on a single high-speed network;
- universal application of TCP/IP protocols, with priority being given to electronic payments;
- launch of the second large-scale digitization site for paperless document processing at Laval, allowing reciprocal backup with the Lyon site.

ISO 9001 certification of all production sites was renewed and extended to applications first-stage development activities.

## Production

In 2008, the capacity of the central sites was boosted in order to cater to the increased transactions and processing volumes:

- installed capacity across all sites increased by 25% in MIPS (millions of instructions per second);
- installed disk space grew by 117%.

Printing remained stable, with 580 million pages printed.

Electronic document management continued to grow in importance, with 72 million documents currently online.

Paperless documents showed strong growth, up by 90% on 2007, with 4.5 million documents being made available to clients via the Internet.

Over 90% of customer contacts were by electronic means, and the Internet channel continued to grow in importance, with 37 million payments (up by 19 %) and 150,000 insurance quotes (up 15%) being made on group sites, as well as 1.5 million stock exchange orders.

The "mailtiers" (third party e-mail) application, launched in 2008, integrates the e-mail channel into sales representatives' workstations. This tool has already handled 3.5 million messages automatically allocated to clients.

## Equipment

### Network infrastructure

Roll-out of the new telecommunications network with greater bandwidth and better security was completed in mid-2008. That of voice-over-IP telephony continues in 2009 at the rate of 155 branches per month.

### Systems

The replacement of all branch servers was completed.

Vista is scheduled to be deployed on all new workstations, fixed and portables, installed in 2009. In the framework of electronic document management, close to 7,000 individual scanners at workstations are now operational (all remaining stations will be equipped in 2009).

### Self-service banking

The changeover of ATMs to Windows XP will be completed in March 2009, and in the course of the first half-year a new model, particularly suited to merchant deposits, will be introduced.

### Security equipment

With close to 440 projects completed in 2008 and a further 450 scheduled for 2009, large-scale management and standardization of alarm and video surveillance equipment in the branches produce substantial savings on acquisition and operating costs.

## New developments

### Main achievements

With the approval of the internal rating system for the retail portfolio, the Basel II project took an important step forward in 2008. The IT teams will remain mobilized until final approval.

To facilitate sales development, various applications – third party management on intranet, sales representatives' files, portfolio analysis files, sales aids, taking out of insurance, etc. – were made available to the entire network together with specific training programs.

Paperless processing continues to be a major objective of the group: several applications featuring paperless processing – digitization of documents and signatures when initiating customer relations, digitization of supporting documentation and agreements for mortgage loans, Pacweb contracts – are available to the branches.

In the field of means of payment, the group was among the first to exchange significant volumes through STET, the French automated payment system designed for use under the SEPA (Single Euro Payments Area), and through Step2-Target2, another European payments clearing system.

The merging of the IT systems of CIC Bonnasse Lyonnaise de Banque and CIC Lyonnaise de Banque became effective January 1, 2009.

## CT6 GIE (Economic Interest Grouping)

### New card issuance

The number of cards managed by CIC grew by 6.1% in 2008, to 2,417,000.

With 61.7 million transactions worth €4.9 billion, the number of cash withdrawals by cardholders rose by 2.5%, while the number of payment transactions grew by more than 10% to reach 276.1 million, with a value of €15 billion.

### New business development

The number of active small merchant contracts managed remained stable at 114,000.

The number of transactions processed by merchants rose by 12% to 368.3 million, with a value of €20.8 billion.

The group's network of distributors and ATMs grew by 127 units.

### Highlights of the year

#### Reorganization of electronic payments processing

Since mid-2008, within the framework of CM-CIC Services, the electronic payments arm has been organized in a targeted manner, bringing together the activities of CT6 and the electronic payments division of CMCEE in sites at Strasbourg (70 persons) and Cergy (130), with "transversal" heads at both sites. The call center activities (45 jobs) have been entrusted to Euro Téléphonie Services, a subsidiary of Euro Information.

#### Cardholder authentication

Implementation of enhanced authentication for CIC cardholders started at the end of November 2008 for Visa cards and will start in mid-January 2009 for MasterCard. The solution used (personal password card) will be completed in the course of the year.

#### MasterCard interchange fees

Pursuant to a ruling of the European Commission in December 2007, effective June 21, 2008 MasterCard Worldwide suspended charging and payment of cross-border interchange fees in Europe.

#### Main projects

- LISE (direct exchange with MasterCard);
- prepaid cards;
- Districash (a cash card that does not require a bank account);
- mobile phone-based payments;
- contactless cards;
- reorganization of cross-border marketing activity;
- choice of code;
- SME purchase card;
- e-commerce solution for groups;
- Two new sub-participants were welcomed into the GIE: ING Direct and Allianz.

# Client relations

### Ease of access, client relationship tools and quality assurance

The ongoing drive to raise quality and provide greater ease of access in client relations led to a large number of measures being implemented in 2008.

With 75 points of sale open (an increase of 17% on 2007), CIC accelerated the strengthening of its network, through the concerted development plan first embarked upon two years ago.

The group also continued to invest in upgrading its branches to offer clients a more pleasant experience and more personalized service with:

- 55 expansions;
- 26 moves;
- 85 major renovations.

Relations between account executives and clients were facilitated, with direct, personal contact by e-mail now being possible.

With a view to providing quality service with streamlined, rapid response to clients, the new applications available to CIC's account managers now automatically include electronic document management, which enables:

- customers to consult documents in electronic form (with ten years online storage), speeding up their circulation and hence decisions;
- account executives to view, at their workstations, all documents sent to and from clients, thus streamlining searches and helping reduce the use of paper.

Thus in 2008 over 18 million paperless documents were produced.

Similarly, in the framework of sustainable development, CIC extended the use of recycled paper and systematic two-sided printing (with the necessary upgrading of printers).

### Ombudsman

The ombudsman can be called upon by clients to examine any problems that fall within his remit. Any opinions issued by the ombudsman are considered binding by the group. The year 2008 saw the extension of his remit to cover lending and savings transactions.

This resource is in addition to processes set up within each group entity to ensure attention to client needs.

# Shareholder relations

## Financial communication

The Executive Board of CIC is scheduled to meet on August 3, 2009 to approve the financial statements for the first six months of 2009 and submit them to the Supervisory Board for approval. A press release will be published at that time in the financial press. The financial statements for the year ending December 31, 2009 are due to be approved in February 2010.

The Executive Board organizes regular meetings with the press and financial analysts specializing in the banking sector in order to present the group's results and answer their questions. This ensures coverage of the CIC group's results in specialized publications and in the main national daily newspapers.

CIC sends a newsletter every six months to its individual shareholders. Some 25,000 copies are distributed, particularly to employee shareholders, including those who have elected to place their shares in a company mutual fund. Persons wishing to receive this letter can request it by calling +33 (0)1 45 96 77 40.

CIC shareholders are thus kept regularly informed of the company's results and of key events.

The CIC website, www.cic.fr, presents all the group's publications in two sections: Institutionnel (Institutional investors) and Actionnaires et Investisseurs (Shareholders and investors). The Actionnaires et Investisseurs section brings together the group's financial data, i.e. general information (financial calendar, group's ratings by ratings agencies, share performance and publications such as the CIC shareholders' letter and the annual report), the information required under the European Transparency Directive and the share issue prospectuses required by the "Prospectus Directive".

This information is also available on the AMF (French Financial Markets Authority) website (www.amf-france.org) by accessing the "Decisions and Disclosures" page and clicking on the various search links.

### Documents available to the public

While this registration document remains current, the following documents are available for consultation:

- the issuer's articles of incorporation and bylaws (see General information, page 206);
- all reports (see above, CIC and AMF websites);
- historical financial information (see above, CIC and AMF websites).

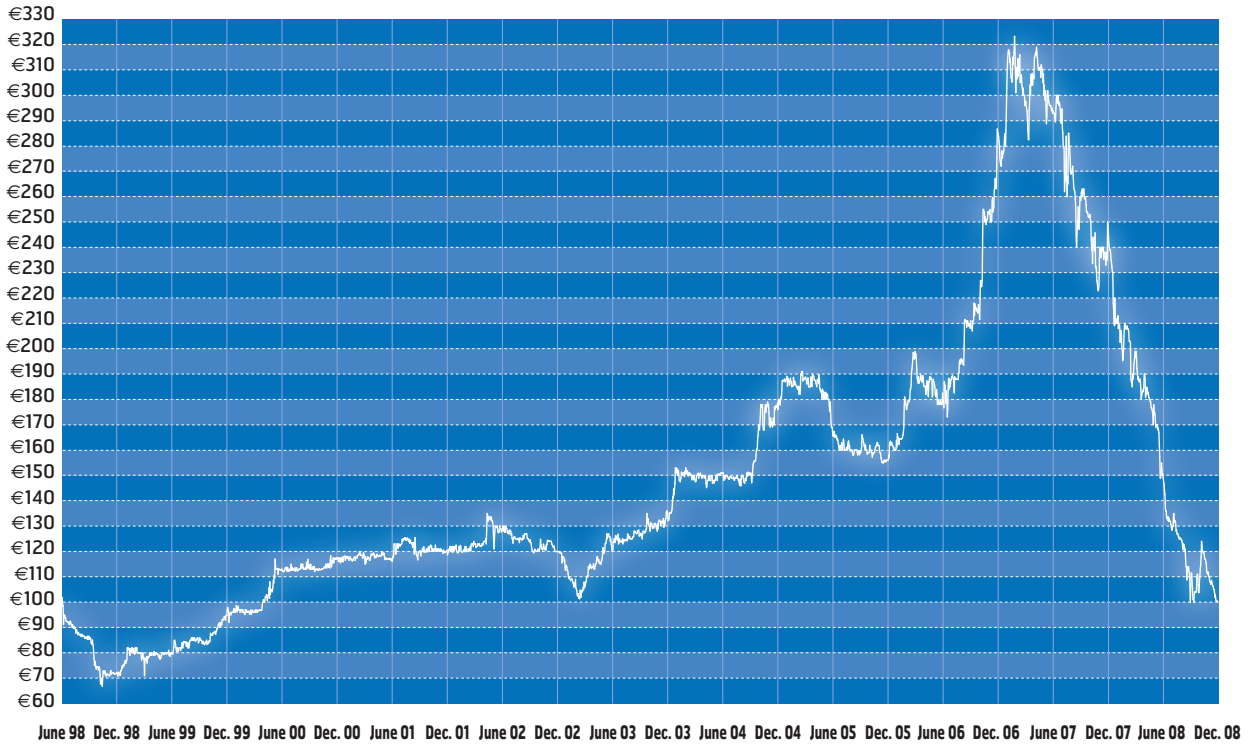
## Share performance

Due to the financial crisis and its spread throughout the general economy, the price of CIC shares fell from €250 at year-end 2007 to €100 at year-end 2008.

The share price fell continuously throughout the year. At the end of June, it stood at €151.98, falling to €124.88 by the end of the summer, to finish the year at €100.

A total of 208,458 shares were traded in 2008 on the Paris stock exchange, for an amount of €27.71 million.

CIC SHARE PRICE 1998-2008



# Financial information

# Consolidated financial statements

## Executive Board report on the consolidated financial statements

### > From the inevitable to the improbable...

#### General environment: year of the black swans* ...

2008 will go down in history as a year in which the world reached the brink of financial disaster and probably also as the year that saw the first ever global economic crisis. It proved to be one of the worst years on the stock markets since the start of the 20th century, with the world's leading indices losing more than 40% of their value. This was accompanied by soaring volatility, on the markets of course but also in the economy. From concerns about an inflationary risk at the beginning of the year, the focus switched to a deflationary risk six months later and from an asymmetrical shock (higher prices and slowdown in activity) to a systemic risk (threat of deflation, even a depression). Whereas all concern had earlier centered on an economic decoupling of developed and emerging economies, attention swung to talk only of a synchronous recession. Oil prices reached an all-time high of $147 per barrel early in the summer before retreating to below $40 per barrel at the year end. Risk aversion reached such heights that yields on 3-month US Treasury Bills even slipped into negative territory! In the foreign exchange markets, while the euro played its role well in offering protection for the euro zone countries that had been weakened most by the financial crisis, it was clear that the American currency remained the world's key reference currency and provided an undeniable safe haven. Pressures on intra-European sovereign yields rose to levels not seen since the introduction of the euro. The dollar, which nudged its lowest levels for 30 years (reaching 1.60 against the euro), rose sharply from the autumn onwards (20% appreciation), while sterling slumped, even reaching parity against the euro.

As from the autumn, the economic slowdown that had taken hold metamorphosed into a severe and sudden contraction in global economic activity. In the United States, industrial output fell by 7.5% in December year-on-year, while in the euro zone it contracted by 8.1% in November. In emerging countries, China recorded its sharpest economic slowdown in 15 years (growth of 5.4% at the year end compared with more than 15% at the start of the year).

With a property crisis, financial crisis and slump in industrial output, the business outlook for 2009 suggests we will see a recession, possibly one of the longest and deepest since the first oil crisis. It is not definite that world growth will reach only 1%, its lowest growth rate in more than 15 years. For 2009, average forecasts suggest that economic activity will contract by at least 1.5 % in the United States, by between 1.8% and 2% in the European Union and by 2.3% in Japan. This scenario is likely to be accompanied by a slump in prices, prompted by the decline in the price of oil and other commodities and also by a rise in unemployment.

** A reference to Nassim Nicholas Taleb's book "The black swan: The impact of the highly improbable", 2008.*

Given this unusual economic climate, lessons from the past have been applied: the monetary authorities and individual countries have never before put up such a united front in their interventions, which have proved to be both massive and swift. Already having taken action on the liquidity front, the main central banks – following a hesitant start to the year due to the growing asymmetrical shock and the resurgence of a risk of stagflation – initiated a monetary easing to an extent never before seen in their entire history. The Bank of England's key rates were the lowest they had ever been since the institution's creation in 1694. In the United States, the Federal Reserve had never allowed its intervention rate to be lowered to 0% in its entire history. The relatively new European Central Bank, although standing back somewhat, had never acted so decisively and so quickly (cutting its rates by 225bp between September and December). Immediately following the collapse of Lehman Brothers, the countries impacted launched a series of plans aimed at safeguarding the banks and ensuring their solvency, thereby containing the widespread panic that was taking shape.

The group of G7 countries was extended to become the G20, recognizing the contribution made by key emerging countries to world growth and the promises not to resort to protectionism increased. Even so, there are no plans to substantially modify the financial order inherited from the Bretton Woods conference. Emerging from a crisis of this scale must entail a period of degearing and a credit squeeze. The clean-up exercise is a salutary one, but nonetheless difficult.

## The concentric circles caused by the crisis and the public authorities' response

Having begun in the American property sector, the crisis subsequently spread to the entire financial world, provoking wherever it went a general slowdown in global economic activity. It also revealed the extent of the imbalances across the world in the distribution of revenues and the split of added value, in terms of both economic growth and returns on investment. The recession spread to emerging countries from the summer of 2008, highlighting the interlacing of the various national economies at world level. At the same time, this recession helped ease inflationary pressures and prevented the global economy from overheating.

After unleashing their entire arsenal of monetary policies and putting into place policies to guarantee solvency, various national governments launched a series of economic stimulus plans aimed at thwarting the risks of a deflationary spiral being triggered by softening the effects of the adjustment in activity as a result of the necessary reduction in stock levels. These policies will automatically boost those countries' deficits and borrowings, starting with the United States, whose 2009 deficit is expected to reach, or even exceed, 13% of GDP. For France, the European Commission is forecasting a public deficit of 5.4% of GDP.

## Lessons and outlook: heading for a period of degearing

- The current crisis will lead to a sharp slowdown in the rate at which borrowings are rising and in bank securitizations. More time is needed for a complete clean-up of the financial sector. The inflow of liquidity from central banks and the reorganization of the derivatives markets are providing additional support for the normalization of financial activity in the short term, just as regulation is proving to be less pro-cyclical in the taking of guarantees over shareholders' equity in particular. The stumbling blocks in establishing new regulations could stem from the difficulty in reconciling the necessary enforcement of supervision taking into account the reality of transnational financial capital flows, faced with the nervousness of countries that often endeavor to keep a close and protective watch over their own financial systems. We have seen the limits to which financial and regulatory systems can be harmonized, making the role played by the national authorities particularly crucial as the last resort in the event of insolvency.
- From a macroeconomic standpoint, the crisis has prompted households to embark on a process of degearing, mainly in the United States, while increasing their savings. This is accompanied by initial signs of an improvement in external trade deficits, thereby restoring the balance of world trade flows. But this trend could prove to be temporary as public deficits are growing rapidly as a result of picking up the slack from weakening demand. Besides the inevitable economic stimulus and support policies, we risk seeing a resurgence of substantial pressures in the bond markets. In certain countries, the quasi-nationalization of certain sections of economic and banking activity is already raising the question of their re-privatization.
- Countries gaining new-found economic strength from solvency guarantees as well as the more interventionist budget policies, heralds the big comeback of Keynesianism, following the so-called neo-conservatism period. This is a particularly salient feature in the key themes of the fiscal plan drawn up by the new Obama administration, which focuses on job creation and the associated redistribution of wealth.
- From a global perspective, the crisis has laid the foundations for a new phase in the recognition of the influence of the major emerging countries on the world economy. The G20 meeting of heads of state and governments in the autumn of 2008 represented the first step in extending the G7.
- The challenges and constants are no less significant. Fresh questions are being raised over the financing of America's debt against the backdrop of maintaining an international monetary system that is governed by reference to the dollar.

The recession is taking hold in 2009. The scope and rapidity of public interventions should avert the risk of sinking into a major depression. Be that as it may, the cycle of production and stock adjustments will determine the extent and duration of the current decline as well as the timing of any rebound, which will undoubtedly be a gradual process given the anticipated tensions in the labor market.

## > Group business performance and results

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2008 have been drawn up in accordance with IFRS as adopted by the European Union at the balance sheet date. These standards include IAS 1 to 41, IFRS 1 to 7 and any SIC and IFRIC interpretations adopted at that date. The financial statements are presented in accordance with CNC recommendation 2004-R.03.

Significant accounting policies and valuation and presentation methods prescribed by international accounting standards are detailed in Note 1 to the financial statements.

The group has applied the October 2008 amendment to IAS 39 that allows for the reclassification of certain financial instruments recognized at fair value in loans and receivables or in available-for-sale assets and the reclassification of available-for-sale assets in loans and receivables.

The disclosures relating to risk management required by IFRS 7 are set out in a separate section of this report.

### *Changes in consolidation scope*

One company, CIC Banque Transatlantique Londres, was consolidated for the first time (full consolidation method) in the private banking business.

Two companies were deconsolidated: Banque de Tunisie, which was sold to BFCM, and CM-CIC Mezzanine, which was sold to an external party.

Several companies were merged:

- CIC Bonnasse Lyonnaise de Banque with CIC Lyonnaise de Banque;
- SNVB Financement with CM-CIC Bail;
- Financière Armen with IPO;
- CIC Est's Luxembourg branch was absorbed by Banque de Luxembourg.

*Analysis of the consolidated balance sheet*

The main changes in consolidated balance sheet items were as follows:

- Customer loans, including lease financing but excluding resale agreements, amounted to €121.7 billion at December 31, 2008, up 10.8% compared with the previous year.

  This increase was due to:

  - a 12% rise in home loans;

  - strong growth in loans to corporate customers, up 24%.
- Customer deposits, excluding repurchase agreements, increased by 8.6% to €70.4 billion. Customer funds invested in savings products reached €184 billion, down 16.5% compared with December 31, 2007 due to the crisis on the markets.

Tier 1 capital used to calculate the capital adequacy ratio totaled €10.2 billion, up 7.4% from €9.5 billion the year before. After factoring in certain additional items, total regulatory capital stood at €10.9 billion. The capital adequacy ratio for Europe stood at 9% at December 31, 2008.

*Analysis of the consolidated income statement*

The CIC group reported net income of €206 million in 2008, down from €1,204 million in 2007 due to an exceptionally high cost of risk and a significant decline in the value of performing assets.

Net banking income declined from €4,193 million to €3,206 million, after a €86 million charge due to the Madoff fraud (being a fraud, the loss is recognized as a deduction from net banking income rather than in cost of risk).

General operating expenses declined by 0.4% to €2,673 million.

The cost/income ratio came to 83% compared with 64% in 2007.

The cost of risk increased from €120 million in 2007 to €630 million in 2008, including €172 million in respect of the collapse of Lehman Brothers and €65 million on Icelandic banks. As a result, the cost of risk in relation to outstanding loans increased to 0.51% at December 31, 2008.

The group reported a pre-tax loss of €18 million compared with a profit of €1,500 million in 2007.

Return on equity (attributable to equity holders of the parent company) came to 2% and earnings per share for the year reached €4.73.

## > Business performance

### Description of business segments

The CIC group's reportable business segments reflect its organizational structure (see chart on page 8).

**CIC's retail banking** core business comprises all the banking and specialized activities whose products are distributed via the network of regional banks organized into five territorial divisions and the CIC network in the greater Paris region. These include life insurance and property-casualty insurance, equipment leasing, real estate leasing, factoring, fund management, employee savings plan management and real estate.

**Financing and capital markets** encompasses two core business lines:

- credit facilities for large corporates and institutional customers, specialized financing (project and asset financing, export financing, etc.), international operations and foreign branches;
- capital markets operations in general, spanning customer and proprietary transactions involving interest rate instruments, foreign currencies and equities, including brokerage services.

**Private banking** encompasses all banks specializing in wealth management, both in France (CIC Banque Transatlantique and Dubly-Douilhet SA) and internationally (Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, CIC Private Banking - Banque Pasche and Banque Transatlantique Belgium).

**Private equity**, conducted on a proprietary basis, is a major contributor to group earnings. The business has a three-pronged structure: CIC Finance, CIC Banque de Vizille and IPO.

**Headquarters and holding company services** includes all activities that cannot be attributed to a specific business segment and units that provide solely logistical support, and whose expenses are, in principle, fully recharged to other entities. They include intermediate holding companies and business premises held by specific companies.

## > Results by business segment

### Retail banking

| (in € millions) | 2008 | 2007 | Change 2008/2007 |
|---|---|---|---|
| Net banking income | 2,866 | 2,897 | -1.1% |
| Operating income before provisions | 771 | 818 | -5.7% |
| Income before tax | 548 | 820 | -33.2% |
| Net income attributable to the group | 398 | 574 | -30.7% |

During the year, the CIC group further improved the quality and reach of its network so as better serve its customers, be they private individuals, self-employed professionals or corporates (one out of every three corporates banks with CIC).

Over the year, the group's expansion resulted in:

- a 4% increase in customers to 4,147,827;
- a 10% increase in lending (including increases of 12% for home loans and 15% for corporate loans);
- 12% growth in deposits (special savings plans and PEPs up 7%);
- increased momentum in the property and casualty insurance business (policies in issue up 13.3%); and
- expansion in services businesses.

Net banking income for the retail banking business came to €2,866 million compared with €2,897 million in 2007.

General operating expenses increased by 0.8% compared with the previous year and the cost/income ratio edged up from 72% to 73%.

Operating income before provisions declined by 5.7%.

Income before tax totaled €548 million compared with €820 million in 2007.

### Financing and capital markets

| (in € millions) | 2008 | 2007 | Change 2008/2007 |
|---|---|---|---|
| Net banking income(expense) | (112) | 519 | n/a |
| Operating income(loss) before provisions | (327) | 263 | n/a |
| Income(loss) before tax | (552) | 256 | n/a |
| Net income(loss) attributable to the group | (344) | 191 | n/a |

Net banking expense totaled €112 million compared with net banking income of €519 million in 2007:

- net banking income for the financing and capital markets business declined by 14% to €282 million, after a €86 million charge due to the Madoff fraud (1) concerning assets belonging to the bank, the bank's customers being unaffected by this incident. The financing segment reported a 24% rise in outstandings compared with 2007, including a 27% rise for large corporates;
- the capital markets business recorded net banking expense of €394 million compared with net banking income of €190 million in 2007 due to the substantial decrease in the valuation of performing assets. Against a backdrop of markets that were in complete disarray and in which even the best performing assets suffered from disappearing liquidity, while their market prices were no longer representative of their economic value, the accounting regulators sought to cater for these highly unusual circumstances by amending IAS 39 and IFRS 7 to allow transfers from the trading portfolio to other accounting categories and from the available-for-sale portfolio to the loans & receivables portfolio:
  - pursuant to these revised accounting rules, on 1 July 2008 CIC transferred a total of €18.8 billion of assets from the trading portfolio, being €16.1 billion to the available-for-sale portfolio and €2.7 billion to the loans & receivables portfolio, and another €5.5 billion from the AFS portfolio into the loans & receivables portfolio. After deducting the cost of carry, these securities generated a positive return;
  - the change in market value between 1 July and 31 December 2008 of the securities transferred from the trading portfolio to the AFS portfolio and the loans & receivables portfolio came to €969 million. The securities transferred generated positive effective interest rates, the highest being 10.97%.

The financing and capital markets business reported a net loss attributable to the group of €344 million.

*(1) being a fraud, the loss is recognized as a deduction from net banking income rather than in cost of risk.*

## Private banking

| *(in € millions)* | **2008** | 2007 | Change 2008/2007 |
|---|---|---|---|
| Net banking income | **427** | 449 | -4.9% |
| Operating income before provisions | **156** | 187 | -16.6% |
| Income before tax | **47** | 181 | -74.0% |
| Net income attributable to the group | **34** | 107 | -68.2% |

Net banking income declined from €449 million to €427 million.

Net income attributable to the group for the private banking business came in at €34 million.

## Private equity

| *(in € millions)* | **2008** | 2007 | Change 2008/2007 |
|---|---|---|---|
| Net banking income | **112** | 381 | n/a |
| Operating income before provisions | **73** | 339 | n/a |
| Income before tax | **74** | 339 | n/a |
| Net income attributable to the group | **67** | 310 | n/a |

Net banking income declined from €381 million to €112 million.

At 31 December 2008, the revalued private equity portfolio amounted to €1.67 billion.

Net income attributable to the group for the private equity business totaled €67 million in 2008.

## Headquarters and holding company services

| *(in € millions)* | **2008** | 2007 | Change 2008/2007 |
|---|---|---|---|
| Net banking income(expense) | **(86)** | (53) | n/a |
| Operating income(loss) before provisions | **(139)** | (99) | n/a |
| Income(loss) before tax | **(134)** | (96) | n/a |
| Net income(loss) attributable to the group | **(16)** | (43) | n/a |

Net banking expense in 2008 includes:

- capital gains on sales of equities and impairment losses on equities of €19 million.

  In order to comply with IFRS, equities classified as AFS were valued at the stock market price as at 31 December 2008, giving rise to an impairment loss of €335 million;

  CIC sold to Banque Fédérative du Crédit Mutuel (BFCM), the group's holding company, its 15% stake in the capital of BMCE Bank and its 20% stake in the capital of Banque de Tunisie, generating a net capital gain of €316 million;
- the cost of negative working capital for this business together with holding company expenses amounting to €118 million;
- dividends from equity interests totaling €51 million.

## Recent developments and outlook

In a difficult and constantly changing economic climate, the CIC group will focus on:

- the commercial development of its network;
- enhancing its range of products and services across all its markets;
- meeting its objective of providing the best possible service to its customers, be they private individuals, self-employed professionals or corporates.

## Executive remuneration

### Main directors

At its meeting of February 26, 2009, the Supervisory Board recognized the changes in the statutory and regulatory frameworks, the profession's normative recommendations on the remuneration of corporate officers and directors, as well as the terms of the agreement signed by the State and the Crédit Mutuel group on October 23, 2008. In this regard, and pursuant to Article L.225-42 of the French Commercial Code, it noted the decision taken by BFCM's Board of Directors as set out below and noted that the mechanisms required by the above rules had been implemented in a consistent manner, notably as regards the executive remuneration policy.

### Implementation

Remuneration received by the group's key executives is detailed in the table below.

Part of the remuneration received by some of the group's key executives relates to their duties as employees or corporate officers of Crédit Mutuel. Remuneration accruing to other executives relates exclusively to their activities within the CIC group.

Executive remuneration is set by the Supervisory Board based on recommendations made by a special three-member committee (see page 34). Remuneration comprises a fixed and a variable component. The fixed portion is determined in light of market rates of pay for positions carrying equivalent responsibilities and was set at the time of appointment together with the benefits-in-kind and collective provident schemes to which they are entitled. The variable portion is determined on a discretionary basis by applying a specific percentage and is approved by the meeting of the Supervisory Board following the Shareholders' Meeting called to approve the financial statements for the year in respect of which the variable remuneration is paid.

Most of the group's key executives are also entitled to the same welfare and top-up pension benefits as all employees, in respect of either Crédit Mutuel (for those carrying out part of their activities therein) or in respect of CIC. However, executives who are paid for exercising their corporate office but who are not eligible for statutory profit-sharing bonuses, incentive payments and retirement bonuses on account of their position, will be awarded compensation upon their departure from the group.

Pursuant to the provisions of Article L.225-42 of the French Commercial Code, the stipulations contained in the agreement drawn up by Crédit Mutuel and the French State dated October 23, 2008 and the profession's normative recommendations published in October 2008, at its meeting of December 19, 2008, BFCM's Board of Directors agreed to replace its decision of July 4, 2007 with the following mechanism in respect of its Chairman, Mr Etienne Pflimlin, and its Chief Executive Officer, Mr Michel Lucas. Pursuant to Article L.225-38 of the French Commercial Code, the Board authorized the implementation of an agreement that stipulates that, on termination of their term of office and provided that the condition set out below is met, its Chairman, Mr Etienne Pflimlin, and its Chief Executive Officer, Mr Michel Lucas, shall receive net termination compensation, calculated as follows:

- a first part that will be calculated in the same manner as the retirement benefit to which employees are entitled under the CMCEE collective agreement;
- a second part will be equivalent to the employee savings provisions applicable to CMCEE group employees during the period in which they carry out their duties as Chairman or Chief Executive Officer.

The total of these two parts shall not exceed for the beneficiary twice the average annual net remuneration paid by BFCM over the last four years.

In awarding this compensation, BFCM's Board of Directors agreed to use a performance criterion linked to the results, determined and applicable as follows: the Chairman or Chief Executive Officer shall be entitled to receive payment of this compensation on termination of their mandate if the Board recognizes on that date that the average of BFCM's consolidated net profit after 2008 is at least 10% higher than the 2008 net profit (2008 being the year in which the decision was taken to award the compensation). The final consolidated results as approved by BFCM's Annual General Meeting are used for the purpose of calculating this average.

In accordance with these arrangements, a provision of €955,072 has been booked in respect of Mr Etienne Pflimlin and €1,677,124 in respect of Mr Michel Lucas, including all charges.

The group's key executives are not entitled to any other specific benefits. They have not been awarded any CIC shares or share equivalents. Furthermore, they are entitled to attendance fees in consideration for their functions within the group, but not for the offices they hold within group companies or other entities.

Furthermore, the group's key executives may be granted credit or loans by group banks, subject to the same terms and conditions as those offered to all the group's employees. The outstanding principal on loans taken out by the group's key executives amounted to €1,179,155 at December 31, 2008.

In accordance with a decision of the Shareholders' Meeting, attendance fees were not paid to the members of the Supervisory Board in 2008.

## Remuneration paid to the group's key executives in 2008

| Amount in euros (a) | In respect of Crédit Mutuel | In respect of CIC | | | | **Total 2008** | Total 2007 |
|---|---|---|---|---|---|---|---|
| | | Fixed | Variable (b) | Benefits-in-kind (c) | Other | | |
| Etienne Pflimlin<br>Chairman of the Supervisory Board | 848,380 | - | - | | - | **848,380** | 834,405 |
| **Executive Board members** | | | | | | | |
| Michel Lucas | 755,008 | 550,000 | 200,000 | - | | **1,505,008** | 1,375,586 |
| Alain Fradin | - | 308,927 | 150,000 | 4,973 | | **463,900** | 391,488 |
| Michel Michenko | - | 300,000 | 150,000 | 7,174 | 494 | **457,668** | 398,221 |
| Jean-Jacques Tamburini | - | 300,000 | 150,000 | 3,000 | 494 | **453,494** | 376,504 |
| Philippe Vidal | - | 300,000 | 150,000 | - | 954 | **450,954** | 423,734 |
| Rémy Wéber | - | 300,000 | 150,000 | 3,726 | 634 | **454,360** | 376,839 |
| **Other executives** | | | | | | | |
| René Dangel | 292,162 | - | - | - | - | **292,162** | 230,452 |
| Gérard Romedenne | - | 250,000 | 115,750 | 9,600 | 494 | **375,844** | 362,645 |

*(a) These are the gross amounts before tax and correspond to the amounts paid during the year.*
*(b) The variable components are determined by the meeting of the Supervisory Board following the Shareholders' Meeting called to approve the financial statements for the previous year in respect of which they are paid: the variable part paid in 2008 thus relates to 2007.*
*(c) Company cars only, except in the case of Gérard Romedenne, who benefits solely from a company apartment and of Michel Michenko, who benefits from both a company car and apartment.*

# 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 stricter oversight of processes across all business activities.

The risk management department consolidates overall risk management and optimizes risk management as regards the regulatory capital allocated to each business and return on equity.

## Credit risk

### a - Organization of the lending unit

In accordance with applicable regulations, the lending unit is organized around:

- loan origination procedures;
- risk monitoring and control.

The lending unit and exposure management are organized based on a single set of guidelines that prescribes the rules and procedures applicable within the group.

### Loan origination procedures

These draw on know-your-client, risk assessment and credit approval procedures.

**Know-your-client**
The CIC banks leverage the close ties that they have formed in their respective regional economies to obtain information about existing and prospective customers. Customer segments have been defined and risk-profiled, allowing marketing efforts to be targeted more effectively. Information on borrowers and risk analyses are kept in the loan file. A software application ("*collecte de bilans*") checks that the banks hold the latest available accounting documentation.

**Risk assessment**
Risk assessment draws on various analyses performed at different stages in the lending cycle and is based on:

- customer ratings;
- risk groups;
- the weighting of products in accordance with the type of risk involved and collateral and guarantees pledged.

Employees concerned receive regular refresher training on risk supervision and oversight.

*Customer ratings*
In accordance with the regulations, the rating is at the heart of the group's lending and risk procedures: approval, payment, pricing and monitoring. As such, all approval powers are based on the counterparty's rating.

The internal system for rating the group's customers is based on the following principles:

- uniformity: a single calculation method is used for the entire group;
- exhaustiveness: all counterparties identified in the information system are rated;
- automation of the network: the information system automatically calculates a monthly initial rating that is adjusted daily through the transmission of risk warnings;
- uniformity of the rating: the same algorithms are used by all group banks and are based on a market segmentation that is defined within the information system;
- standard reporting levels for all market segments (9 categories of performing customer loans and 3 categories of customer loans in default);
- recognition of risk group ratings.

The rating is recalculated every month (initial rating) and adjusted on a daily basis to reflect any serious risk events that have arisen to determine the final rating.

The Basel II unit's specialist staff are responsible for ensuring, as often as required, that the algorithms are relevant. Generally speaking, the lending unit approves the internal ratings of all loan files that it handles.

*Risk groups (counterparties)*
Article 3 of CRBF 93-05 states that individuals or legal entities that are related in such a manner that it is likely that if one of them encounters financial problems, the others would also encounter repayment difficulties, are considered as a single beneficiary.

The risk groups are established based on written rules that specifically incorporate the provisions of the above regulation. Each relationship manager is responsible for the creation and maintenance of the risk groups.

*Product and guarantee weightings*
When assessing the counterparty risk, a weighting of the nominal commitment may be applied. This weighting is based on a combination of the loan type and the nature of the guarantee.

**Credit approval procedure**
This is essentially based on:

- the rating applied to the counterparty or group of counterparties;
- approval levels;
- the principle of dual review;
- rules for setting maximum discretionary lending limits in proportion to the lending bank's equity;
- remuneration adapted to the risk profile and capital consumption.

Management of the decision-making circuit is automated and is conducted in real-time: immediately upon completion of a loan application, the electronic dossier is transmitted to the decision maker at the appropriate level who alone is authorized to approve the lending decision.

*Approval levels*

Banking network

The customer relationship manager is responsible for ensuring the exhaustiveness, quality and reliability of the information collected. In accordance with Article no. 19 of CRBF 97-02, he compiles loan files intended to hold all qualitative and quantitative information and gathers together within a single dossier information on counterparties considered as a single beneficiary. He 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. The rules defined in the procedure on approval powers, granting of loans and debtors are consistent with the Basel II directives and the fundamental rules established for all group banks. Each customer relationship manager is responsible for any decisions he takes or causes to be taken and is endowed with personal approval powers. Approval powers reflect a range of commitment caps based on:

- the rating;
- the total amount of commitments for a given counterparty or risk group;
- any specific exclusions;
- the weighting of any guarantees associated with the commitment accepted.

For loan files whose amount exceeds the approval powers assigned in accordance with the above rules, the decision falls to the Credit Approval committees whose operating rules are covered by written procedures.

Financing and investment banking

Decisions are not taken individually and fall to the Credit Approval committees Lending Decision Commissions. Specific approval powers are applicable to the foreign branches.

*Role of the lending departments*

Each regional division has a lending department that reports to the division's Executive Management and is independent of the operational departments. It has two key roles and is therefore split into two independent teams:

- one team is responsible for checking that the loan origination decisions are appropriate based on the dual review principle while ensuring that the expected return is commensurate with the risk taken;
- the other team is responsible for prudential oversight and credit risk assessment arrangements, and also performs permanent controls.

## Risk assessment and commitment monitoring procedures

Commitments are monitored by national and regional entities using Basel II-compliant tools.

**Consolidated risk measurement tools**

To measure the consolidated risk, CIC uses an array of tools that provide an aggregated view at regional entity and group level of:

- the exposure to a given counterparty or group of counterparties;
- new loans, customer interest rates, lending margins, analyzed by market, product, performing and non-performing categories;
- the quality of the portfolio based on views adapted to suit the network's various business lines (rating, market, length of the relationship, lending products, business segments or age of the contract), including a trend view;
- the analysis of credit risks at overall level in terms of concentration risk, interbank risks, country risks, and by network entity, subsidiary, business division or market.

Each of the group's commercial entities has at its disposal information systems enabling them to check on a daily basis compliance with the caps assigned to each of its counterparties.

**Commitment monitoring and identification of sensitive risks**

*Monitoring objectives*

Together with other interested parties, the lending unit helps monitor the quality of the various aspects of credit risk.

The lending unit's monitoring mechanism operates in addition to and in coordination with the actions taken mainly by first-level control, permanent control and the risk department.

Monitoring procedures

Breaches and abnormal movements in accounts are monitored by using advanced risk detection tools (management of debtors/sensitive risks/automatic transfer to the collections unit), based on external and internal criteria, in particular ratings and account histories. These criteria help to systematically flag loans for special handling as early as possible prior to the counterparties encountering actual difficulties. This identification is automated, systematic and exhaustive. These situations are monitored based on the same principles as those governing approval powers and the lending decision.

Major corporate risks are monitored independently from the loan origination process. This essentially involves identifying commitments that meet specific warning criteria or based on the risk profile of the counterparties concerned. Likewise for the monitoring of dealing room counterparty limits.

Regulatory and internal corporate lending limits are monitored independently from the loan origination process. Regulatory limits are determined based on the bank's capital under regulation CRBF 93-05, while internal limits are defined based on capital and internal counterparty ratings.

Portfolios held by the financing and investment banking business and the associated risks are analyzed periodically. This analysis uses risk management tools to determine whether any loans should be classified as "sensitive", downgraded or classified in a different category, or provisioned.

Commitments taken on by the network are monitored as part of the quarterly reporting on loan files placed on credit watch. Quarterly monitoring procedures for portfolios result in an exhaustive review of internal ratings for external customers or groups of external customers in each portfolio.

Identification of at-risk amounts, reclassification as non-performing and provisioning

The objective is to identify all receivables or business segments to be placed on credit watch and to transfer the counterparties thus identified to the category corresponding to their situation: sensitive (not downgraded to non-performing), non-performing or in litigation.

*Sensitive risks*

The objective is to identify as early as possible high-risk situations using specific criteria for each customer segment, either through software applications or through the relevant operations and commitments managers.

This mechanism enables the bank to:

- identify counterparties or business segments for which there are known events or information that are likely to require these counterparties or business segments to be placed on credit watch in the not too distant future. This mechanism is used in addition to and generally upstream of the automatic identification performed by the various applications;
- systematically trigger any precautionary actions required in order to best protect CIC's interests.

Transfer to non-performing and provisioning

All receivables are subject to an automatic monthly identification process using internal and external indicators that have been parameterized in the information system. Besides this exhaustive automated identification process, the various parties involved use all the means at their disposal to identify receivables to be placed on credit watch.

Downgrading and provisioning are governed by the bank's software.

In addition, a review is carried out for each portfolio of similar assets to detect any loss events, a source of collective impairment.

Management of at-risk items

Management of sensitive customers (not downgraded to non-performing). Depending on the severity of the situation, customers are managed at the branch by the customer relationship manager but with a revised level of approval powers being applied to the loan, or by specific, specialized staff, by market, counterparty type or collection method.

Management of customers downgraded to non-performing or in litigation. The manner in which the counterparties concerned are managed depends on the severity of the situation: at the branch by the customer relationship manager (in this case the branch has no loan approval powers for the customers concerned), or by specific, specialized staff, by market, counterparty type or collection method.

Permanent controls on commitments. Second-level controls performed by dedicated teams independent from the lending function identify and analyze at-risk loans each month based on specific criteria and decides on the appropriate remedial action to be taken.

An automatic analysis of some 20 ratios allows the bank to identify each month branches experiencing difficulties in managing their commitments and to take the appropriate timely action.

This adds an additional layer of security to the credit risk management mechanism.

**Key areas of focus in 2008**

In 2008, given the exceptional circumstances caused by the economic crisis, the CIC group's lending unit focused on strengthening the loan approval mechanism and risk measurement and monitoring.

Consequently, the lending guidelines were revised.

**Reporting procedures**

*Risk Committee*

In accordance with the provisions of regulation CRBF 97-02, the various bodies, notably the Risk Committee, are informed of changes in lending commitments at least once every quarter. In addition, these bodies are informed of and participate in decisions on revisions to the various credit management measures.

*Information provided to management*

Detailed information on credit risks and related procedures is provided to management. This information is also presented to a risk monitoring committee that is responsible for examining the strategic challenges faced by the CIC group in terms of risks, in compliance with the provisions of the Basel II regulations.

## b - Quantified data

### Customer loans

Against the backdrop of a rapidly changing economic climate, lending continued to grow in 2008 while cost of risk also increased.

**Growth in customer lending**

Total customer lending increased by 6.3% to €153 billion (compared with €144 billion in 2008, which was up 16.5% over 2007). This amount consisted of €123 billion of loans and receivables due from customers (up 11.4%), €10 billion of off-balance sheet guarantee commitments (stable) and €20 billion of off-balance sheet financing commitments (down 12.8%).

Customer loans can be analyzed as follows:

| *In € millions (year-end principal balances)* | **2008** | 2007 |
|---|---|---|
| **Short-term loans** | **33,216** | **32,796** |
| Current accounts – debit balances | 5,049 | 4,736 |
| Commercial loans | 4,148 | 4,100 |
| Treasury facilities | 23,802 | 23,730 |
| Export credits | 217 | 230 |
| **Medium- and long-term loans** | **85,949** | **74,352** |
| Capital asset financing | 19,585 | 14,772 |
| Home loans | 54,288 | 49,063 |
| Finance leases | 6,864 | 6,284 |
| Other | 5,213 | 4,234 |
| **Total performing customer loans** | **119,165** | **107,148** |
| Non-performing loans | 3,753 | 3,161 |
| Accrued income | 324 | 289 |
| **Total gross customer loans** | **123,243** | **110,598** |

Exposure

| *In € millions (year-end principal balances)* | 2008 | 2007 |
|---|---|---|
| **Loans and receivables** | | |
| Credit institutions | 33,403 | 23,530 |
| Customers | 123,243 | 110,598 |
| **Gross exposure** | **156,646** | **134,128** |
| **Impairment provisions** | | |
| Credit institutions | (57) | (8) |
| Customers | (2,275) | (2,090) |
| **Net exposure** | **154,314** | **132,029** |

| *In € millions (year-end principal balances)* | 2008 | 2007 |
|---|---|---|
| **Financing commitments given** | | |
| Credit institutions | 886 | 1,069 |
| Customers | 20,127 | 23,080 |
| **Guarantee commitments given** | | |
| Credit institutions | 2,965 | 1,033 |
| Customers | 10,591 | 10,339 |
| **Provision for risks on commitments given** | **107** | **87** |

**A high-quality loan book**

The bank focuses on counterparties with a high credit standing: based on the group's 12 internal credit ratings, customers rated in the top eight categories represent 98% of outstandings for the private individuals segment, 96% of outstandings for the self-employed professional/corporates segment, and 98% of outstandings for the financing and investment banking segment. These percentages are broadly unchanged compared with 2007.

**Concentration risk**

*Counterparty risk*

In the retail segment, home loans represent 45.6% of total customer loans. Given their nature, these loans are split amongst a very large number of customers and are backed by guarantees on physical property covering the collateral financed.

The portion relating to the top 10 counterparties by customer segment reflects a dispersion of risks. At December 31, 2008, balances relating to the top 10 customer groups accounted for less than 5% of the group's total on- and off-balance sheet outstandings.

*Sector risk*

The group's permanent monitoring and warning mechanism covering business segments that are cyclical (property, aerospace, etc.) or are subject to significant uncertainties (automotive components manufacturers, transport, etc.) indicates that there is no concentration risk in any specific business segment.

*Geographic risk*

Some 97% of the total country risks identified relate to Europe.

Except for some marginal exceptions, the portfolio's country risk exposure stems from France and other OECD countries.

Breakdown of performing customer loans by internal rating

| | 2008 | 2007 |
|---|---|---|
| A+ and A- | 26.46% | 24.65% |
| B+ and B- | 33.29% | 34.21% |
| C+ and C- | 25.88% | 27.80% |
| D+ and D- | 11.65% | 10.80% |
| E+ | 2.72% | 2.55% |

| CIC rating | Moody's equivalent | Standard & Poor's equivalent |
|---|---|---|
| A+ | AAA to Aa1 | AAA to AA+ |
| A- | Aa2 to Aa3 | AA to AA- |
| B+ | A1 to A2 | A+ to A |
| B- | A3 to Baa1 | A- to BBB+ |
| C+ | Baa2 | BBB |
| C- | Baa3 | BBB- |
| D+ | Ba1 to Ba2 | BB+ to BB |
| D- | Ba3 to B1 | BB- to B+ |
| E+ | B2 and < | B and < |

**Home loans: analysis of guarantees**

| *In € millions (year-end principal balances)* | 2008 |
|---|---|
| **Home loans** | **54,434** |
| With Crédit Logement guarantee | 17,059 |
| With a mortgage or similar, highly-rated guarantee | 31,195 |
| Other guarantees (1) | 6,180 |

*(1) Junior mortgages, pledges, etc.*

Home loans increased by 10.7% during the year. Bridging loans represent 1.5% of total performing loans.

Breakdown of loans by customer type

| | 2008 | 2007 |
|---|---|---|
| Retail | 62% | 62% |
| Corporates | 25% | 26% |
| Specialized financing | 4% | 4% |
| Large corporates | 9% | 8% |

The breakdown of loans by customer type is based on all of the group's French entities.

Geographic breakdown of risks on customer loans

| | 2008 | 2007 |
|---|---|---|
| France | 93% | 90% |
| Europe excluding France | 4% | 7% |
| Other countries | 3% | 3% |

### Customer risk concentration*

| *In € millions* | 2008 | 2007 |
|---|---|---|
| **Commitments in excess of €300m** | | |
| Number of counterparty groups | 22 | 25 |
| Total commitments | 12,520 | 15,849 |
| *Balance sheet* | *6,474* | *6,670* |
| *Off-balance sheet (guarantee and financing commitments)* | *6,046* | *9,179* |
| Total credit balances (current accounts, securities) | 3,721 | 2,931 |
| **Commitments in excess of €100m** | | |
| Number of counterparty groups | 64 | 78 |
| Total commitments | 20,230 | 25,454 |
| *Balance sheet* | *10,705* | *10,303* |
| *Off-balance sheet (guarantee and financing commitments)* | 9,525 | *15,151* |
| Total credit balances (current accounts, securities) | 13,994 | 4,607 |

No major risk represents more than 25% of regulatory capital.

### Industry breakdown*

| | 2008 | 2007 |
|---|---|---|
| K - Financial and insurance activities | 26.55% | 25.17% |
| L - Real estate | 15.52% | 15.76% |
| C - Manufacturing | 13.71% | 16.17% |
| G - Car and motorbike repairs | 11.84% | 12.42% |
| M - Professional, scientific and technical activities | 8.49% | 7.06% |
| F - Construction | 8.08% | 8.27% |
| H - Transport and storage | 2.74% | 2.93% |
| I - Accommodation and food services | 2.66% | 2.75% |
| N - Administrative and support services | 1.98% | 1.91% |
| J - Information and communication | 1.73% | 1.29% |
| D - Gas and electricity production and distribution | 1.19% | |
| Q - Human health and social work | 1.18% | 1.20% |
| A - Agriculture, forestry and fishing | 1.15% | 1.15% |
| **Sub-total** | **96.81%** | **96.08%** |
| **NACE codes (first level) < 1% of total NACE** | **3.19%** | **3.92%** |
| **TOTAL** | **100.00%** | **100.00%** |

** Breakdown based on INSEE segmentation of NACE codes.*

### Country risks

These represent less than €1 million in terms of outstandings.

**Cost of risk impacted by the economic climate**

Non-performing loans increased by 18.7% to €3,753 million at December 31, 2008 compared with €3,161 million at December 31, 2007.

They represented 3.1% of total customer loans at end-December 2008 compared with 2.9% one year earlier.

In exceptionally challenging economic circumstances, the cost of specific risk remained contained at 0.28% of gross outstanding loans (excluding exceptional items: Icelandic banks and the collapse of Lehman Brothers).

### Quality of risks arising on customer loans and receivables

| *In € millions (year-end principal balances)* | 2008 | 2007 |
|---|---|---|
| Individually-impaired loans and receivables | 3,753 | 3,161 |
| Provision for individual impairment | (2,158) | (2,013) |
| Provision for collective impairment | (117) | (77) |
| **Coverage ratio** | **60.6%** | **66.1%** |
| **Coverage ratio (individual impairment provision only)** | **57.5%** | **63.7%** |

### Unpaid loans and receivables

Analysis of unpaid installments on customer loans that were not classified as non-performing:

| *In € millions* | 2008 < 3 months | > 3 months < 6 months | > 6 months < 1 year | > 1 year | Total |
|---|---|---|---|---|---|
| **Debt instruments** [1] | **0** | **0** | **0** | **0** | **0** |
| **Loans and receivables** | **1,578** | **10** | **0** | **0** | **1,588** |
| *Central banks* | *12* | *0* | *0* | *0* | *12* |
| *Credit institutions* | *14* | *0* | *0* | *0* | *14* |
| *Non-financial institutions* | *3* | *0* | *0* | *0* | *3* |
| *Large corporates* | *292* | *1* | *0* | *0* | *293* |
| *Retail customers* | *1,257* | *9* | *0* | *0* | *1,266* |
| **TOTAL** | **1,578** | **10** | **0** | **0** | **1,588** |

| *In € millions* | 2007 < 3 months | > 3 months < 6 months | > 6 months < 1 year | > 1 year | Total |
|---|---|---|---|---|---|
| **Debt instruments** [1] | **0** | **0** | **0** | **0** | **0** |
| **Loans and receivables** | **1,923** | **9** | **0** | **0** | **1,932** |
| *Central banks* | *12* | *0* | *0* | *0* | *12* |
| *Credit institutions* | *14* | *0* | *0* | *0* | *14* |
| *Non-financial institutions* | *0* | *0* | *0* | *0* | *0* |
| *Large corporates* | *304* | *0* | *0* | *0* | *304* |
| *Retail customers* | *1,593* | *9* | *0* | *0* | *1,602* |
| **TOTAL** | **1,923** | **9** | **0** | **0** | **1,932** |

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

## Interbank loans*

### Interbank loans by geographic area

| | 2008 | 2007 |
|---|---|---|
| France | 18.2% | 18.1% |
| Europe excluding France | 51.5% | 52.4% |
| Other countries | 30.3% | 29.5% |

The breakdown of interbank loans is based on the country of the parent company. The entities concerned are mainly European and American banks.

### Interbank loans by internal rating*

| Internal rating | Equivalent external rating | 2008 | 2007 |
|---|---|---|---|
| A+ | AAA/AA+ | 2.2% | 5.1% |
| A- | AA/AA- | 19.8% | 54.6% |
| B+ | A+/A | 45.7% | 27.3% |
| B- | A- | 17.6% | 10.4% |
| C and below (excluding default ratings) | BBB+ and below | 14% | 2.2% |
| Not rated | | 0.7% | 0.4% |

The table above illustrates the substantial deterioration in the credit quality of bank counterparties in 2008. Almost half of all exposures fall into the B+ category (equivalent external ratings: A+/A), which is consistent with the averages observed by the rating agencies.

## Debt securities, derivatives and repurchase agreements

The securities portfolios relate primarily to capital markets activities and to a lesser extent to asset-liability management.

| *In € millions (year-end principal balances)* | 2008 Carrying amount | 2007 Carrying amount |
|---|---|---|
| Debt securities | 44,549 | 61,983 |
| *Government securities* | *17,728* | *23,105* |
| *Bonds* | *26,821* | *38,878* |
| Derivatives | 10,425 | 7,010 |
| Repurchase agreements and securities lending | 13,441 | 27,773 |
| **Gross exposure** | **68,415** | **96,766** |
| **Provisions for impairment of securities** [1] | **(160)** | **(12)** |
| **Net exposure** | **68,255** | **96,754** |

*(1) The €160 million of impairment provisions relates mainly to Icelandic banks (€65 million) and the collapse of Lehman Brothers (€89 million).*

## Asset-liability management (ALM) risk

### Organization

CIC's asset-liability management functions, which were previously organized on a decentralized basis, are being gradually centralized.

BFCM is responsible for managing liquidity risk and refinancing transactions for the entire group. In 2009, a central unit will be given responsibility for managing interest rate risk as part of the same approach.

Group conventions for the management of risk and the setting of risk limits are published in a set of group balance sheet management guidelines that are used throughout Crédit Mutuel-CIC.

The roles and responsibilities of ALM departments in each of the regional banks and CIC are clearly defined:

- asset-liability management is identified as a distinct function from trading room operations and has its own budget and teams;
- its key objectives are to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis;
- ALM does not operate as a profit center.

The ALM teams, which are in constant contact with the sales teams throughout the network, contribute actively to defining the bank's sales and marketing policy in terms of lending criteria and rules governing internal transfer rates.

The various risk indicators for management of the CIC group's balance sheet are presented each quarter to the group risk committee and the ALM technical committee.

### 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 outstandings 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 management of interest rate risk arising on all operations connected with the banking network's business is analyzed and hedged overall based on the residual balance sheet position using so-called macro-hedges. In addition, specific hedges may be established for customer loans involving a material amount or an unusual structure. Risk limits are set in relation to the annual net banking income of each bank and each group.

Interest rate risk is analyzed based on three main indicators that are updated each quarter:

1 - Fixed-rate gaps, corresponding to balance sheet items, both assets and liabilities, whose cash flows are considered to be certain.

2 - Sensitivity of the net interest margin, calculated based on national scenarios and subject to limits.

It is measured in annual steps, over a three-year horizon and is expressed as a percentage of each entity's net banking income.

Four scenarios are calculated:

- a 1% increase in market interest rates and a 0.33% increase in inflation (core scenario);
- a 1% increase in market interest rates and stable inflation;
- a 2% increase in market interest rates and a 0.66% increase in inflation;
- a 1% increase in short interest rates, a 0.50% increase in long rates and a 0.33% increase in inflation.

The CIC group's net interest income exhibits sensitivity to an increase in interest rates: -1.0% at 1 year (i.e. a decrease of €38.7 million in absolute terms). This sensitivity has declined slightly compared with September 2008 (-1.2%). At two years, the sensitivity to an increase in interest rates is -0.5% (i.e. a decrease of €18.7 million in absolute terms), down compared with September 2008 (-0.9%). One-year sensitivity for the regional banks' net interest margins ranges from -0.3% to -3.3%. The risk limit (4% sensitivity for the net interest margin) is complied with for all entities.

3 - Sensitivity of the change in net assets that arises when using the standard calculation for the Basel II indicator:

A uniform shift of 200bp applied to the entire balance sheet, as an increase or decrease, enables the change in the discounted value of balance sheet items according to the various scenarios to be measured as a percentage of total equity.

| Sensitivity of the change in net assets | As a percentage of total equity |
|---|---|
| Sensitivity +200bp | - 10.27% |
| Sensitivity -200bp | 8.31% |

### Liquidity risk management

The CIC group attaches great importance to managing liquidity risks in conjunction with its shareholder BFCM, which handles the group's long-term refinancing.

As such, the CIC group's liquidity risk management mechanism is based on the following procedures:

- compliance with the 1-month liquidity ratio, which is representative of the group's short-term liquidity situation, calculated by weighting each bank's liquidity ratios by its total balance sheet. This ratio stood at 117% at December 31, 2008 compared with a regulatory capital requirement of 100%;
- establishing the static liquidity gap, based on contractual and agreed maturities and incorporating off-balance sheet commitments. Transformation ratios (sources of funds/applications) are calculated at maturities ranging from three months to 10 years and are subject to limits, in order to lock in and optimize the refinancing policy. These limits range from 90% at 3 months to 80% at 10 years;
- calculating the dynamic liquidity gap incorporating new loans granted, thereby facilitating measurement of future financing needs associated with the development of commercial activity;
- reviewing the impact of a stress scenario on the static gap and on the transformation ratios, notably involving a 30% decline in sight sources of funds and an increased drawdown of confirmed credit lines.

Since the end of 2008, the CIC group has benefited from the introduction of the financing mechanism involving Société de Financement de l'économie Française (i.e. €753 million in November and December 2008).

**Breakdown of the balance sheet by residual maturity of contractual cash flows (capital)**

Interest is not included in this table.

| **Contractual residual maturity** *In € millions* | **2008** (a) ≤ 1 month | > 1 month ≤ 3 months | > 3 months ≤ 1 year | > 1 year ≤ 2 years | > 2 years ≤ 5 years | > 5 years | (b) No fixed maturity | **Total** |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Financial assets held for trading | 1,021 | 1,040 | 2,647 | 4,622 | 6,144 | 7,261 | 450 | 23,185 |
| Financial assets at fair value through profit or loss | 4,177 | 7,363 | 667 | 172 | 1,029 | 124 | 642 | 14,174 |
| Available-for-sale financial assets | 795 | 274 | 1,623 | 2,569 | 5,855 | 14,581 | 645 | 26,342 |
| Loans and receivables | 35,812 | 7,063 | 11,728 | 14,336 | 31,448 | 53,379 | 2,019 | 155,785 |
| Held-to-maturity investments | 123 | 2,023 | 114 | 99 | 105 | 5 | 0 | 2,469 |
| **Liabilities** | | | | | | | | |
| Central bank deposits | 1,963 | 306 | 50 | 0 | 0 | 0 | 0 | 2,319 |
| Financial liabilities held for trading | 830 | 619 | 1,101 | 893 | 2,723 | 3,138 | 363 | 9,667 |
| Financial liabilities at fair value through profit or loss | 10,895 | 14,973 | 5,184 | 101 | 0 | 0 | 0 | 31,153 |
| Derivatives used for hedging purposes | 143 | 0 | 10 | 40 | 189 | 482 | 5,809 | 6,673 |
| ***Financial liabilities carried at amortized cost*** | **95,258** | **36,014** | **20,163** | **4,761** | **10,527** | **14,304** | **3,385** | **184,412** |
| *Of which, debt securities, including bonds* | *13,960* | *16,676* | *5,625* | *841* | *817* | *2,260* | *0* | *40,179* |
| *Of which, subordinated debt* | *0* | *45* | *0* | *102* | *904* | *574* | *2,244* | *3,869* |

| **Contractual residual maturity** *In € millions* | **2007** (a) ≤ 1 month | > 1 month ≤ 3 months | > 3 months ≤ 1 year | > 1 year ≤ 2 years | > 2 years ≤ 5 years | > 5 years | (b) No fixed maturity | **Total** |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Financial assets held for trading | 1,768 | 1,297 | 3,691 | 3,901 | 15,848 | 21,980 | 4,503 | 52,990 |
| Financial assets at fair value through profit or loss | 12,741 | 10,961 | 2,283 | 303 | 1,263 | 39 | 770 | 28,360 |
| Available-for-sale financial assets | 252 | 214 | 1,337 | 2,150 | 4,137 | 5,333 | 2,073 | 15,495 |
| Loans and receivables | 27,679 | 11,808 | 10,576 | 10,305 | 23,910 | 44,613 | 5,402 | 134,292 |
| Held-to-maturity investments | 40 | 6 | 41 | 225 | 228 | 2 | 36 | 578 |
| **Liabilities** | | | | | | | | |
| Central bank deposits | 34 | 25 | 0 | 0 | 0 | 0 | 0 | 59 |
| Financial liabilities held for trading | 1,006 | 21 | 204 | 1,018 | 3,100 | 6,969 | 4,995 | 17,314 |
| Financial liabilities at fair value through profit or loss | 18,155 | 18,316 | 7,963 | 115 | 42 | 0 | 0 | 44 591 |
| Derivatives used for hedging purposes | 1,027 | 4 | 5 | 15 | 44 | 64 | 1 485 | 2 644 |
| ***Financial liabilities carried at amortized cost*** | **81,907** | **36,000** | **18,394** | **3,371** | **7,952** | **17,278** | **3,502** | **168,406** |
| *Of which, debt securities, including bonds* | *13,016* | *19,823* | *4,593* | *561* | *751* | *2,155* | *62* | *40,961* |
| *Of which, subordinated debt* | *47* | *0* | *174* | *44* | *353* | *1,170* | *1,747* | *3,535* |

*(a) Including accrued interest and securities given/received under repurchase and reverse repurchase agreements.*
*(b) Including undated debt securities, equities, non-performing and litigious loans and impairment losses.*
*For marked-to-market financial instruments, also includes differences between fair value and redemption value.*

## Currency risk

The foreign currency positions of each CIC group entity are automatically centralized by the CIC holding company and by BFCM.

This centralization is performed daily for commercial transfers and for 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 by the holding company.

As such, no group entity bears any currency risk at its own level. The holding company is responsible for clearing the foreign currency positions daily and monthly via the market.

A specific foreign currency position limit is assigned only to the capital market activities of CM-CIC Marchés, and is managed by the entity at its own level.

The structural foreign currency positions arising from foreign currency advances made to foreign branches are not hedged.

The foreign exchange gain or loss is recognized in the asset or liability translation accounts and therefore does not pass through the income statement.

The profits or losses of the foreign branches are retained in the branches and thus add to the structural foreign currency position.

## Equity risk

CIC has exposure to various types of equity risks.

Equities held in the trading portfolio amounted to €345 million at December 31, 2008 compared with €2,023 million at December 31, 2007 and solely concerned CIC's capital markets business (see note 5b to the consolidated financial statements).

Equities accounted for using the fair value option through profit or loss related primarily to the private equity business and amounted to €1,692 million (see note 5a to the consolidated financial statements).

Equities classified as available-for-sale and various equity investments amounted to €426 million and €841 million respectively (see note 7 to the consolidated financial statements).

Long-term investments mainly comprise:

a) investments in non-consolidated companies totaling €285 million: the main holdings are Banca Popolare di Milano (€78 million), Banca Di Legnano (€80 million) and Foncières des Régions (€43 million);

b) other long-term securities totaling €385 million: the main holdings are Véolia Environnement (€225 million) and NYSE Euronext (€22 million).

Impairment of equities:

- equities have been reviewed in order to identify any impairment of listed equities in the event of a significant or lasting decline in value to below cost price;
- impairment losses recognized in the income statement totaled €335 million in 2008 compared with €2 million in 2007;
- at December 31, 2008, the purchase cost of equities totaled €1,655 million with a corresponding impairment of €386 million.

## Private equity

The group's private equity business comprises dedicated private equity firms whose portfolios are all accounted for under the fair value option.

The portfolios comprise around 500 investment projects, relating mainly to small- and medium-sized enterprises. Investments in unlisted companies represent 74% of the value of the private equity portfolio.

**Risks arising on the private equity business**

| | 2008 | 2007 |
|---|---|---|
| Number of listed investment projects | 58 | 71 |
| Number of investment projects not listed on an active market | 439 | 478 |
| Proprietary portfolio (€ millions) | 1,670 | 1,592 |
| Funds managed on behalf of third parties (€ millions) | 636 | 451 |
| Number of funds managed on behalf of third parties | 36 | 31 |

## Market risk

### General structure

At December 31, 2008, CM-CIC Marchés accounted for 87% of the CIC group's overall market risks, as determined for the purpose of compliance with the requirements of the European Capital Adequacy Directive (CAD).

CM-CIC Marchés is organized around three business lines: refinancing, commercial, and proprietary operations.

Capital market transactions negotiated by CM-CIC Marchés are processed and recognized in the balance sheets of BFCM (refinancing) or CIC (commercial and proprietary operations). Commercial transactions carried out by the regional banks are recognized on CIC's balance sheet. Lastly, market transactions may also be processed and recognized in the group's foreign branches.

**Refinancing business**
A dedicated treasury management team is responsible for refinancing (i) retail banking operations and subsidiaries; (ii) corporate and specialized financing; (iii) proprietary transactions carried out by CM-CIC Marchés; and (iv) instruments used to meet the group's liquidity needs. The refinancing business seeks to diversify its investor base through teams based in Paris, Frankfurt and London.

The products concerned consist mainly of monetary instruments and futures used to hedge interest rate and exchange rates.

**Commercial business**
The sales teams working out of Paris or the regions use a wide range of standardized tools and products. A dedicated technical desk responsible for designing, match funding and reversing positions ("CAR") has been set up to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.

**Proprietary operations business**
Proprietary operations comprise some ten business lines (mainly arbitrage-related), that can be combined into specific groups such as interest rate, equities, hybrid instruments, credit spreads and fixed income. These are themselves split into specialist areas, and are called upon to create value in a disciplined risk environment and to drive commercial development.

### Description of internal control structures

During 2008, the internal control function pressed ahead with its drive to improve its organization and monitoring methodologies. It updated its procedures to reflect the unified limits system in place. Committees governing the working of the department are held on a regular basis.

All relevant methodologies and procedures are documented in a series of guidelines.

The role of the internal control teams is to ensure that daily and periodic reports are consistently produced in a timely and reliable fashion. The reports contain full details of the results and risks relating to the group's various activities. The internal control teams also prepare analyses of the reports for presentation to the management of each business line.

Internal control for the CIC group's capital markets activities is organized as follows:

- all activities (front office, control function and back office) are under the responsibility of a member of CIC's Executive Board, who reports to CIC's Executive Board and BFCM's Board of Directors;
- the front-office units that execute transactions are segregated from those responsible for the monitoring of risks and results (control function) and from those in charge of transaction validation, settlement and recording (back-office function);
- since 2007, internal control teams have operated under the responsibility of the group's risk division, which provides risk oversight and has BFCM's Board of Directors and CIC's Executive Board validate the level of capital held by the bank;
- the permanent controls system is based on first-level controls performed by three teams:
  - the risks and results team, which validates production, monitors results on a daily basis and ensures compliance with limits,
  - a team in charge of accounting and regulatory issues, responsible for reconciling accounting and economic results and for providing oversight on regulatory matters,
  - a team covering legal and market compliance, responsible for first-level legal issues;
- second-level controls are performed by several teams:
  - the capital markets internal control department, which reports to the divisional permanent control department, is tasked with performing permanent second-level controls on the group's specialized businesses,
  - the CIC group's lending department, which ensures compliance with lending procedures and monitors at-risk outstandings for each counterparty group,
  - the CIC group's legal and tax department, which supervises the capital markets legal and compliance team,
  - the CIC group's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;
- the CMCEE-CIC group's periodic controls team comprises specialists who carry out periodic controls and compliance checks in respect of capital markets activities;
- the back office is organized by product line, with teams based in Paris and Strasbourg handling all transaction administration;
- lastly, capital markets activities are overseen by two committees:
  - a Risk Committee that meets monthly to monitor strategy, results and risks in relation to the limits prescribed by the Executive Board, and to assess the risks incurred by the capital markets businesses and foreign branches; and,
  - a Steering Committee that meets weekly to coordinate all operational aspects (information systems, budget, human resources and procedures).

## Risk management

The system used to set exposure limits for market risk is based on:

- potential loss limits;
- internal rules and scenarios – including CAD ratios as well as historical VaR and stress tests (currently being developed), which convert exposures into potential losses.

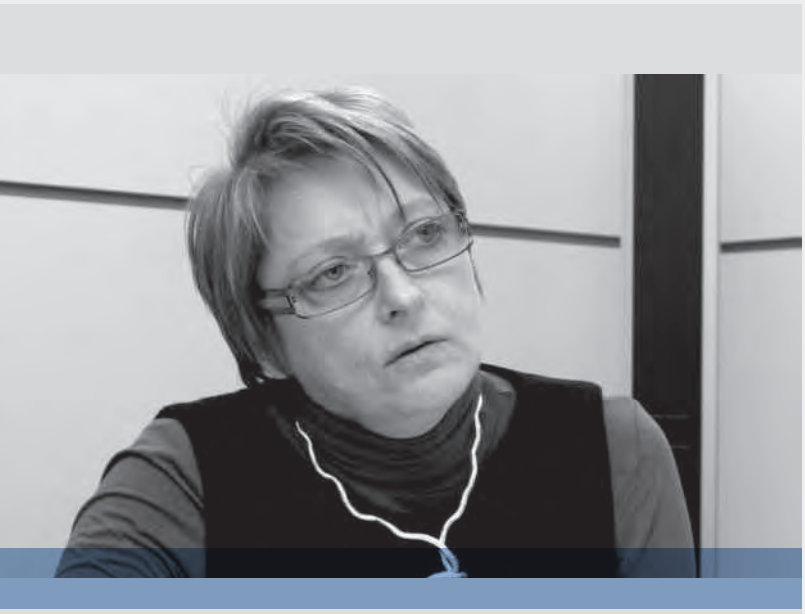
The limits set are intended to cover various types of market risk (interest rate, currency, equity and counterparty risks). The aggregate limit is broken down into sub-limits for each desk. Netting between different risk types is not permitted.

Risks are monitored based on first-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier indicators such as potential losses, to provide an accessible overview of capital markets exposures for decision-makers.

At December 31, 2008, regulatory capital allocated to proprietary operations and commercial businesses totaled €770 million compared with actual capital consumption of €720 million. The proprietary limit covers market risks (CAD, €241 million) and credit risks (European capital adequacy, according to the Basel I methodology, €440 million). As certain positions have been transferred to the AFS and Loans & Receivables portfolios, allocation of the limit to the proprietary business has been reviewed. This reclassification resulted in a transfer from markets risk (CAD) to credit risk (European capital adequacy) and relates to the lending business (ABS and credit arbitrage), hybrid instruments and fixed income instruments.

The principal trading desk risks are as follows:

- hybrid instruments: CAD consumption held steady at €72 million in the first three quarters, then, as a result of the transfer of 40 securities lines into the AFS portfolio, equity risk decreased substantially. The CAD risk thus stood at €53 million at end-December 2008 and European capital adequacy at €97 million. Convertible bond holdings fell sharply to stand at €2 billion at end-2008 (€3.6 billion one year earlier);
- credit: these positions correspond to either securities/CDS arbitrages or to credit correlation positions. With regard to the consumption of risk capital by these activities, a distinction must be drawn between two separate periods, i.e. before and after the reclassifications into the AFS and Loans & Receivables portfolios. As such, until end-September, the CAD risk varied little on the credit arbitrage portfolio (around €39 million on average) and the ABS portfolio (€78 million on average for CM-CIC Marchés). During the last quarter, the CAD risk on these portfolios declined, with CAD consumption easing to €30 million on the credit arbitrage portfolio and €37 million on the ABS portfolio, whereas the credit risk (European capital adequacy) increased in December by €50 million and €240 million respectively for this scope. The credit correlation business, based exclusively on Itraxx/CDX tranches, increased to €96 million in May but in December fell back to its level of the start of the year, i.e. €75 million;
- M&A and miscellaneous equities: after starting the year at €54 million, CAD equity risk consumption fell to €9 million by end-2008, being 77%-attributable to M&A strategies (takeovers and share exchanges). Compliance with the CAD is particularly onerous for this business, the associated potential loss being about three times higher than that obtained using the group's internal measurement approach. M&A outstandings totaled €62 million at end-December compared with €580 million in 2007. This sharp contraction in volumes was due to stock market trends;
- fixed income: positions relate to yield-curve arbitrage, typically with an underlying security. There are also arbitrage transactions involving OECD government securities with identical maturities but different issuers, or with the same issuers but with different maturities. At year-end, capital consumption based on the CAD measurement was on a par with its level at the beginning of the year (€52 million). Commercial paper in respect of which the group has entered into swaps remained stable year-on-year, at €12.5 billion.



The daily cash position of CM-CIC Marchés must not exceed a specific threshold and a warning will be issued in the event that an intermediate threshold is crossed. These limits are defined by management and approved by the Executive Board. The cash position is managed both individually and collectively with BFCM. During 2008, the threshold was set so as to take into account the crisis situation with regard to short-term liquidity.

## Credit derivatives

Credit derivatives are used by CM-CIC Marchés and much more infrequently by the group's Singapore branch.

All CM-CIC Marchés credit derivatives are carried in its trading portfolio.

Credit derivatives are included in the credit/counterparty risk management and oversight process.

Trading desks are subject to exposure limits by issuer or counterparty for all types of products. Outstanding amounts are monitored on a daily basis and exposure limits are reviewed periodically by the Lending Committees and Capital Markets Risk Committees.

## European capital adequacy ratio*

Since January 1, 2008, CIC has been subject to the capital adequacy ratio defined by the ministerial decree of February 20, 2007 (Basel II).

As such, at December 31, 2008, credit risks must be equal to at least 90% of the risks calculated in accordance with CRBF regulation 91-05 and 95-02 (Basel I). This minimum will be lowered to 80% on January 1, 2009.

| *Principal amount in € millions* | **2008** | 2007 |
|---|---|---|
| **Basel I capital requirement** | | |
| a) Credit risk | | |
| • On customer transactions | 8,676 | 8,045 |
| • On interbank transactions | 513 | 386 |
| • On other transactions | 398 | 413 |
| b) Market risk | 288 | 418 |
| **TOTAL** | **9,874** | **9,263** |
| **Basel II capital requirement** | | |
| a) Credit risk | | |
| • Central governments | 8 | |
| • Credit institutions | 521 | |
| • Corporates | 4,650 | |
| • Retail customers | 1,220 | |
| • Equities | 718 | |
| • Securitizations | 788 | |
| • Other assets | 311 | |
| b) Market risks | 317 | |
| c) Operational risks | 508 | |
| **TOTAL** | **9,043** | |
| Minimum requirement | 90% | |
| Basel II minimum capital requirement | 8,887 | |
| **CAPITAL REQUIREMENT USED** | **9,043** | **9,263** |
| Total regulatory capital | 10,847 | 10,982 |
| *Of which, Tier 1 capital* | *10,183* | *9.488* |
| Total capital adequacy ratio* | 9.6% | 9.50% |
| Tier 1 ratio* | 9.0% | 8.20% |

** Capital adequacy ratio = regulatory capital/capital requirement. Capital requirement = 8% of weighted exposures.*

During 2008, certain debt securities were reclassified from the trading portfolio into the loans and receivables portfolio. This transfer increased the banking credit risks and decreased market risks to a lesser extent.

The overall capital adequacy ratio must be more than 8%. The regulatory ratios to which the CIC group is subject were all met as at 31 December 2008.

Regulatory capital: basic regulatory capital increased by €695 million, mainly due to the issue late in the year of €500 million of super subordinated securities subscribed by BFCM.

## Operational risk*

In the context of the Basel II capital adequacy regulations, CIC has been implementing a comprehensive operational risk management system under the responsibility of senior management since 2002. Group-wide guidelines describe the risks concerned and the quantitative evaluation methods to be used.

The remit of operational risk management teams covers CMCEE-CIC (banks, federations and business centers); and by delegation, the Crédit Mutuel-CIC group.

The system in place for measuring and monitoring operational risk is based on a common body of standards valid throughout the CM-CIC group, on a risk map setting out an approach for identifying and modeling risks, and on the level of capital required to be held in respect of operational risk.

The CM-CIC group has developed consistent, structured procedures for mapping each generic potential risk and for reporting risks for eight business lines and seven Basel II risk events. They also allow teams to compare loss experience (known risks) with potential risks.

The group has opted for the advanced measurement approach (AMA) to operational risk. Only banking subsidiaries outside France (i.e. in Belgium, Luxembourg, Switzerland, etc.) and factoring subsidiaries will continue to use the standard approach for the time being.

## Main objectives

The operational risk management policy being 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 leverage skills groupwide;
- from an economic standpoint, to protect margins by effectively managing risk across all activities, ensure returns on the investments made to achieve compliance with banking regulations, optimize capital allocated in respect of risk and adapt insurance policies to the risks identified;
- from a regulatory standpoint, to respond effectively to Basel II capital requirements and supervisory authorities, develop a reliable system of internal control (CRBF 97.02), optimize disaster recovery plans for mission-critical operations (CRBF 2004-02), and adapt financial reporting (Third Pillar of Basel II and French NRE and LSF Acts).

## Role and position of the operational risk management function

The operational risk management function coordinates and consolidates the entire procedure assisted by a dedicated team focused on groupwide issues and also assists the operational risk managers in each regional division.

The regional operational risk management function implements the risk procedure and verifies that it is consistent with the overall risk management policy. It is assisted by the operational risk manager for the regional division.

## Operational risk measurement and control procedure

Risk maps broken down by business line (as defined by Basel II) and by type of risk have been drawn up for all activities, with probability-based models culled from the work of outside experts. The models are validated by the Operational Risks Committee. Capital allocations are calculated at regional and national level.

Operational risk mitigation techniques include:

- risk-reducing preventive action (costing less than the risk being dealt with) identified during the mapping process, which is implemented directly by line employees and by ongoing controls and quality assurance teams;
- safeguard initiatives, which have emphasized disaster recovery, logistics and IT solutions for all mission-critical operations.

A holistic and consistent crisis management process, linked to the system for interbank operations, has been rolled out across the group.

Operational risk financing programs are reviewed as and when the results of the assessments of "net risks" are available (including any identified risk-reducing measures), based on the following principles:

- insurance is taken out for insurable serious or major risks and self-insurance stepped up for losses below external insurers' excess levels and for intragroup risks;
- insurance is taken out for frequency risks when appropriate, or such risks are financed by withholding amounts on the operating account (expected loss);
- serious risks that cannot be insured and the residual uninsured risk are covered by the regulatory capital reserve (unexpected loss);
- major risks arising from interbank exchange and payment systems are covered by liquidity reserves set up and allocated on an individual system basis.

### *Reporting and general oversight*

Application of the operational risk management policy and risk profile is monitored using key indicators, thresholds and warnings covering the assessment of potential risks, changes in loss experience and the effectiveness of certain risk-reduction and financing measures. The group's executive and governance bodies are regularly provided with information on this risk data.

### Disaster recovery plans

Disaster recovery plans are part of the back-up measures put in place by the company to limit any losses resulting from operational risk.

Disaster recovery plan guidelines have been drawn up for use by the Crédit Mutuel-CIC group. These guidelines may be consulted by all teams concerned by disaster recovery plans and are applicable at the level of the CM4-CIC group.

Plans are classified into two categories:

- business-specific disaster recovery plans relate to a given banking line of business that is associated with one of the business lines identified by Basel II;
- cross-functional disaster recovery plans relate to activities that constitute business support services. These plans cover logistics, which encompass HR and IT issues.

Plans can be split into three components:

- security 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. The time needed to implement this stage depends on the extent of the damage inflicted by the crisis.

### Crisis management and its organization

Crisis management procedures put in place at the level of the CM4-CIC group cover reporting obligations and identify the most efficient organization for handling security, business continuity and back-on-track plans.

These procedures are based on:

- a Crisis Committee that takes the key decisions, prioritizes action plans and handles the internal and external reporting of events. It is chaired by the CEO of the regional division or by the group CEO at national level;
- a crisis unit that pools information, implements the decisions taken and provides follow-up;
- a crisis liaison team for each business line, responsible for coordinating management of the crisis on the ground together with the crisis unit. The main focus of the team's work is putting in place a disaster recovery plan until business gets back to normal.

### Insurance deducted from equity

CM-CIC has a series of insurance policies covering in particular damage to goods, specific banking risks and fraud, professional responsibilities and those of the corporate officers.

The group's objective is to utilize this series of policies to reduce the consumption of regulatory capital in respect of operational risks.

### Training

In 2008, the CM4-CIC group launched a training initiative for all CIC and Crédit Mutuel branch directors on prudential procedures. The course informs trainees about types of risks, prevention and control measures and procedures for identifying and reporting any losses over €1,000.

### CIC group's operational risk loss experience in 2008

The total group cost amounted to €141 million, including €64.4 million of actual losses and €76.6 million of provisions.

The loss on a proprietary operation due to the Madoff fraud generated a cost in the region of €90 million.

The cost of operational risk is analyzed as follows:

- fraud: €112.6 million;
- industrial relations: €12.7 million;
- legal issues: €8.2 million;
- human/procedural error: €6.3 million;
- natural disasters: €1.1 million.

Fraud, industrial relations and involuntary errors continue to be the three main causes of losses.

## Other risks

### Legal risks

Legal risks are incorporated into operational risks.

### Industrial and environmental risks

Industrial and environmental risks are incorporated into operational risks.

# Financial statements

## Consolidated balance sheet

### ASSETS

| *(In € millions)* | Notes | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|---|
| Cash and amounts due from central banks | 4 | **8,922** | 5,652 |
| Financial assets at fair value through profit or loss | 5 | **37,358** | 81,349 |
| Derivatives used for hedging purposes | 6 | **4,070** | 2,783 |
| Available-for-sale financial assets | 7 | **26,342** | 15,495 |
| Loans and receivables due from credit institutions | 4 | **34,084** | 24,505 |
| Loans and receivables due from customers | 8 | **121,701** | 109,787 |
| Remeasurement adjustment on portfolios hedged for interest rate risk | 9 | **462** | 106 |
| Held-to-maturity financial assets | 10 | **2,469** | 578 |
| Current tax assets | 11 | **558** | 432 |
| Deferred tax assets | 12 | **1,053** | 235 |
| Accruals and other assets | 13 | **11,782** | 7,311 |
| Investments in associates | 14 | **915** | 872 |
| Investment property | 15 | **16** | 15 |
| Property and equipment and finance leases (lessee accounting) | 16 | **1,551** | 1,473 |
| Intangible assets | 17 | **253** | 195 |
| Goodwill | 18 | **130** | 121 |
| **TOTAL** | | **251,666** | **250,909** |

## LIABILITIES AND SHAREHOLDERS' EQUITY

| *(In € millions)* | Notes | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|---|
| Due to central banks | 19 | 2,319 | 60 |
| Financial liabilities at fair value through profit or loss | 20 | 40,820 | 61,905 |
| Derivatives used for hedging purposes | 6 | 6,673 | 2,644 |
| Due to credit institutions | 19 | 69,974 | 59,094 |
| Due to customers | 21 | 70,390 | 64,816 |
| Debt securities | 22 | 40,179 | 40,961 |
| Remeasurement adjustment on portfolios hedged for interest rate risk | 9 | (564) | 201 |
| Current tax liabilities | 11 | 157 | 141 |
| Deferred tax liabilities | 12 | 126 | 233 |
| Accruals and other liabilities | 23 | 9,643 | 7,785 |
| Provisions for contingencies | 24 | 716 | 593 |
| Subordinated notes | 25 | 3,869 | 3,535 |
| Shareholders' equity | | 7,364 | 8,941 |
| *Attributable to equity holders of the parent company* | | *6,930* | *8,475* |
| *- Capital stock* | | *586* | *574* |
| *- Additional paid-in capital* | | *960* | *844* |
| *- Consolidated reserves* | | *6,385* | *5,416* |
| *- Unrealized or deferred gains and losses* | *26* | *(1,171)* | *502* |
| *- Net income for the year* | | *170* | *1,139* |
| *Minority interests* | | *434* | *466* |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **251,666** | **250,909** |

## Consolidated income statement

| *(In € millions)* | Notes | **2008** | 2007 |
|---|---|---|---|
| Interest income | 28 | 12,091 | 9,923 |
| Interest expense | 28 | (10,912) | (9,992) |
| Commission income | 29 | 2,049 | 2,084 |
| Commission expense | 29 | (496) | (527) |
| Net gain/(loss) on financial instruments at fair value through profit or loss | 30 | 416 | 2,474 |
| Net gain/(loss) on available-for-sale financial assets | 31 | 115 | 186 |
| Income from other activities | 32 | 74 | 86 |
| Expense on other activities | 32 | (131) | (41) |
| **Net banking income** | | **3,206** | **4,193** |
| Payroll costs | 33a | (1,590) | (1,613) |
| Other general operating expenses | 33c | (930) | (928) |
| Depreciation and amortization | 34 | (153) | (143) |
| **Operating income before provisions** | | **533** | **1,509** |
| Net additions to/reversals from provisions for loan losses | 35 | (630) | (120) |
| **Operating income after provisions** | | **(97)** | **1,389** |
| Share of income/(loss) of associates | 14 | 71 | 98 |
| Net gain/(loss) on disposals of other assets | 36 | 8 | 13 |
| **Income before tax** | | **(18)** | **1,500** |
| Corporate income tax | 37 | 224 | (296) |
| **Net income** | | **206** | **1,204** |
| Minority interests | | 36 | 65 |

| | | | |
|---|---|---|---|
| **NET INCOME – GROUP SHARE** | | **170** | **1,139** |
| Basic earnings per share (in €) | 38 | 4.73 | 32.16 |
| Diluted earnings per share (in €) | 38 | 4.73 | 32.16 |

## Consolidated statement of changes in shareholders' equity

| (in € millions) | Equity attributable to equity holders of the parent company | | | | | | | | | Minority interests |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Unrealized or deferred gains and losses | | | | |
| | Capital stock | Additional paid-in capital | Elimination of treasury stock | Reserves [1] | Cumulative translation adjustment | on AFS financial assets [2] | on hedging instruments | Net income for the year | Total | |
| **Equity at Jan. 1, 2007** | **567** | **736** | **(55)** | **4,398** | **(11)** | **555** | **(2)** | **1,274** | **7,462** | **410** |
| Consolidated income for the year | | | | | | | | 1,139 | 1,139 | 65 |
| Appropriation of prior-year earnings | | | | 1,274 | | | | (1,274) | | |
| Dividends paid | | | | (156) | | | | | (156) | (26) |
| Capital increase | 7 | 108 | | | | | | | 115 | |
| Elimination of treasury stock | | | | | | | | | | |
| Translation adjustments | | | | | (37) | | | | (37) | |
| Impact of remeasurement | | | | | | | | | | |
| Change in fair value of AFS financial assets [2] | | | | (3) | | (51) | | | (54) | (15) |
| Restructuring and internal asset sales | | | | (1) | | | | | (1) | |
| Impact of changes in group structure | | | | (2) | | | | | (2) | 32 |
| Other movements | | | | 9 | | | | | 9 | |
| **Equity at Dec. 31, 2007** | **574** | **844** | **(55)** | **5,519** | **(48)** | **504** | **(2)** | **1,139** | **8,475** | **466** |
| **Equity at Jan. 1, 2008** | **574** | **844** | **(55)** | **5,519** | **(48)** | **504** | **(2)** | **1,139** | **8,475** | **466** |
| Consolidated income for the year | | | | | | | | 170 | 170 | 36 |
| Appropriation of prior-year earnings | | | | 1,139 | | | | (1,139) | | |
| Dividends paid | | | | (171) | | | | | (171) | (29) |
| Capital increase | 12 | 116 | | | | | | | 128 | |
| Translation adjustments | | | | | 4 | | | | 4 | 3 |
| Change in fair value of AFS financial assets [2] | | | | | | (1,655) | (10) | | (1,665) | (38) |
| Restructuring and internal asset sales | | | | (1) | | | | | (1) | |
| Impact of changes in group structure | | | | 13 | | (8) | | | 5 | (2) |
| Other movements | | | | (15) | | | | | (15) | (2) |
| **Equity at Dec. 31, 2008** | **586** | **960** | **(55)** | **6,484** | **(44)** | **(1,159)** | **(12)** | **170** | **6,930** | **434** |

*(1) At December 31, 2008, reserves comprised the legal reserve for €57 million, the special long-term capital gains reserve for €287 million, unappropriated retained earnings for €1,626 million, other reserves for €320 million and post-acquisition retained earnings for €4,194 million.*

*(2) AFS: Available for sale.*

*At December 31, 2008, CIC's capital stock comprised 36,649,061 shares with a par value of €16, including 229,741 treasury shares.*

The Executive Board will propose to the Annual Shareholders' Meeting to be held on May 12, 2009 that a net dividend of €1 per share be paid, all in shares, compared with €4.80 per share paid in respect of the previous year.

## Consolidated statement of cash flows

| *(in € millions)* | **2008** | 2007 |
|---|---|---|
| Net income | 206 | 1,204 |
| Corporate income tax | (224) | 296 |
| **Income before tax** | **(18)** | **1,500** |
| Net depreciation/amortization expense on property and equipment and intangible assets | 151 | 149 |
| Impairment of goodwill and other non-current assets | | |
| Net additions to provisions | 895 | (221) |
| Share of income/loss of associates | (71) | (98) |
| Net loss/gain from investing activities | (326) | (109) |
| (Income)/expense from financing activities | | |
| Other movements | (921) | 389 |
| **Non-monetary items included in income before tax and other adjustments** | **(272)** | **110** |
| Cash flows relating to interbank transactions | 12,035 | (7,752) |
| Cash flows relating to customer transactions | (6,739) | (13,467) |
| Cash flows relating to other transactions affecting financial assets or liabilities | 6,543 | 22,337 |
| Cash flows relating to other transactions affecting non-financial assets or liabilities | (3,056) | 1,086 |
| Taxes paid | (255) | (467) |
| **Net decrease/(increase) in assets and liabilities from operating activities** | **8,528** | **1,737** |
| **CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)** | **8,238** | **3,347** |
| **Cash flows relating to financial assets and investments (1)** | **(1,609)** | **(414)** |
| **Cash flows relating to investment property** | **(3)** | **(3)** |
| **Cash flows relating to property and equipment and intangible assets** | **(260)** | **(212)** |
| **CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)** | **(1,872)** | **(629)** |
| **Cash flows relating to transactions with shareholders (2)** | **(35)** | **(44)** |
| **Other net cash flows relating to financing activities (3)** | **709** | **(284)** |
| **CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C )** | **674** | **(328)** |
| **IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (D)** | **8** | **12** |
| **Net increase/(decrease) in cash and cash equivalents (A + B + C + D)** | **7,048** | **2,402** |
| Net cash flows from (used in) operating activities (A) | 8,238 | 3,347 |
| Net cash flows from (used in) investing activities (B) | (1,872) | (629) |
| Net cash flows from (used in) financing activities (C) | 674 | (328) |
| Impact of movements in exchange rates on cash and cash equivalents (D) | 8 | 12 |
| **Cash and cash equivalents at beginning of year** | **4,248** | **1,846** |
| Cash accounts and accounts with central banks and post office banks | 5,592 | 2,639 |
| Demand loans and deposits – credit institutions | (1,344) | (793) |
| **Cash and cash equivalents at end of year** | **11,296** | **4,248** |
| Cash accounts and accounts with central banks and post office banks | 6,606 | 5,592 |
| Demand loans and deposits – credit institutions | 4,690 | (1,344) |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **7,048** | **2,402** |

***(1) Cash flows relating to financial assets and investments***

*This item mainly comprises:*
*- the purchase by CIC of bonds classified in the held-to-maturity portfolio, amounting to an outflow of €2,015 million;*
*- sales of shares in BMCE (net of the acquisition made during the first half of 2008) and in Banque de Tunisie, amounting to €450 million.*

***(2) Cash flows relating to transactions with shareholders***

*This item includes €171 million in dividends paid by CIC to its shareholders in respect of 2007.*
*CIC increased its capital by €128 million following exercise of the option to pay dividends in the form of shares.*

***(3) Other net cash flows relating to financing activities (€709 million)***

*These comprise:*
*- the issue of perpetual subordinated notes amounting to €500 million;*
*- the issue and redemption of bonds representing a net amount of €383 million;*
*- the redemption of subordinated notes amounting to €174 million.*

# > Notes to the consolidated financial statements

The notes are presented in millions of euros (€ millions).

Information required by IFRS 7 regarding the exposure to risks on financial instruments is provided in the risk section of the management report.

## Note 1 – Summary of significant accounting policies and valuation and presentation methods

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2007 have been drawn up in accordance with IFRS as adopted for use by the European Union at the balance sheet date. These standards include IAS 1 to 41, IFRS 1 to 7 and any SIC and IFRIC interpretations adopted at that date. The financial statements are presented in accordance with CNC recommendation 2004-R.03.

In a regulation dated October 15, 2008, the European Union adopted the amendment to IAS 39 and IFRS 7 on the reclassification of financial assets, to be applied as from the 2008 financial year. All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008 that replaced regulation 1725/2003 with immediate application.

This framework is available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias_en.htm.

In 2007, the European Union adopted IFRS 8 – Operating Segments, for application as from the fiscal year 2009. In 2008, it adopted regulations that will be applied as from the fiscal year 2009: the rewritten IAS 23 – Borrowing Costs, the amendment to IFRS 2 – Share-based Payment, the amendment to IAS 1 – Presentation of Financial Statements, and the interpretations IFRIC 13 – Customer Loyalty Programs and IFRIC 14 – The Limit on a Defined Benefit Asset.

The group elected to apply the October 2008 amendment to IAS 39 allowing in particular the reclassification of certain financial instruments recognized at fair value through profit or loss in loans and receivables or in available-for-sale assets. Details of the transfers are provided in Note 10.

**Standards and interpretations adopted by the European Union but not yet applied by the group**

| IAS/IFRS | Name | Application date | Consequences of application |
|---|---|---|---|
| IAS 1 | Presentation of financial statements (amendments to the standard currently in force) | Mandatory application with effect from January 1, 2009 | Impact on the presentation of the financial statements |
| IAS 23 | Borrowing costs (amendments to the standard currently in force) | Mandatory application with effect from January 1, 2009 | No impact |
| IFRS 2 | Share-based payment (amendments to the standard currently in force) | Mandatory application with effect from January 1, 2009 | No impact |
| IFRS 8 | Operating segments (replacement for IAS 14 – Segment reporting) | Mandatory application with effect from January 1, 2009 | No material impact |
| IFRIC 11 | IFRS 2-Accounting treatment of certain specific agreements on share-based payments: treasury stock and intra-group transactions | Mandatory application with effect from January 1, 2009 | No impact |
| IFRIC 13 | Customer loyalty programs | Mandatory application with effect from January 1, 2009 | No impact |
| IFRIC 14 | IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction | Mandatory application with effect from January 1, 2009 | No impact |

Information on risk management is provided in the management report.

### Use of estimates in the preparation of the financial statements

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

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

- the impairment of debt and equity instruments;
- the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss";
- the assessment of the active nature of certain markets;
- calculation of the fair value of financial instruments that are not listed on an active market and are classified in "Loans and receivables" or "Held-to-maturity financial assets" for which this information must be provided in the notes to the financial statements;
- impairment tests performed on intangible assets;
- measurement of provisions, including pension obligations and other employee benefits.

### Loans and receivables

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

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.

The fair value of loans and receivables is disclosed in the notes to the financial statements at each balance-sheet date 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.

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.

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

**Individual impairment of loans**
Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at each balance sheet date. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, 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.

The impairment loss is recognized in the form of a value-adjustment account. Any movements in this amount are presented in the income statement in "Net additions to/reversals from provisions for loan losses", except those relating to the unwinding of the discount, which are recognized in net banking income within interest income.

Provisions for individually assessed impairment of loans are deducted from assets, while impairment losses on financing and guarantee commitments are included in liabilities.

**Collective impairment of loans (portfolio-based impairment)**
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.

### 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 balance sheet 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 transactions results in the recognition of a financial receivable due from the customer. This amount is reduced in line with lease payments received, which are broken down between principal repayments and interest.

**Finance leases – lessee accounting**
In accordance with IAS 17, assets acquired under finance leases are included in property and equipment and an obligation in the same amount is recorded as a liability. Lease payments are broken down between principal repayments and interest.

### Financial guarantees and financing commitments given

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

In accordance with IFRS 4, these financial guarantees are still measured using French GAAP, pending an addition to the standards to enhance the current mechanism. Consequently, they are subject to a provision in liabilities in the event of a likely outflow of resources.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a nonfinancial variable, provided that in this event this 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 on the balance sheet. However, a provision is made in accordance with IAS 37.

## Purchased securities

Securities held by the group are classified in one of the three categories defined in IAS 39: financial instruments at fair value through profit or loss, held-to-maturity financial assets, and available-for-sale financial assets.

## Held-to-maturity financial assets

**Classification**
These are non-derivative 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 each balance sheet date.

**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. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method, which builds in amortization of premium and discount (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.

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

## Available-for-sale financial assets

**Classification**
These comprise financial assets that are designated as available for sale or have not been classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

**Basis for recognition and measurement of related income and expenses**
Available-for-sale financial assets are carried at fair value until disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. On disposal or recognition of an impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement. Purchases and sales are recognized at the settlement date.

Income derived from fixed-income available-for-sale securities is recognized in the income statement under "Interest income", using the effective interest method. Dividend income relating to variable-income available-for-sale securities is taken to income under "Net gain/(loss) on available-for-sale financial assets".

**Impairment of available-for-sale debt instruments**
Impairment losses are recognized in "Net additions to/reversals from provisions for loan losses" and are reversible. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

**Impairment of available-for-sale equity instruments**
An equity instrument is impaired when there exists objective evidence of impairment, either in the event of a significant or lasting decline in the fair value to below cost or the existence of information on significant changes that have a negative impact and have arisen in the technological environment prevailing in the economic or legal market in which the issuer operates and indicates that the cost of the investment may not be recovered. Impairment losses are recognized in "Net gain/(loss) on available-for-sale financial assets" and are irreversible so long as the instrument is carried on the balance sheet. Any subsequent impairment is also recognized in the income statement. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

## Financial instruments at fair value through profit or loss

**Classification**
Financial instruments at fair value through profit or loss comprise:

a) those held for trading purposes, consisting mainly of instruments that:
   - were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
   - 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
   - represent derivatives not classified as hedges.

b) those designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39, for which application guidance was given in the amendment published in June 2005. The fair value option is designed to help entities produce more relevant information, by enabling:
   - certain hybrid instruments to be measured at fair value without separating out embedded derivatives whose separate measurement would not have been sufficiently reliable;
   - a significant reduction in accounting mismatches regarding certain assets and liabilities;
   - a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a documented risk management or investment strategy on a fair value basis. This category mainly includes all securities held in the private equity portfolio.

**Basis for recognition and measurement of related income and expenses**
Financial instruments included in this category are recognized in the balance sheet at fair value up to the date of their disposal. Changes in fair value are taken to the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss". Income earned on fixed-income securities in this category is included in the income statement under "Interest income". 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 amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value of an instrument upon initial recognition is generally its transaction price.

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

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

When the bank has assets and liabilities with offsetting market risks, the net position is valued at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or liability held.

A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm's length basis.

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

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

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

### Financial instruments at fair value through profit or loss – derivatives

A derivative is a financial instrument:

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

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

c) which is settled at a future date.

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

Derivatives are recorded on the balance sheet 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 items, even if they were contracted for the purpose of hedging one or more risks.

**Embedded derivatives**

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

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

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

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

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

There are three main methods of valuing these products: those consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. CIC uses the first and third methods. 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 or by extrapolating quoted values. All parameters are based on historical data. The parameters applied to measure the value of unquoted forward financial instruments are determined using a system that provides a snapshot of market prices. Every day, at a fixed time, the bid and ask prices quoted by several market players, as displayed on the market screens, are recorded in the system. A single price is fixed for each relevant market parameter.

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

**Reclassification of debt instruments**
Fixed-income securities or debt instruments classified as fair value through profit or loss may be reclassified in other categories as follows:

a. held-to-maturity, only in rare cases, in the event of a change in the management intention, and provided that they satisfy the eligibility conditions for this category;

b. loans and receivables: in the event of a change in the management intention, the capacity to hold the security for the foreseeable future or until maturity and provided that they satisfy the eligibility conditions for this category;

c. available for sale, only in rare cases.

In the event of a transfer, the fair value of the financial asset on its reclassification date becomes its new cost or amortized cost. No gains or losses recognized prior to the transfer date can be reversed.

In the event of a transfer from the "available-for-sale" category into either the "held-to-maturity" or "loans and receivables" category of debt instruments with a fixed maturity date, unrealized gains and losses previously deferred into equity are amortized over the asset's residual life. In the event of a transfer of debt instruments with no fixed maturity date into loans and receivables, unrealized gains and losses previously deferred are maintained in equity until the securities are sold.

## Hedge accounting

IAS 39 describes three types of hedging relationship, which are designated 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 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 to hedge interest rate risk on variable-rate assets and liabilities, including rollovers, and foreign exchange risk on highly probable foreign currency revenues. Hedges of a net investment in a foreign operation are a special type of such hedges.

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 hedging strategy and management objectives, 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 each balance sheet date.

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

**Fair value hedges**
In a fair value hedge, changes in the fair value of the derivative instrument are taken to income under "Interest income/expense – derivatives used for hedging purposes" symmetrically with the change in interest income/expense of the hedged item.

In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss under "Net gain/(loss) on financial instruments at fair value through profit or loss" symmetrically with the remeasurement of the hedged item to reflect the hedged risk. This rule applies when the hedged item is recognized at amortized cost or is classified as available-for-sale. If the hedging relationship is fully effective, any changes in the fair value of the hedging instrument will offset changes in the fair value of the item hedged.

Hedges must be deemed to be highly effective to qualify for hedge accounting. Changes in the fair value or cash flows of the hedging instrument must offset changes in the fair value or cash flows of the item hedged within a range of 80%-125%.

If the hedging relationship no longer fulfils the hedge effectiveness criteria, hedge accounting is discontinued on a prospective basis. The related derivatives are transferred to the trading book and accounted for using the treatment applied to this asset category. The carrying amount of the hedged item in the balance sheet is no longer adjusted to reflect changes in fair value and the cumulative adjustment recorded in respect of the transactions is amortized over the remaining life of the item hedged. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the cumulative adjustment is taken immediately to income.

**Fair value hedge accounting for a portfolio hedge of interest-rate risk**

In October 2004, the European Union amended IAS 39 to allow demand deposits to be included in portfolios of liabilities contracted at fixed rates. This method is applied by the group.

At each balance sheet date, CIC verifies that the hedging contracted for each portfolio of assets and liabilities is not excessive.

The maturity of the liability portfolio is modeled by Asset-Liability management.

Changes in fair value of a portfolio hedge of interest rate risk are recognized on a specific line of the balance sheet, under "Remeasurement adjustment on interest rate risk hedged portfolios", with the offsetting entry in income.

**Cash flow hedges**
In the case of cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity under "Unrealized or deferred gains and losses on cash flow hedges", while the ineffective portion is included in "Net gain/(loss) on financial instruments at fair value through profit or loss".

The amounts recognized in equity are reclassified into profit and loss under "Interest income/expense" in the same period or periods during which the cash flows attributable to the hedged item affect profit or loss. The hedged items continue to be accounted for using the treatment applicable to the asset category to which they belong.

If the hedging relationship no longer fulfils the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recognized in equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts income, or until the transaction is no longer expected to occur, at which point they are transferred to the income statement.

## Regulated savings

Home savings accounts (*comptes d'épargne logement* - "CEL") and home savings plans (*plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). For the distributing establishment, they generate two types of obligation:

- to pay interest in the future on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest accruing on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable to the bank, i.e., where the bank offers different interest rates than those on similar non-regulated products. This approach is managed based on generations of regulated PEL savings products with similar characteristics. The impacts on income are included in interest paid to customers.

## Debt securities

Debt securities are initially recognized at fair value – which is generally the net amount received – and subsequently measured at amortized cost using the effective interest method.

Certain "structured" debt instruments may contain embedded derivatives. These are separated from the host contract when they meet the criteria for separate recognition and can be measured reliably.

The host contract is subsequently measured at amortized cost. Fair value is based on quoted market prices or valuation models.

## Property and equipment and intangible assets

Property and equipment and intangible assets shown in the balance sheet comprise assets used in operations and investment property. Assets used in operations are those used in the provision of services or for administrative purposes. They include assets other than property leased under operating leases. Investment property comprises property 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.

Such 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 and intangible assets are measured at amortized cost, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.

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

Depreciation and amortization is calculated on a straight-line basis 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 on property and equipment and intangible assets is recognized in "Depreciation, amortization and impairment" in the income statement.

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 method appropriate to that component. CIC has adopted the components approach for property used in operations and investment property. These items are depreciated over the following useful lives:

- 40-80 years for the shell;
- 15-30 years for structural components;
- 10-25 years for equipment;
- 10 years for fixtures and fittings.

Leasehold rights paid are not amortized but are tested for impairment. New occupancy fees paid to the owner are amortized over the life of the lease as additional rent, while other intangible items (e.g. acquired customer contract portfolios) are amortized over a period of nine or ten years.

Depreciable and amortizable assets are tested for impairment when evidence exists at the balance sheet date that the items may be impaired. Non-depreciable and non-amortizable assets are tested for impairment at least annually.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment is recognized under "Depreciation, amortization and impairment" in the income statement.

Gains and losses on disposals of 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".

## Corporate income tax

This item includes all current or deferred income taxes.

Current income tax is calculated based on applicable tax regulations.

## Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill and fair value adjustments on intangible assets that cannot be sold separately from the acquired business.

Deferred taxes are calculated by the liability method, based on the latest enacted tax rate.

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, which are taken directly to equity.

Non-recoverable taxes payable on probable or certain dividend payments by consolidated companies are taken into account.

## Provisions

A provision is recognized when it is probable 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 its amount. The amount of such obligations is discounted in order to determine the amount of the provision.

Movements in provisions are classified by nature under the corresponding income/expense caption. The cumulative provision is recognized as a liability on the balance sheet.

## Employee benefits

Employee benefits are accounted for in accordance with IAS 19. Where appropriate, a provision is set aside for retirement obligations and included in "Provisions for contingencies". Any movements in the provision are taken to income within "Payroll costs".

**Post-employment benefits covered by defined benefit plans**

These relate to retirement, early retirement and supplementary retirement plans for which the group has a legal or constructive obligation to provide certain benefits to its employees.

These obligations are calculated using the projected unit credit method, which consists in attributing benefit to periods of service in line with the plan's benefit formula, which is then discounted based on demographic and financial assumptions. The group uses the following assumptions to calculate its employee benefit obligations:

- a discount rate determined by reference to the market yield on long-term government bonds (TEC10) at the balance-sheet date;
- the expected salary inflation rate, measured based on a long-term estimate of inflation and actual salary increases;
- employee turnover, calculated for each age band;
- retirement age, estimated by reference to applicable laws based on a maximum age of 65 at retirement;
- the INSEE TH/TF 00-02 life expectancy table.

The effect of changes in these assumptions and experience adjustments (the effects of differences between the previous actuarial assumptions and actual outcomes) gives rise to actuarial gains and losses.

Plan assets are measured at fair value and the expected return on these assets is recognized in the income statement. The difference between the expected return on plan assets and the actual return gives rise to an actuarial gain or loss.

The group has chosen to immediately recognize the portion of actuarial gains and losses exceeding a pre-defined corridor (i.e. the greater of (i) 10% of the present value of the gross defined benefit obligation and (ii) 10% of the fair value of plan assets) in the income statement. These amounts are recognized in the form of provisions, with no deferral over the remaining active lives of employees.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in the income statement when the curtailment or settlement occurs.

**Supplementary pensions covered by pension funds**

Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The four pension funds to which CIC group banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. A detailed actuarial valuation of the pension funds' obligations is performed every two years, with the last one performed at the end of 2008. The merged pension fund is in the process of being converted into an IGRS, a French supplementary pension management institution. It does not have an asset shortfall.

**Other post-employment benefits covered by defined benefit plans**

Provisions are set aside in the financial statements of the individual group companies for obligations in relation to retirement bonuses and supplementary pensions (including special retirement regimes). They are measured on the basis of the vested benefit entitlements of active employees. Staff turnover rates taken into account in the calculation correspond to the rates observed in each individual group entity. Account is also taken of projected future salary levels and the related payroll taxes. At least 60% of the obligations of the group's French banks relating to retirement bonuses are covered by insurance taken out with ACM Vie, a Crédit Mutuel group insurance company which is consolidated by CIC under the equity method.

**Defined contribution post-employment benefits**

Group entities pay into a number of retirement schemes managed by third parties. Under these schemes, group entities have no legal or constructive obligation to pay further contributions, in particular where plan assets are inadequate to fund future obligations.

As these schemes do not represent an obligation for the group, no provision is recorded and the related expenses are recognized in the income statement in the period in which the contribution is due.

**Other long-term benefits**

Other long-term benefits are employee benefits (other than post-employment benefits and termination benefits) which fall due more than 12 months after the end of the period in which the employees render the related services, such as long-service awards or time savings accounts.

The group's obligation in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial losses are taken to the income statement as and when they arise as the corridor approach is not permitted.

Employees are granted long-service awards after 20, 30, 35 and 40 years of service. A provision is set aside for these awards.

**Termination benefits**

These benefits are granted by the group following the decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. The related provisions are discounted when payment falls due more than twelve months after the balance sheet date.

**Short-term employment benefits**

Short-term employee benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months of the balance sheet date, such as wages and salaries, social security contributions and certain bonuses.

An expense is recognized in respect of these benefits in the period in which the services giving rise to the benefits were provided to the entity.

## Debt-equity distinction

Financial instruments issued by the group are classified as debt instruments when the group has a contractual obligation to deliver cash to holders of the instruments and when the remuneration of these instruments is not discretionary. This is the case with subordinated notes issued by the group.

## Translation of assets and liabilities denominated in foreign currency

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

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

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

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

## Insurance company contracts

The accounting policies specific to assets and liabilities arising on insurance contracts, including reinsurance contracts issued or subscribed, and financial contracts with a discretionary participation feature (under which policyholders are entitled to a share in the financial income generated in addition to guaranteed remuneration) are applied in accordance with IFRS 4.

Other assets held and liabilities issued by fully consolidated insurance companies are accounted for in accordance with the rules applicable to the group's other assets and liabilities. Accordingly, financial assets representing technical provisions related to unit-linked business are shown in "Financial assets at fair value through profit or loss", and the corresponding assets and liabilities are stated at the realizable value of the underlying items at the balance sheet date.

Contracts falling within the scope of IFRS 4 continue to be recorded and consolidated in accordance with French GAAP, and are recognized and measured according to the same rules. However, a number of adjustments are made, in particular regarding the elimination of regulatory claims equalization provisions and the recognition of the deferred policyholders' surplus reserve in line with French regulations applicable to asset valuation differences. The deferred policyholders' surplus reserve relates mainly to unrealized gains and losses recognized in respect of assets in accordance with IAS 39. This corresponds to "shadow accounting" within the meaning of IFRS 4, since in order to reflect the share in these unrealized gains and losses, the discretionary participation feature is recognized in full under provisions rather than equity.

Besides movements in provisions reflected in liabilities, other transactions arising on these contracts are recognized and meas-

ured using the same rules. This includes mainly policy acquisition costs, receivables and payables arising on the contracts, advances on policies and subrogations resulting from insurance and reinsurance contracts.

At the balance sheet date, an adequacy test is performed on the liabilities recognized on these contracts (net of other assets and liabilities such as deferred acquisition costs and acquired portfolios). This test ensures that the recognized insurance liabilities are adequate to cover estimated future cash flows under insurance contracts. If the test reveals that the technical provisions are inadequate, the deficiency is recognized in the income statement. It may subsequently be reversed, where appropriate.

A capitalization reserve is set up in the individual financial statements of the group's French companies on the sale of amortizable short-term securities in order to defer part of the net realized gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, this capitalization reserve is eliminated. Changes during the year impacting the capitalization reserve and recorded in the income statement in the individual financial statements, are eliminated in the consolidated income statement. In accordance with IAS 12, a deferred tax liability is recognized in respect of the reclassification of the capitalization reserve within equity. However, when it is highly probable that this amount will be attributed to policyholders, notably in order to take account of policyholders' rights under certain insurance portfolios held by a number of group entities, a deferred policyholders' surplus is recorded following the restatement of the capitalization reserve.

## Non-current assets held for sale and discontinued operations

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

The related assets and liabilities are shown separately in the balance sheet, 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 the 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 already been shut down, and subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Post-tax gain/(loss) on discontinued operations and assets held for sale".

## Basis of consolidation

### Goodwill

In accordance with IFRS 3, assets, liabilities and contingent liabilities relating to an entity in which the group has acquired a controlling interest are measured at fair value at the acquisition date. Goodwill corresponds to the difference between the cost of the securities acquired and the group's share in the underlying assets, liabilities and contingent liabilities at the date of acquisition after fair value adjustments. Goodwill is recognized in assets, while negative goodwill is included immediately in the income statement under "Goodwill fair value adjustments".

If the group acquires additional shares in a company it already controls, the difference between the cost of the shares and the portion of consolidated equity acquired is included within consolidated equity.

Goodwill is presented on a separate line of the balance sheet, even when it relates to an equity-accounted company.

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.

### Fair value adjustments

At the date of acquisition of a new entity, the related assets, liabilities and contingent liabilities used in operations are measured at fair value. Fair value adjustments, corresponding to the difference between the carrying amount and fair value, are recognized in the consolidated financial statements.

### Intercompany transactions and balances

Intercompany transactions and balances and gains on intercompany sales are eliminated whenever the amounts involved are material with regard to the consolidated financial statements.

Intercompany receivables, payables, reciprocal commitments, and income and expenses between fully or proportionally consolidated companies are also eliminated.

### Foreign currency translation

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

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

## Consolidation scope

All material companies that are controlled exclusively by CIC are fully consolidated. Exclusive control is considered as being exercised in cases where the group holds a majority of the shares, directly or indirectly, and either the majority of the voting rights or the power to appoint the majority of members of the board of directors, management board or supervisory board, or when the group exercises a dominant influence.

Special purpose entities (SPE) are consolidated if they meet the conditions for consolidation set out in SIC 12 (where the activities of the SPE are being conducted exclusively on behalf of the group according to its specific business needs; the group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE; the group has rights to obtain the majority of benefits; the group retains the majority of the residual or ownership risks related to the SPE or to its assets in order to obtain benefits from its activities).

Entities controlled exclusively by the group are included in the scope when their full consolidation individually affects at least 1% of the main consolidated balance sheet and income statement items. Subsidiaries that are not consolidated must represent on aggregate less than 5% of the main consolidated balance sheet and income statement items. However, smaller entities may be included in the consolidated group if (i) CIC considers they represent a strategic investment; (ii) one of their core businesses is the same as that of the group; or (iii) when they hold shares in consolidated companies.

Companies over which the group exercises significant influence are accounted for by the equity method (associates). Significant influence is considered as being exercised in cases where CIC holds at least 20% of the voting rights, directly or indirectly.

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 option.

## Note 2 – Analysis of assets, liabilities and income by business segment and geographic area

Principles used to analyze the bank's activities:

- Retail banking comprises the network of regional banks and CIC's network in the greater Paris region (Ile-de-France) and all specialist activities whose products are distributed via this network. These include equipment leasing, real estate leasing, factoring, fund management, employee savings plans and real estate. The insurance business – which is accounted for by the equity method – is included in this business segment.
- Financing and capital markets comprises:
  a) credit facilities for large corporates and institutional customers, specialized financing and international operations;
  b) capital markets operations, spanning customer and proprietary transactions involving cash flows, interest rates, foreign currencies and equities, including brokerage services.
- Private banking encompasses all banks engaged primarily in wealth management, both within and outside France.
- Private equity conducts proprietary transactions and includes financial engineering services via dedicated entities. The entire portfolio is accounted for under the fair value option.
- Headquarters and holding company services comprises all unallocated activities.

Each consolidated company is included in only one business segment, corresponding to its core business in terms of contribution to CIC group results. The only exception is CIC, whose individual accounts are allocated on a cost accounting basis.

**Analysis of assets and liabilities by business segment**

| ASSETS<br>Dec. 31, 2008 | Retail banking | Financing and capital markets | Private banking | Private equity | HQ and holding company services | Total |
|---|---|---|---|---|---|---|
| Cash and amounts due from central banks | 266 | 7,909 | 747 | 0 | 0 | 8,922 |
| Financial assets at fair value through profit or loss | 173 | 35,303 | 185 | 1,692 | 5 | 37,358 |
| Derivatives used for hedging purposes | 3,791 | 225 | 54 | 0 | 0 | 4,070 |
| Available-for-sale financial assets | 285 | 19,247 | 6,108 | 2 | 700 | 26,342 |
| Loans and receivables due from credit institutions | 1,173 | 22,012 | 7,940 | 3 | 2,956 | 34,084 |
| Loans and receivables due from customers | 98,636 | 18,240 | 4,045 | 0 | 780 | 121,701 |
| Held-to-maturity financial assets | 140 | 2,307 | 22 | 0 | 0 | 2,469 |
| Investments in associates | 914 | 0 | 1 | 0 | 0 | 915 |

| ASSETS<br>Dec. 31, 2007 | Retail banking | Financing and capital markets | Private banking | Private equity | HQ and holding company services | Total |
|---|---|---|---|---|---|---|
| Cash and amounts due from central banks | 290 | 5,023 | 339 | 0 | 0 | 5,652 |
| Financial assets at fair value through profit or loss | 328 | 79,113 | 214 | 1,627 | 67 | 81,349 |
| Derivatives used for hedging purposes | 2,575 | 71 | 137 | 0 | 0 | 2,783 |
| Available-for-sale financial assets | 306 | 3,246 | 10,631 | 6 | 1,306 | 15,495 |
| Loans and receivables due from credit institutions | 1,571 | 18,960 | 2,177 | 4 | 1,793 | 24,505 |
| Loans and receivables due from customers | 89,649 | 15,577 | 4,241 | 0 | 320 | 109,787 |
| Held-to-maturity financial assets | 139 | 415 | 24 | 0 | 0 | 578 |
| Investments in associates | 872 | 0 | 0 | 0 | 0 | 872 |

| LIABILITIES<br>Dec. 31, 2008 | Retail banking | Financing and capital markets | Private banking | Private equity | HQ and holding company services | Total |
|---|---|---|---|---|---|---|
| Due to central banks | 0 | 0 | 2,319 | 0 | 0 | 2,319 |
| Financial liabilities at fair value through profit or loss | 45 | 40,634 | 135 | 0 | 6 | 40,820 |
| Derivatives used for hedging purposes | 4,815 | 1,477 | 381 | 0 | 0 | 6,673 |
| Due to credit institutions | 35,232 | 32,785 | 1,144 | 57 | 756 | 69,974 |
| Due to customers | 51,653 | 4,426 | 14,156 | 0 | 155 | 70,390 |
| Debt securities | 8,691 | 31,413 | 75 | 0 | 0 | 40,179 |

| LIABILITIES<br>Dec. 31, 2007 | Retail banking | Financing and capital markets | Private banking | Private equity | HQ and holding company services | Total |
|---|---|---|---|---|---|---|
| Due to central banks | 0 | 0 | 60 | 0 | 0 | 60 |
| Financial liabilities at fair value through profit or loss | 138 | 61,690 | 71 | | 6 | 61,905 |
| Derivatives used for hedging purposes | 2,465 | 28 | 151 | 0 | 0 | 2,644 |
| Due to credit institutions | 31,196 | 25,764 | 1,743 | 0 | 391 | 59,094 |
| Due to customers | 46,562 | 3,474 | 14,480 | 0 | 300 | 64,816 |
| Debt securities | 8,419 | 32,415 | 127 | 0 | 0 | 40,961 |

**Analysis of income by business segment**

| 2008 | Retail banking | Financing and capital markets | Private banking | Private equity | HQ and holding company services | Total |
|---|---|---|---|---|---|---|
| **Net banking income/(expense)** | **2,866** | **(112)** | **427** | **112** | **(87)** | **3,206** |
| General operating expenses | (2,095) | (215) | (272) | (38) | (53) | (2,673) |
| **Operating income/(loss) before provisions** | **771** | **(327)** | **155** | **74** | **(140)** | **533** |
| Net additions to/reversals from provisions for loan losses | (297) | (225) | (108) | | | (630) |
| Net gains on disposals of other assets [1] | 74 | | | | 5 | 79 |
| **Income before tax** | **548** | **(552)** | **47** | **74** | **(135)** | **(18)** |

*(1) Including net income from associates (companies accounted for by the equity method) and impairment losses on goodwill.*

| 2007 | Retail banking | Financing and capital markets | Private banking | Private equity | HQ and holding company services | Total |
|---|---|---|---|---|---|---|
| **Net banking income/(expense)** | **2,897** | **519** | **448** | **381** | **(52)** | **4,193** |
| General operating expenses | (2,079) | (255) | (261) | (42) | (47) | (2,684) |
| **Operating income/(loss) before provisions** | **818** | **264** | **187** | **339** | **(99)** | **1,509** |
| Net additions to/reversals from provisions for loan losses | (106) | (8) | (6) | | | (120) |
| Net gains on disposals of other assets [1] | 108 | | | | 3 | 111 |
| **Income before tax** | **820** | **256** | **181** | **339** | **(96)** | **1,500** |

*(1) Including net income from associates (companies accounted for by the equity method) and impairment losses on goodwill.*

The CIC group's net banking income decreased from €4,193 million in 2007 to €3,206 million in 2008.

Net income came to €206 million in 2008 compared with €1,204 million in 2007.

### Retail banking

Net banking income inched down to €2,866 million in 2008 compared with €2,897 million while income before tax amounted to €548 million in 2008 compared with €820 million in 2007.

### Financing and capital markets

Net banking expense totaled €112 million in 2008 compared with net banking income of €519 million in 2007:

- net banking income for the financing business declined by 14% to €282 million, after a €86 million charge due to the Madoff fraud concerning assets belonging to the bank, no customers having been impacted by this incident;
- net banking income for the capital markets business decreased from net income of €190 million in 2007 to an expense of €394 million in 2008 due to the substantial decline in asset valuations.

### Private equity

Net banking income declined from €381 million in 2007 to €112 million in 2008.

### Private banking

Net banking income totaled €427 million in 2008 compared with €448 million in 2007.

### Headquarters and holding company services

In order to comply with IFRS, equities held for the long term classified as available for sale were valued at their stock market price as at December 31, 2008. Impairment on these securities came to €335 million.

CIC sold to Banque Fédérative du Crédit Mutuel (BFCM), the group holding company, its 15% stake in the capital of BMCE Bank and its 20% stake in the capital of Banque de Tunisie.

### Net additions to/reversals from provisions for loan losses

Net additions to/reversals from provisions for loan losses totaled €630 million in the year ended December 31, 2008 (compared with €120 million the year before): the collapse of Lehman Brothers resulted in a charge of €172 million, of which €101 million related to the private banking business and €71 million to the financing and capital markets business, while the collapse of various Icelandic banks gave rise to a charge of €65 million, all of which related to the financing and capital markets business.

**Breakdown of assets and liabilities by geographic area**

**ASSETS**

| | Dec. 31, 2008 | | | | Dec. 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **France** | **Europe excluding France** | **Other countries [1]** | **Total** | France | Europe excluding France | Other countries[1] | Total |
| Cash and amounts due from central banks | 8,105 | 750 | 67 | 8,922 | 5,303 | 344 | 5 | 5,652 |
| Financial assets at fair value through profit or loss | 36,615 | 185 | 558 | 37,358 | 78,824 | 232 | 2,293 | 81,349 |
| Derivatives used for hedging purposes | 3,989 | 81 | 0 | 4,070 | 2,590 | 192 | 1 | 2,783 |
| Available-for-sale financial assets | 18,584 | 6,203 | 1,555 | 26,342 | 2,083 | 10,835 | 2,577 | 15,495 |
| Loans and receivables due from credit institutions | 23,864 | 7,978 | 2,242 | 34,084 | 20,879 | 2,241 | 1,385 | 24,505 |
| Loans and receivables due from customers | 112,784 | 5,820 | 3,097 | 121,701 | 101,593 | 5,715 | 2,479 | 109,787 |
| Held-to-maturity financial assets | 2,240 | 229 | 0 | 2,469 | 212 | 366 | 0 | 578 |
| Investments in associates | 914 | 1 | 0 | 915 | 834 | 0 | 38 | 872 |

*(1) United States and Singapore.*

**LIABILITIES**

| | Dec. 31, 2008 | | | | Dec. 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **France** | **Europe excluding France** | **Other countries [1]** | **Total** | France | Europe excluding France | Other countries[1] | Total |
| Due to central banks | 0 | 2,319 | 0 | 2,319 | 0 | 60 | 0 | 60 |
| Financial liabilities at fair value through profit or loss | 36,070 | 4,392 | 358 | 40,820 | 57,846 | 3,900 | 159 | 61,905 |
| Derivatives used for hedging purposes | 6,276 | 386 | 11 | 6,673 | 2,482 | 162 | 0 | 2,644 |
| Due to credit institutions | 62,713 | 2,955 | 4,306 | 69,974 | 51,162 | 3,891 | 4,041 | 59,094 |
| Due to customers | 56,659 | 13,178 | 553 | 70,390 | 50,338 | 13,897 | 581 | 64,816 |
| Debt securities | 28,782 | 8,721 | 2,676 | 40,179 | 23,493 | 13,588 | 3,880 | 40,961 |

*(1) United States and Singapore.*

**Breakdown of income by geographic area**

| | 2008 | | | | 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **France** | **Europe excluding France** | **Other countries [1]** | **Total** | France | Europe excluding France | Other countries[1] | Total |
| **Net banking income/(expense)** | **2,982** | **402** | **(178)** | **3,206** | **3,891** | **405** | **(103)** | **4,193** |
| General operating expenses | (2,403) | (222) | (48) | (2,673) | (2,423) | (214) | (47) | (2,684) |
| **Operating income/(loss) before provisions** | **579** | **180** | **(226)** | **533** | **1,468** | **191** | **(150)** | **1,509** |
| Net additions to/reversals from provisions for loan losses | (394) | (186) | (50) | (630) | (113) | (10) | 3 | (120) |
| Net gains on disposals of other assets* | 77 | 0 | 2 | 79 | 105 | 0 | 6 | 111 |
| **Income before tax** | **262** | **(6)** | **(274)** | **(18)** | **1,460** | **181** | **(141)** | **1,500** |

*(1) United States and Singapore.*

** Including net income from associates (companies accounted for by the equity method) and impairment losses on goodwill.*

## Note 3 – Consolidation scope

Changes in the consolidation scope during 2008 are described below.

**Newly consolidated companies:**

- Agefor SA Genève;
- Alternative Gestion SA Genève;
- Banque Transatlantique Londres;
- Calypso Management Company;
- Elite Opportunities (Liechtenstein) AG;
- IPO Ingénierie;
- LRM Advisory Ltd;
- Pasche SA Montevideo;
- Serficom Family Office Inc;
- Serficom Family Office Ltda Rio;
- Serficom Investment Consulting (Shanghai) Ltd;
- Valeroso Management Ltd.

**Deconsolidated companies:**

- CM-CIC Mezzanine;
- Banque de Tunisie;
- Pasche (International) Services Ltd Gibraltar.

**Mergers:**

- Financière Ar Men with IPO;
- CIC Bonnasse Lyonnaise de Banque with CIC Lyonnaise de Banque;
- SNVB Financements with CM-CIC Bail.

| Company | Currency | | 2008 Percent Voting rights | 2008 Percent Interest | 2008 Method * | 2007 Percent Voting rights | 2007 Percent Interest | 2007 Method * |
|---|---|---|---|---|---|---|---|---|
| **Consolidating company: CIC (Crédit Industriel et Commercial)** | | | | | | | | |
| **A. Banking network** | | | | | | | | |
| **Regional banks** | | | | | | | | |
| CIC Banque CIO-BRO | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Banque Scalbert Dupont-CIN | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Est | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Bonnasse Lyonnaise de Banque | | (i) | | | M | 100 | 100 | FC |
| CIC Lyonnaise de Banque | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Société Bordelaise | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| **B. Banking network subsidiaries** | | | | | | | | |
| Banque de Tunisie | TND | | | | NC | 20 | 20 | EM |
| CM-CIC Asset Management | | | 24 | 24 | EM | 24 | 24 | EM |
| CM-CIC Bail | | (i) | 99 | 99 | FC | 99 | 99 | FC |
| CM-CIC Bail Belgium | | | 100 | 99 | FC | 100 | 99 | FC |
| CM-CIC Epargne salariale | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CM-CIC Gestion | | | 100 | 100 | FC | 100 | 100 | FC |
| CM-CIC Laviolette Financement | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CM-CIC Lease | | | 54 | 54 | FC | 54 | 54 | FC |
| Factocic | | | 51 | 51 | FC | 51 | 51 | FC |
| Saint-Pierre SNC | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| SNVB Financements | | (i) | | | M | 100 | 100 | FC |
| Sofim | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| **C. Financing and capital markets** | | | | | | | | |
| Cigogne Management | | | 60 | 54 | FC | 60 | 54 | FC |
| CM-CIC Mezzanine | | | | | NC | 80 | 80 | FC |
| CM-CIC Securities | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| **D. Private banking** | | | | | | | | |
| Agefor SA Genève | CHF | | 70 | 70 | FC | | | |
| Alternative Gestion SA Genève | CHF | | 45 | 62 | EM | | | |
| Banqua Pasche (Liechtenstein) AG | CHF | | 53 | 53 | FC | 53 | 53 | FC |
| Banque Pasche Monaco SAM | | | 100 | 100 | FC | 100 | 100 | FC |
| Banque de Luxembourg | | | 72 | 72 | FC | 71 | 71 | FC |
| Banque Transatlantique Belgium | | | 100 | 98 | FC | 100 | 98 | FC |
| Banque Transatlantique Jersey | GBP | | 100 | 100 | FC | 100 | 100 | FC |
| Banque Transatlantique Londres | | | 100 | 100 | FC | | | |
| Banque Transatlantique Luxembourg | | | 60 | 60 | FC | 60 | 60 | FC |
| BLC Gestion | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Calypso Management Company | USD | | 70 | 70 | FC | | | |
| CIC Banque Transatlantique | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Private Banking - Banque Pasche | CHF | | 100 | 100 | FC | 100 | 100 | FC |
| Banque CIC Suisse | CHF | | 100 | 100 | FC | 100 | 100 | FC |
| Dubly-Douilhet | | | 62 | 62 | FC | 62 | 62 | FC |
| Elite Opportunities (Liechtenstein) AG | CHF | | 100 | 100 | FC | | | |
| GPK Finance | | | 88 | 88 | FC | 87 | 87 | FC |
| LRM Advisory SA | USD | | 70 | 70 | FC | | | |
| Pasche (International) Services Ltd Gibraltar | GBP | | | | NC | 100 | 100 | FC |
| Pasche Bank & Trust Ltd Nassau | CHF | | 100 | 100 | FC | 100 | 100 | FC |
| Pasche Finance SA Fribourg | CHF | | 100 | 100 | FC | 100 | 100 | FC |

| Company | Currency | | 2008 Percent Voting rights | 2008 Percent Interest | 2008 Method * | 2007 Percent Voting rights | 2007 Percent Interest | 2007 Method * |
|---|---|---|---|---|---|---|---|---|
| Pasche Fund Management Ltd | USD | | 100 | 100 | FC | 100 | 100 | FC |
| Pasche International Holding Ltd | USD | | 100 | 100 | FC | 100 | 100 | FC |
| Pasche SA Montevideo | UYU | | 100 | 100 | FC | | | |
| Serficom Family Office Inc | USD | | 100 | 100 | FC | | | |
| Serficom Family Office Ltda Rio | BRL | | 51 | 51 | FC | | | |
| Serficom Family Office SA | CHF | | 100 | 100 | FC | 100 | 100 | FC |
| Serficom Investment Consulting (Shanghai) | RMB | | 100 | 100 | FC | | | |
| Serficom Maroc Sarl | MAD | | 100 | 100 | FC | 100 | 100 | FC |
| Transatlantique Finance | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Valeroso Management Ltd | USD | | 45 | 62 | EM | | | |
| **E. Private equity** | | | | | | | | |
| CIC Banque de Vizille | | | 94 | 94 | FC | 94 | 94 | FC |
| CIC Finance | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Investissement | | | 100 | 100 | FC | 100 | 100 | FC |
| CIC Investissement Alsace | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Investissement Est | | | 100 | 100 | FC | 100 | 100 | FC |
| CIC Investissement Nord | | | 100 | 100 | FC | 100 | 100 | FC |
| CIC Vizille Participation | | | 100 | 97 | FC | 100 | 99 | FC |
| Financière Ar Men | | | | | M | 100 | 100 | FC |
| Financière Voltaire | | | 80 | 80 | FC | 100 | 100 | FC |
| IPO | | | 80 | 80 | FC | 77 | 77 | FC |
| IPO Ingénierie | | | 80 | 80 | FC | | | |
| Sudinnova | | | 50 | 47 | FC | 50 | 47 | FC |
| Vizille Capital Finance | | | 100 | 94 | FC | 100 | 94 | FC |
| Vizille Capital Innovation | | | 100 | 94 | FC | 100 | 94 | FC |
| **F. HQ, holding company services and logistics** | | | | | | | | |
| Adepi | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Migrations | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| CIC Participations | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Cicor | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Cicoval | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Efsa | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Gesteurop | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Gestunion 2 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Gestunion 3 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Gestunion 4 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Impex Finance | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Marsovalor | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Pargestion 2 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Pargestion 3 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Pargestion 4 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Pargestion 5 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Placinvest | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Sofiholding 2 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Sofiholding 3 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Sofiholding 4 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Sofinaction | | (i) | 100 | 100 | FC | 100 | 100 | FC |

| Company | Currency | | 2008 Percent Voting rights | 2008 Percent Interest | 2008 Method * | 2007 Percent Voting rights | 2007 Percent Interest | 2007 Method * |
|---|---|---|---|---|---|---|---|---|
| Ufigestion 2 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Ufigestion 3 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Ugépar Service | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Valimar 2 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| Valimar 4 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| VTP1 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| VTP5 | | (i) | 100 | 100 | FC | 100 | 100 | FC |
| **G. Insurance companies** | | | | | | | | |
| Groupe des Assurances du Crédit Mutuel (GACM)** | | | 21 | 21 | EM | 21 | 21 | EM |

** Method: FC = full consolidation; EM = equity method; NC = not consolidated; M = merged.*
*** Based on the consolidated financial statements.*
*(i) = Members of the tax consolidation group set up by Crédit Industriel et Commercial..*

## Notes to the balance sheet – Assets

### Note 4 – Cash, amounts due from central banks, and loans and receivables due from credit institutions

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Cash and amounts due from central banks** | | |
| Central banks | 8,627 | 5,331 |
| *Of which, statutory reserves* | *1,790* | *1,030* |
| Cash | 295 | 321 |
| **TOTAL** | **8,922** | **5,652** |
| **Loans and receivables due from credit institutions** | | |
| Current accounts | 3,350 | 2,415 |
| Loans | 19,576 | 18,853 |
| Other receivables | 1,788 | 1,794 |
| *Securities not quoted in an active market* (1) | 8,493 | 330 |
| Resale agreements | 738 | 983 |
| Individually-impaired receivables | 60 | 12 |
| Accrued interest | 136 | |
| Provisions | (57) | (8) |
| **TOTAL** | **34,084** | **24,504** |
| *Including non-voting loan stock* | *191* | *191* |
| *Including subordinated loans* (2) | *763* | *871* |

*(1) Movements relate principally to reclassifications made on July 1, 2008. These reclassifications are presented in Note 10b.*
*(2) Including €750 million relating to transactions carried out with BFCM.*

### Note 5 – Financial assets at fair value through profit or loss

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Financial assets at fair value through profit or loss by option | 14,174 | 28,360 |
| Financial assets held for trading (1) | 23,184 | 52,989 |
| **TOTAL** | **37,358** | **81,349** |

*(1) Movements relate principally to reclassifications made on July 1, 2008. These reclassifications are presented in Note 10b.*

## Note 5a – Financial assets accounted for under the fair value option

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Securities** | | |
| Government securities | 60 | 145 |
| Bonds and other fixed-income securities | | |
| - Quoted | 396 | 991 |
| - Not quoted | 0 | 4 |
| Equities and other variable-income securities [1] | | |
| - Quoted | 292 | 401 |
| - Not quoted | 1,456 | 1,318 |
| Derivatives held for trading | 0 | 0 |
| Other financial assets | | |
| *- Resale agreements* | 11,970 | 25,501 |
| *- Other loans and term deposits* | (0) | (0) |
| **TOTAL** | **14,174** | **28,360** |

*(1) Securities relating to the private equity business are measured at fair value through profit or loss and represent almost all of this line.*

## Note 5b – Financial assets held for trading

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Securities** | | |
| Government securities | 3,767 | 20,355 |
| Bonds and other fixed-income securities | | |
| - Quoted | 12,711 | 26,371 |
| - Not quoted | 6 | 13 |
| Equities and other variable-income securities | | |
| - Quoted | 345 | 2,023 |
| - Not quoted | 0 | 0 |
| Derivatives held for trading | 6,355 | 4,227 |
| **TOTAL** | **23,184** | **52,989** |

Financial assets held for trading relate to financial assets held in connection with capital markets activities.

## Note 5c – Analysis of derivative instruments

| | Dec. 31, 2008 | | | Dec. 31, 2007 | | |
|---|---|---|---|---|---|---|
| | **Notional amount** | **Assets** | **Liabilities** | Notional amount | Assets | Liabilities |
| **Derivatives held for trading** | | | | | | |
| Interest rate derivatives | | | | | | |
| - Swaps | 298,445 | 5,317 | 5,149 | 318,615 | 3,249 | 3,836 |
| - Futures and forward contracts | 26,281 | 120 | 19 | 22,678 | 11 | 8 |
| - Options | 47,551 | 253 | 234 | 6,236 | 175 | 145 |
| Foreign currency derivatives | | | | | | |
| - Swaps | 138,710 | 76 | 100 | 149,953 | 45 | 51 |
| - Futures and forward contracts | 13,716 | 223 | 193 | 11,461 | 30 | 4 |
| - Options | 11,370 | 178 | 176 | 34,079 | 79 | 75 |
| Other derivatives | | | | | | |
| - Swaps | 29,322 | 27 | 24 | 37,529 | 125 | 40 |
| - Futures and forward contracts | 3,937 | 0 | 6 | 2,718 | 0 | 6 |
| - Options | 4,528 | 161 | 153 | 13,885 | 513 | 523 |
| **Sub-total** | **573,860** | **6,355** | **6,054** | **597,154** | **4,227** | **4,688** |
| **Derivatives used for hedging purposes** | | | | | | |
| Derivatives designated as fair value hedges | | | | | | |
| - Swaps | 16,659 | 4,062 | 6,657 | 1,087 | 2,751 | 2,636 |
| - Futures and forward contracts | 0 | 0 | 0 | 0 | 0 | 0 |
| - Options | 15 | 6 | | 21 | 26 | |
| Derivatives designated as cash flow hedges | | | | | | |
| - Swaps | 86 | 2 | 16 | 77 | 6 | 8 |
| - Futures and forward contracts | 0 | | | 0 | | |
| - Options | 0 | 0 | | 0 | 0 | |
| **Sub-total** | **16,760** | **4,070** | **6,673** | **1,185** | **2,783** | **2,644** |
| **TOTAL** | **590,620** | **10,425** | **12,727** | **598,339** | **7,010** | **7,332** |

## Note 5d – Fair value hierarchy

| | Dec. 31, 2008 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Trading / Fair value by option | | | | |
| - Government securities and similar instruments - Trading | 3,767 | 0 | 0 | **3,767** |
| - Government securities and similar instruments - Fair value by option | 60 | 0 | 0 | **60** |
| - Bonds and other fixed-income securities - Trading | 12,716 | 2 | 0 | **12,718** |
| - Bonds and other fixed-income securities - Fair value by option | 366 | 29 | 0 | **395** |
| - Equities and other variable-income securities - Trading | 345 | 0 | 0 | **345** |
| - Equities and other variable-income securities – Fair value by option | 207 | 0 | 1,541 | **1,748** |
| - Loans and receivables due from credit institutions - Fair value by option | 0 | 6,034 | 0 | **6,034** |
| - Loans and receivables due from customers - Fair value by option | 0 | 5,936 | 0 | **5,936** |
| - Derivatives and other financial assets - Trading | 261 | 6,095 | 0 | **6,356** |
| Derivatives used for hedging purposes | 0 | 4,070 | 0 | **4,070** |
| **TOTAL** | **17,722** | **22,166** | **1,541** | **41,429** |

| | Dec. 31, 2008 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial liabilities** | | | | |
| Trading / Fair value by option | | | | |
| - Due to credit institutions - Fair value by option | 0 | 26,374 | 0 | **26,374** |
| - Due to customers - Fair value by option | 0 | 1,063 | 0 | **1,063** |
| - Debt securities - Fair value by option | 0 | 3,715 | 0 | **3,715** |
| - Subordinated notes - Fair value by option | 0 | 0 | 0 | **0** |
| - Derivatives and other financial liabilities - Trading | 3,707 | 5,960 | 0 | **9,667** |
| Derivatives used for hedging purposes | 0 | 6,673 | 0 | **6,673** |
| **TOTAL** | **3,707** | **43,785** | **0** | **47,492** |

Level 1: use of market price – also covers derivatives quoted in an organized market.

Level 2: use of valuation techniques based mainly on observable data – includes over-the-counter derivatives.

Level 3: use of valuation techniques based mainly on non-observable data. In practice, this consists solely of unquoted equities.

## Note 6 – Derivatives used for hedging purposes

| | Dec. 31, 2008 | | Dec. 31, 2007 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Derivatives designated as cash flow hedges | 2 | 16 | 6 | 8 |
| *Of which, changes in value recognized in equity* | *2* | *16* | *6* | *8* |
| *Of which, changes in value recognized in income* | | | | |
| Derivatives designated as fair value hedges | 4,068 | 6,657 | 2,777 | 2,636 |
| **TOTAL** | **4,070** | **6,673** | **2,783** | **2,644** |

A fair value hedge is a hedge of the exposure to changes in the fair value of a financial instrument attributable to a specific risk. Changes in the fair value of the hedging instrument and the hedged item attributable to the risk being hedged are taken to income.

## Note 7 – Available-for-sale financial assets

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Government securities [1] | 13,606 | 2,413 |
| **Bonds and other fixed-income securities** | | |
| - Quoted | 10,811 | 10,373 |
| - Not quoted | 386 | 563 |
| **Equities and other variable-income securities** | | |
| - Quoted | 362 | 106 |
| - Not quoted | 64 | 35 |
| **Long-term investments** | | |
| - Investments in non-consolidated companies | | |
| - Quoted | 205 | 735 |
| - Not quoted | 80 | 99 |
| - Other long-term securities | | |
| - Quoted | 255 | 714 |
| - Not quoted | 130 | 132 |
| - Investments in affiliates | | |
| - Quoted | 0 | 0 |
| - Not quoted | 171 | 148 |
| - Cumulative translation adjustment | 0 | 0 |
| Accrued interest | 272 | 177 |
| **TOTAL** | **26,342** | **15,495** |
| *Of which, unrealized gains and losses on bonds and other fixed-income securities and on government securities* | | |
| *Recognized directly in equity* | *11* | *538* |
| *Of which, unrealized gains and losses on equities and other variable-income securities and on long-term investments* | | |
| *Recognized directly in equity* | *(1,202)* | (70) |
| *Of which, impairment of bonds and other fixed-income securities* | *(92)* | (9) |
| *Of which, impairment of equities and other variable-income securities and of long-term investments* | *(384)* | (61) |

*(1) Movements relate principally to reclassifications made on July 1, 2008. These reclassifications are presented in Note 10b.*

Long-term investments mainly comprise:

- **investments in non-consolidated companies totaling €285 million,** which essentially consist of shares in Banca Popolare di Milano (€78 million), Banca Di Legnano (€80 million) and Foncière des Régions (€43 million);
- **other long-term securities totaling €385 million,** which essentially consist of shares in Véolia Environnement (€225 million) and NYSE Euronext (€22 million).

**Impairment of equities**

Equity holdings were reviewed in order to identify any impairment losses. Impairment provisions are raised for quoted equities in the event of a significant or prolonged decline in price to below cost.

Impairment losses recognized in the income statement totaled €335 million in 2008 compared with €2 million in 2007.

At December 31, 2008, the cost of impaired equities came to €812 million and the corresponding impairment amounted to €386 million. They had a market value of €426 million.

## Note 7a – List of main investments in non-consolidated companies

| | | % held | Shareholders' equity | Total assets | Net banking income or sales | Net income |
|---|---|---|---|---|---|---|
| Veolia Environnement | Quoted | < 5% | 10,191 | 46,307 | 32,628 | 1,255 |
| Crédit logement | Not quoted | < 5% | 1,416 | 11,437 | 155 | 80 |
| *NYSE Euronext* [1] | Quoted | < 5% | 6,556 | 13,948 | 4,474 | (738) |
| Banca Popolare di Milano [2] | Quoted | < 5% | 3,598 | 43,627 | N/A | 335 |
| Foncière des Régions | Quoted | < 5% | 7,163 | 18,974 | 901 | 1,233 |
| Banca di Legnano [3] | Not quoted | < 10% | 1,232 | 4,151 | N/A | 90 |

*(1) Amounts for 2008 in USD.*
*(2) The CIC group directly and indirectly holds 4.52% of Banca Popolare di Milano.*
*(3) Banca di Legnano is 93.51%-owned by Banca Popolare di Milano and 6.49%-owned by the CIC group.*

The figures above relate to fiscal year 2007 (except those for the percentage interest held).

## Note 8 – Loans and receivables due from customers

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Performing loans** | | |
| Commercial loans | 4,148 | 4,100 |
| *Of which, factoring accounts* | *1,923* | *1,766* |
| Other loans and receivables | | |
| - Home loans | 54,288 | 49,063 |
| - Other loans and miscellaneous receivables | 53,527 | 47,539 |
| - Resale agreements | 733 | 1,280 |
| Accrued interest | 324 | 289 |
| Securities not quoted in an active market | 340 | 162 |
| Individually-impaired receivables | 3,638 | 3,052 |
| Provisions for individual impairment | (2,073) | (1,934) |
| Provisions for collective impairment | (117) | (77) |
| **Sub-total** | **114,808** | **103,474** |
| **Finance leases (net investment)** | | |
| Equipment | 4,769 | 4,297 |
| Real estate | 2,095 | 1,987 |
| Individually-impaired finance lease receivables | 114 | 109 |
| Provisions for individual impairment of finance lease receivables | (85) | (79) |
| **Sub-total** | **6,893** | **6,314** |
| **TOTAL** | **121,701** | **109,788** |
| *Including non-voting loan stock* | *0* | *0* |
| *Including subordinated loans* | *151* | *21* |

Loans and receivables due from customers increased by 10.9% year-on-year, including a rise of €5,225 million or 10.7% in home loans, and a rise of 12.6% in other loans and miscellaneous receivables, mainly due to a €4.7 billion increase in capital asset loans.

Securities purchased under resale agreements decreased by €547 million.

| Finance lease transactions | Jan. 1, 2008 | Acquisitions | Disposals | Other | Dec. 31, 2008 |
|---|---|---|---|---|---|
| Gross | 6,393 | 1,018 | (423) | (10) | 6,978 |
| Impairment of non-recoverable lease payments | (79) | (27) | 21 | (0) | (85) |
| **Net** | **6,314** | **991** | **(402)** | **(10)** | **6,893** |

| Maturity analysis of minimum future lease payments receivable under finance leases | 1 year or less | More than 1 year and less than 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Minimum future lease payments receivable | 2,013 | 3,972 | 1,038 | 7,023 |
| Present value of future lease payments | 1,809 | 3,721 | 1,022 | 6,552 |
| **Unearned finance income** | **204** | **251** | **16** | **471** |

## Note 9 – Remeasurement adjustment on interest rate risk hedged portfolios

| | Dec. 31, 2008 | | Dec. 31, 2007 | | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities | Change in fair value | |
| Fair value of portfolio interest rate risk | 462 | (564) | 106 | 201 | 356 | (765) |

## Note 10 – Held-to-maturity financial assets

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Securities** | | |
| Government securities | 135 | 139 |
| Bonds and other fixed-income securities | 2,381 | 436 |
| Accrued interest | 20 | 6 |
| **TOTAL GROSS** | **2,536** | **581** |
| Provisions for impairment | (67) | (3) |
| **TOTAL NET** | **2,469** | **578** |

Held-to-maturity financial assets relate to securities with fixed or determinable payments and fixed maturity that the group has the intention and ability to hold to maturity.

## Note 10a – Movements in provisions for impairment

| | Dec. 31, 2007 | Additions | Reversals | Other | Dec. 31, 2008 |
|---|---|---|---|---|---|
| Loans and receivables due from credit institutions | (8) | (50) | 2 | (1) | (57) |
| Loans and receivables due from customers | (2,090) | (732) | 546 | 1 | (2,275) |
| Available-for-sale securities | (70) | (428) | 21 | 0 | (477) |
| Held-to-maturity securities | (3) | (67) | 3 | 0 | (67) |
| **TOTAL** | **(2,171)** | **(1,277)** | **572** | **(0)** | **(2,876)** |

## Note 10b – Financial instruments – Reclassifications

Against a backdrop of markets that were in complete disarray and in which liquidity had evaporated for even the best performing assets, and in which market prices were no longer representative of the economic value of assets, the accounting regulators, recognizing the highly unusual circumstances, revised IAS 39 and IFRS 7 to allow transfers from the trading portfolio into other accounting categories.

| | 2008 |
|---|---|
| Reclassification from the trading portfolio into loans and receivables | 2,674 |
| Reclassification from the trading portfolio into available-for-sale assets | 16,118 |
| Reclassification from the available-for-sale assets portfolio into loans and receivables | 5,544 |
| **TOTAL** | **24,336** |
| **Type of securities transferred** | |
| Government securities | 9,268 |
| Bonds | 15,068 |
| **TOTAL** | **24,336** |

Pursuant to the revised accounting regulations and in the rare situation of a market that was in complete 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.

| For the period in which the assets were reclassified | 2008 |
|---|---|
| Gains/losses recognized in the income statement relating to assets reclassified in year N | (35) |
| Unrealized gains/losses recognized in equity relating to assets reclassified in year N [1] | (543) |
| On the date of reclassification, estimated amounts of cash flows, not discounted, on the financial assets reclassified | 24,895 |

*(1) After taking into account hedge accounting, the negative impact comes to €1,351 million.*

| For the period immediately following that of the reclassification (and the period in which the reclassification took place) and until derecognition of the asset | 2008 |
|---|---|
| Carrying amount of assets reclassified | 23,617 |
| Fair value of assets reclassified | 22,959 |
| Gains/losses that would have been recognized in the income statement at fair value if the assets had not been reclassified | (969) |
| Unrealized gains/losses that would have been recognized in equity if the assets had not been reclassified | (339) |
| Gains/losses recognized in the income statement relating to assets reclassified | (35) |

The change in market value between July 1, 2008 and December 31, 2008 of the securities transferred from the trading portfolio into the available-for-sale portfolio and the loans and receivables portfolio amounted to €969 million.

The effective interest rates of the securities transferred were positive. The highest was 10.97%.

## Note 10c – Exposures linked to the financial crisis

As requested by the banking supervisor and the markets regulator, an analysis is provided below of exposures linked to the financial crisis. All balances are expressed in millions of euros.

**Foreword: market environment**

The situation in the markets took a significant turn for the worse following the collapse of Lehman Brothers in September 2008. This prompted a severe crisis of confidence in the interbank market, the collapse of other financial institutions and intervention by the authorities, which implemented unprecedented plans aimed at restoring market confidence and limiting the systemic risk.

Against a backdrop of markets that were in complete disarray and in which liquidity had evaporated for even the best performing assets, and in which market prices were no longer representative of the economic value of assets, the accounting regulators, recognizing the highly unusual circumstances, revised IAS 39 and IFRS 7 to allow transfers from trading portfolios into other portfolio categories. Such transfers were allowed up to November 1, 2008 with retroactive effect from July 1, 2008.

With regard to certain lines for which the market had become illiquid, the decision was taken to reclassify these from the trading category into the available-for-sale category or the loans category and from the available-for-sale category into the loans category with effect from July 1, 2008.

These portfolios were valued at market price based on external data sourced from organized markets, leading brokers or, when no price was available, based on comparable securities quoted in the market.

### 1/ Residential mortgage-backed securities (RMBS) exposures

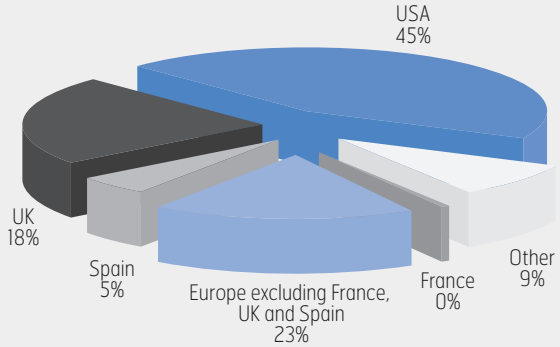
Most RMBS are valued based on indications provided by external sources (counterparties, brokers, etc.), after analyzing the information obtained.

| | Carrying amount Dec. 31, 2007 | Loss in value recognized in income | Loss in value recognized in AFS reserve | Currency movements on foreign currency-denominated items | Reclassifications July 1, 2008 | Other movements [1] | Carrying amount Dec. 31, 2008 | Cost Dec. 31, 2008 | Difference between carrying amount and cost |
|---|---|---|---|---|---|---|---|---|---|
| Trading | 4,844 | (390) | 0 | (56) | (3,025) | (203) | 1,169 | 1,244 | (75) |
| Available for sale | 3,249 | (12) | (235) | 82 | 62 | (331) | 2,814 | 2,982 | (167) |
| Loans | 0 | (36) | 0 | 220 | 2,964 | (16) | 3,131 | 3,640 | (509) |
| **TOTAL** | **8,092** | **(439)** | **(235)** | **245** | **0** | **(550)** | **7,114** | **7,866** | **(752)** |

*(1) Other movements: including redemptions, purchases and disposals.*

Cumulative losses in value on portfolio securities as at December 31, 2008 totaled €752 million, including €674 million in respect of 2008, of which €439 million was recognized in the income statement and €235 million was taken directly to available-for-sale (AFS) reserves.

Carrying amount as at December 31, 2008




#### *1-1 RMBS exposures issued in the United States*

These consist mainly of collateralized mortgage obligations (CMOs).

These securities were reclassified from the trading category into the loans category and from the available-for-sale category into the loans category.

| Dec. 31, 2008 | Carrying amount |
|---|---|
| **Breakdown of RMBS** | |
| Agencies | 1,227 |
| Prime | 409 |
| Alt A | 1,419 |
| Mid prime | 0 |
| Subprime | 64 |
| Other | 3 |
| **TOTAL** | **3,122** |

| Dec. 31, 2008 | Carrying amount |
|---|---|
| **Breakdown of RMBS** | |
| Origination 2005 and earlier | 710 |
| Origination 2006 | 1,244 |
| Origination 2007 | 1,115 |
| Origination 2008 | 54 |
| **TOTAL** | **3,122** |

| Dec. 31, 2008 | Carrying amount |
|---|---|
| **Breakdown of RMBS** | |
| Agencies | 1,227 |
| AAA | 472 |
| AA | 49 |
| A | 69 |
| BBB | 422 |
| BB | 101 |
| BB+ or below | 782 |
| Not rated | 0 |
| **TOTAL** | **3,122** |

Cost amounted to €3.6 billion, giving accumulated losses of €0.5 billion.

Various securities held in this portfolio were downgraded in 2008.

Guarantees received from insurance monoliners on RMBS USA.

CIC had marginal recourse to insurance monoliners.

As at December 31, 2008, €64 million of securities were covered by guarantees given by monoliners.

| Commitments on insurance monoliners | Carrying amount |
|---|---|
| Ambac | 34 |
| MBIA | 7 |
| FGIC | 23 |
| **TOTAL** | **64** |

*1-2 RMBS exposures issued by countries other than the United States*

The main countries involved are members of the European Economic Area. The "Other" category essentially consists of Australia.

No credit risk provisions have been raised in respect of these securities.

### 2/ Commercial mortgage-backed securities (CMBS) exposures

These exposures are set up as part of proprietary capital markets operations.

| CMBS | Carrying amount |
|---|---|
| France | 1 |
| Europe excluding France | 129 |
| USA | 0 |
| Other | 201 |
| **TOTAL** | **331** |

| CMBS | Carrying amount |
|---|---|
| Trading | 54 |
| Fair value option | 0 |
| Available for sale | 270 |
| Loans | 7 |
| **TOTAL** | **331** |

Losses for the year totaled €14 million.

These securities had a cost of €355 million and a carrying amount of €331 million.

### 3/ Collateralized debt obligations (CDO) exposures

*3-1 Collateralized loan obligations (CLO) exposures*

Banking business: in connection with its financing activities, the group acts as an investor in collateralized loan obligations (CLO), collateralized fund obligations (CFO) and asset-backed securities (ABS).

Capital markets business: CDO may be acquired in connection with the capital markets business and may be hedged against credit risk in the form of credit default swaps (CDS), generally issued by a financial institution.

At December 31, 2008, outstandings were as follows:

| CDO not hedged by CDS | Carrying amount | Cost |
|---|---|---|
| Fair value option | 0 | 0 |
| Available for sale | 54 | 59 |
| Loans | 1,695 | 1,699 |
| **TOTAL** | **1,749** | **1,758** |

There were no significant losses on CDO in 2008.

| Analysis by country | Carrying amount |
|---|---|
| France | 0 |
| Europe excluding France | 484 |
| USA | 354 |
| Other | 911 |
| **TOTAL** | **1,749** |

| Analysis by credit rating | Carrying amount |
|---|---|
| AAA | 1,693 |
| AA | 45 |
| Other | 11 |
| **TOTAL** | **1,749** |

### *3-2 Other ABS exposures*

| Other ABS not hedged by CDS | Carrying amount Dec. 31, 2007 | Loss in value recognized in income | Loss in value recognized in AFS reserve | Currency movements on foreign currency-denominated items | Reclassifi-cations July 1, 2008 | Other movements [1] | Carrying amount Dec. 31, 2008 | Cost Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| Trading | 1,851 | (42) | 0 | 0 | (489) | (289) | 1,031 | 1,084 |
| Available for sale | 175 | (0) | (15) | 7 | 469 | 139 | 774 | 786 |
| Loans | 100 | 0 | 0 | 0 | 19 | 216 | 335 | 336 |
| **TOTAL** | **2,126** | **(42)** | **(15)** | **7** | **0** | **66** | **2,141** | **2,206** |

Losses during the year comprised €42 million recognized in the income statement and €15 million recognized directly in AFS reserves.

| Analysis by country | Carrying amount |
|---|---|
| France | 550 |
| Europe excluding France | 1,481 |
| USA | 0 |
| Other | 110 |
| **TOTAL** | **2,141** |

| Analysis by credit rating | Carrying amount |
|---|---|
| AAA | 1,730 |
| AA | 172 |
| A | 87 |
| BBB | 152 |
| BB | 0 |
| BB+ or below | 0 |
| Not rated | 0 |
| **TOTAL** | **2,141** |

### *3-3 CDO and ABS exposures hedged by credit default swaps (CDS)*

CDO and ABS outstandings hedged by CDS totaled €872 million as at December 31, 2008.

The CDS are derivatives classified as trading. The CDO and ABS are classified as available for sale.

CDO and ABS suffered a loss in value totaling €310 million, of which €298 million was taken directly to the AFS reserves and €12 million was recognized in the income statement.

## 4/ Leveraged buy-out (LBO) exposures

LBO outstandings are those defined for the purposes of the Basel II capital adequacy ratio. The outstandings shown here represent the carrying amounts.

They are put in place by dedicated financing structures. In addition, the French banking network grants companies loans that meet the Basel II definitions of LBO. These loans are reported in a separate line.

The loans are recognized at amortized cost.

| LBO | Carrying amount |
|---|---|
| Dedicated structures | 3,532 |
| French banking network | 2,584 |
| **TOTAL** | **6,116** |

Credit losses on the portfolio lodged in the dedicated structures totaled €38 million in 2008.

| Analysis by country | Carrying amount |
|---|---|
| France | 1,317 |
| Europe excluding France | 919 |
| USA | 1,117 |
| Other | 179 |
| **TOTAL** | **3,532** |

| Analysis by business segment | Carrying amount |
|---|---|
| Construction | 260 |
| Telecommunications | 348 |
| Distribution | 343 |
| Services | 894 |
| Agri-food | 210 |
| Manufacturing | 1,332 |
| Other | 144 |
| **TOTAL** | **3,532** |

### 5/ Transactions with special-purpose vehicles

The group does not act as a securitization originator.

The group arranges securitization transactions on behalf of its customers. In connection with this business, it may provide liquidity lines to debt securitization funds.

As at December 31, 2008, the liquidity lines granted to three such funds totaled €228 million.

## Note 11 – Current or payable taxes

| | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|
| Assets | 558 | 432 |
| Liabilities | 157 | 141 |

Current income tax expense is calculated based on the tax rules and tax rate applicable in each country where the group has operations for the period in which the related revenue was earned.

## Note 12 – Deferred taxes

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Deferred tax assets dealt with through the income statement | 487 | 199 |
| Deferred tax assets dealt with through equity | 566 | 36 |
| Deferred tax liabilities dealt with through the income statement | 120 | 159 |
| Deferred tax liabilities dealt with through equity | 6 | 74 |

| | 2008 | | 2007 | |
|---|---|---|---|---|
| **Analysis of main deferred taxes by type** | **Assets** | **Liabilities** | Assets | Liabilities |
| **Temporary differences on:** | | | | |
| Provisions | 175 | | 52 | |
| Leasing reserves (difference between book depreciation and amortization of the net investment in the lease) | | (27) | | (121) |
| Income from flow-through entities | | (11) | | (29) |
| Remeasurement of financial instruments | 386 | (505) | 155 | (170) |
| Accrued expenses and accrued income | 57 | | 92 | (28) |
| Tax losses carried forward [1] | 320 | | 131 | |
| Other temporary differences | 5 | (33) | 16 | (58) |
| **Netting** | **(456)** | **456** | **(375)** | **375** |
| **Total deferred tax assets and liabilities** | **487** | **(120)** | **71** | **(31)** |

*(1) Of which, €262 million relates to the United States.*

Deferred taxes are calculated using the balance sheet liability method.

The deferred tax rate for the French companies is 34.43%, corresponding to the statutory tax rate.

## Note 13 – Accruals and other assets

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Accruals** | | |
| Collection accounts | 171 | 162 |
| Currency adjustment accounts | 87 | 6 |
| Accrued income | 411 | 493 |
| Other accruals | 2,117 | 2,205 |
| **Sub-total** | **2,786** | **2,866** |
| **Other assets** | | |
| Securities settlement accounts | 67 | 70 |
| Miscellaneous receivables | 8,924 | 4,373 |
| Inventories and similar | 1 | 0 |
| Other | 4 | 2 |
| **Sub-total** | **8,996** | **4,445** |
| **TOTAL** | **11,782** | **7,311** |

Outstanding guarantee deposits relating to CIC trading desks and shown on the line "Miscellaneous receivables" amount to €1,114 million, with the balance of the account corresponding primarily to interbank payment system suspense accounts.

The accruals account is also composed mainly of suspense accounts relating to interbank payment systems, in particular SIT.

Accrued expenses and accrued income consist of payroll costs and general operating expenses, and do not include loans and borrowings on which interest not yet due is recognized as related accrued interest.

## Note 14 – Investments in associates
## Share of net income/(loss) of associates

| | Dec. 31, 2008 | | | Dec. 31, 2007 | | |
|---|---|---|---|---|---|---|
| | Shareholding | Reserves | Net income | Shareholding | Reserves | Net income |
| ACM Group– Not quoted | 20.52% | 837 | 68 | 20.52% | 734 | 91 |
| Banque de Tunisie – Quoted | 20.00% | (2) | 2 | 20.00% | 33 | 5 |
| CM-CIC Asset Management – Not quoted | 23.52% | 8 | 1 | 23.52% | 7 | 2 |
| Alternative Gestion SA Genève [1] – Not quoted | 62.00% | 1 | | N/A | | |
| Valeroso Management Ltd [1] – Not quoted | 62.00% | | | N/A | | |
| **TOTAL** | | **844** | **71** | | **774** | **98** |

*(1) Companies consolidated with effect from January 1, 2008.*

The holding in Banque de Tunisie was sold to BFCM in December 2008.

## Note 15 – Investment property

| | Jan. 1, 2008 | Increases | Decreases | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| Historical cost | 28 | 4 | (2) | (0) | 30 |
| Depreciation and impairment | (13) | (1) | (0) | 0 | (14) |
| **Montant net** | **15** | **3** | **(2)** | **(0)** | **16** |

The fair value of investment property carried at amortized cost is comparable to its carrying amount.

## Note 16 – Property and equipment

| | Jan. 1, 2008 | Increases | Decreases | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| **Historical cost** | | | | | |
| Land used in operations | 309 | 2 | 0 | 4 | 315 |
| Buildings used in operations | 1,893 | 159 | (23) | 21 | 2,050 |
| Other property and equipment | 644 | 68 | (28) | (24) | 660 |
| **TOTAL** | **2,846** | **229** | **(51)** | **1** | **3,025** |
| **Depreciation and impairment** | | | | | |
| Land used in operations | 0 | 0 | 0 | 0 | 0 |
| Buildings used in operations | (911) | (98) | 24 | (12) | (997) |
| Other property and equipment | (462) | (44) | 20 | 9 | (477) |
| **TOTAL** | **(1,373)** | **(142)** | **44** | **(3)** | **(1,474)** |
| **Net** | **1,473** | **87** | **(7)** | **(2)** | **1,551** |
| **Of which, property held under finance leases** | | | | | |
| Land used in operations | 45 | 0 | 0 | 0 | 45 |
| Buildings used in operations | 42 | (2) | 0 | 0 | 40 |
| **TOTAL** | **87** | **(2)** | **0** | **0** | **85** |

## Note 17 – Intangible assets

| | Jan. 1, 2008 | Increases [1] | Decreases | Other movements [2] | Dec. 31, 2008 |
|---|---|---|---|---|---|
| **Historical cost** | | | | | |
| Internally developed intangible assets | 0 | 1 | 0 | 0 | 1 |
| Purchased intangible assets | 239 | 48 | (2) | 46 | 331 |
| *- Software* | *0* | *3* | *0* | *31* | *34* |
| *- Other* | *239* | *45* | *(2)* | *15* | *297* |
| **TOTAL** | **239** | **49** | **(2)** | **46** | **332** |
| **Amortization and impairment** | | | | | |
| Internally developed intangible assets | | | | | |
| Purchased intangible assets | (44) | (10) | 1 | (26) | (79) |
| *- Software* | *(0)* | *(4)* | *0* | *(24)* | *(28)* |
| *- Other* | *(44)* | *(6)* | *1* | *(2)* | *(51)* |
| **TOTAL** | **(44)** | **(10)** | **1** | **(26)** | **(79)** |
| **Net** | **195** | **39** | **(1)** | **20** | **253** |

*(1) The increase in intangible assets mainly relates to an IT migration project at a foreign subsidiary.*
*(2) Other movements include the impact of exchange rate fluctuations.*

## Note 18 – Goodwill

| | Jan. 1, 2008 | Increases | Decreases | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| Gross value | 121 | 6 | 0 | 3 | 130 |
| Impairment | 0 | 0 | 0 | 0 | 0 |
| **Carrying amount** | **121** | **6** | **0** | **3** | **130** |

| | Jan. 1, 2008 | Increases | Decreases | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| ACM group | 54 | | | | 54 |
| IPO | 21 | | | | 21 |
| CIC Banque Transatlantique | 6 | | | | 6 |
| CIC Private Banking - Banque Pasche | 35 | 6 | | 3 | 44 |
| GPK Finance | 5 | | | | 5 |
| **TOTAL** | 121 | 6 | 0 | 3 | 130 |

Other movements consist of translation differences on goodwill recognized in foreign currencies.

Following a year-end review of all goodwill, it was decided not to make any write-offs. This review entailed, depending on the specific situation, checking that:

- the most recent transaction value is higher than the carrying amount, or
- the valuation assumptions used at the time of acquisition are still relevant.

## Notes to the balance sheet – liabilities

### Note 19 – Due to central banks
### Due to credit institutions

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Due to central banks** | | |
| Central banks | 2,319 | 60 |
| **TOTAL** | **2,319** | **60** |
| **Due to credit institutions** | | |
| Current accounts | 1,702 | 2,298 |
| Other borrowings | 66,485 | 45,896 |
| Repurchase agreements | 1,400 | 10,472 |
| Accrued interest | 387 | 428 |
| **TOTAL** | **69,974** | **59,094** |

### Note 20 – Financial liabilities at fair value through profit or loss

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Financial liabilities held for trading | 9,667 | 17,314 |
| Financial liabilities accounted for under the fair value option | 31,153 | 44,591 |
| **TOTAL** | **40,820** | **61,905** |

### Note 20a – Financial liabilities held for trading

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Short sales of securities | | |
| - Bonds and other fixed-income securities | 3,315 | 11,102 |
| - Equities and other variable-income securities | 252 | 897 |
| Debts in respect of securities sold under repurchase agreements | | |
| Derivatives held for trading | 6,054 | 4,687 |
| Other financial liabilities held for trading | 46 | 628 |
| *Of which, debts in respect of borrowed securities* | *46* | *628* |
| **TOTAL** | **9,667** | **17,314** |

## Note 20b – Financial liabilities accounted for under the fair value option

| | Dec. 31, 2008 | | | Dec. 31, 2007 | | |
|---|---|---|---|---|---|---|
| | **Carrying amount** | **Amount due at maturity** | **Difference** | Carrying amount | Amount due at maturity | Difference |
| Securities issued | | | | | | |
| - Bonds | 0 | | | 0 | | |
| - Certificates of deposit | 0 | | | 0 | | |
| - Other, of which interbank securities | 3,715 | 3,701 | 14 | 1,759 | 1,759 | 0 |
| Debts in respect of securities sold under repurchase agreements | 26,834 | 26,757 | 77 | 40,350 | 40,369 | (19) |
| Subordinated notes | | 0 | | | 0 | |
| Payables | | | | | | |
| - Interbank items | 604 | 601 | 3 | 2,481 | 2,481 | 0 |
| - Due to customers | 0 | 0 | 0 | 1 | 1 | (0) |
| Other liabilities accounted for under the fair value option | | | | | | |
| **TOTAL** | **31,153** | **31,059** | **94** | **44,591** | **44,610** | **(19)** |

## Note 21 – Due to customers

| | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|
| Regulated savings accounts | | |
| - Demand | 16,174 | 13,606 |
| - Term | 6,702 | 7,572 |
| Accrued interest | 24 | 29 |
| **Sub-total** | **22,900** | **21,207** |
| Current accounts | 26,244 | 24,514 |
| Term deposits and borrowings | 20,328 | 17,736 |
| Repurchase agreements | 327 | 924 |
| Accrued interest | 591 | 435 |
| **Sub-total** | **47,490** | **43,609** |
| **TOTAL** | **70,390** | **64,816** |

## Note 22 – Debt securities

| | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|
| Retail certificates of deposit | 44 | 38 |
| Interbank instruments and money market securities | 39,323 | 40,468 |
| Bonds | 525 | 126 |
| Accrued interest | 287 | 329 |
| **TOTAL** | **40,179** | **40,961** |

## Note 23 – Accruals and other liabilities

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Accruals** | | |
| Accounts unavailable due to recovery procedures | 187 | 176 |
| Currency adjustment accounts | 975 | 523 |
| Accrued expenses | 511 | 634 |
| Other accruals | 6,227 | 4,898 |
| **Sub-total** | **7,900** | **6,231** |
| **Other liabilities** | | |
| Securities settlement accounts | 127 | 159 |
| Outstanding amounts payable on securities | 107 | 47 |
| Miscellaneous creditors | 1,509 | 1,348 |
| **Sub-total** | **1,743** | **1,554** |
| **TOTAL** | **9,643** | **7,785** |

Further details of accruals and other liabilities are provided in Note 13.

Currency adjustment accounts correspond to exchange differences on forward exchange transactions reported in off-balance sheet items.

## Note 24 – Provisions for contingencies

| | Jan. 1, 2008 | Additions | Reversals (utilized provisions) | Reversals (surplus provisions) | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|---|
| **Provisions for counterparty risks** | | | | | | |
| On signature commitments | 87 | 62 | (0) | (42) | (0) | 107 |
| On financing and guarantee commitments | 0 | 0 | (0) | 0 | (0) | 0 |
| On country risks | 0 | 0 | 0 | 0 | (0) | 0 |
| Provisions for risks on miscellaneous receivables | 46 | 7 | (1) | (4) | (12) | 36 |
| Other provisions for counterparty risks | 1 | 0 | (1) | (0) | (0) | (0) |
| **Other provisions** | | | | | | |
| Provisions for pension costs | 116 | 28 | (8) | (8) | 8 | 136 |
| Provisions for claims and litigation | 11 | 9 | (4) | (7) | 19 | 28 |
| Provisions for home savings accounts and plans | 68 | 6 | 0 | (4) | 0 | 70 |
| Provisions for taxes | 116 | 18 | (1) | (1) | (0) | 132 |
| Provisions for miscellaneous contingencies [1] | 42 | 94 | (9) | (9) | (5) | 113 |
| Other provisions for contingencies and charges [2] | 106 | 44 | (0) | (56) | (0) | 94 |
| **TOTAL** | **593** | **268** | **(24)** | **(131)** | **10** | **716** |

*(1) Includes a charge of €86 million relating to the Madoff fraud.*
*(2) Other provisions for contingencies and charges include provisions set aside in respect of economic interest groupings (EIG) totaling €79 million.*

## Note 24a – Pensions and other employee benefit obligations

| | Jan. 1, 2008 | Additions | Reversals | Movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| **Defined benefit plans not covered by pension funds** | | | | | |
| Retirement bonuses | 36 | 20 | (6) | (1) | 49 |
| Top-up payments | 47 | 7 | (3) | (0) | 51 |
| Obligations for long-service awards (other long-term benefits) | 28 | 1 | (1) | (0) | 28 |
| **Sub-total** | **111** | **28** | **(10)** | **(1)** | **128** |
| **Supplementary defined benefit pensions covered by group pension funds** | | | | | |
| Provision for pension fund shortfalls | 4 | 0 | (5) | 9 | 8 |
| **Sub-total** | **4** | **0** | **(5)** | **9** | **8** |
| **Obligations relating to early retirement plans** | | | | | |
| Obligations | 1 | 0 | (1) | 0 | 0 |
| **Sub-total** | **1** | **0** | **(1)** | **0** | **0** |
| **TOTAL** | **116** | **28** | **(16)** | **8** | **136** |

| **Assumptions used** | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|
| Discount rate | 4.2% | 4.4% |
| Salary inflation rate | 2.5% | 2.8% |

### Supplementary pensions covered by pension funds

Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The three CIC group pension funds that pay the various benefits provided for by the transitional agreement were merged on January 1, 2008 in order to pool their reserves. At December 31, 2008, the merged entity's reserves covered all the obligations, which had been fully reassessed during the year.

To bring the merged entity into compliance with the Fillon Act of August 23, 2003 and the Social Security Financing Act 2008-1330 of December 17, 2008, it will be converted into a French supplementary pension management institution (*Institution de Gestion de Retraite Supplémentaire*) and its reserves and obligations will be transferred to an insurance company during 2009.

## Note 24b – Provisions for risks arising from commitments on home savings accounts and plans

| Home savings accounts and plans | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Amounts outstanding under home savings plans | | |
| Contracted between 0 and 4 years ago | 664 | 522 |
| Contracted between 4 and 10 years ago | 2,186 | 2,369 |
| Contracted more than 10 years ago | 2,309 | 2,931 |
| **TOTAL** | **5,159** | **5,822** |
| Amounts outstanding under home savings accounts | 694 | 739 |
| **TOTAL** | **5,853** | **6,561** |

| Home savings loans | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Balance of home savings loans giving rise to provisions for risks reported in assets | 263 | 222 |

| Provisions | Jan. 1, 2008 | Net additions | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|
| For home savings accounts | 23 | (5) | | 18 |
| For home savings plans | 40 | 4 | | 44 |
| For home savings loans | 5 | 3 | | 8 |
| **TOTAL** | **68** | **2** | **0** | **70** |
| **Maturity analysis** | | | | |
| Contracted between 0 and 4 years ago | 22 | | | 39 |
| Contracted between 4 and 10 years ago | 1 | | | 2 |
| Contracted more than 10 years ago | 17 | | | 3 |
| **TOTAL** | **40** | | | **44** |

Home savings accounts ("CEL") and home savings plans ("PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). For the distributing establishment, they generate two types of obligation:

- to pay interest in the future on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest accruing on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data.

A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable to the bank, i.e., where the bank offers different interest rates than those on similar non-regulated products. This approach is managed based on generations of regulated PEL savings products with similar characteristics. The impacts on income are included in interest paid to customers.

The increase in provisions for risks in 2008 mainly reflects the increase in the provision on the last generation of PEL accounts as the PEL loan rate was more attractive than market rates.

## Note 25 – Subordinated debt

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Subordinated notes | 673 | 847 |
| Non-voting loan stock | 156 | 156 |
| Perpetual subordinated notes | 2,107 | 1,607 |
| Other debt | 891 | 877 |
| Accrued interest | 42 | 48 |
| **TOTAL** | **3,869** | **3,535** |

Subordinated debt increased by €334 million between December 31, 2007 and December 31, 2008, due mainly to changes in the following items:

- **subordinated notes:**
  - notes in issue decreased by €174 million following the redemption of subordinated debt that had fallen due.
- **perpetual subordinated notes:**
  - during the year, super subordinated perpetual notes with a nominal value of €500 million were issued. This issue was fully subscribed by BFCM.

**Subordinated debt representing more than 10% of total subordinated debt at December 31, 2008**

| Main subordinated debt issues | Issue date | Amount | Currency | Rate | Maturity | Early redemption feature | Early redemption conditions |
|---|---|---|---|---|---|---|---|
| Subordinated notes | July 19, 2001 | 300m | EUR | (a) | July 19, 2013 | | |
| Subordinated notes | Sep. 30, 2003 | 350m | USD | (b) | Sep. 30, 2015 | | |
| Non-voting loan stock | May 28, 1985 | 137m | EUR | (c) | (d) | | |
| Perpetual subordinated notes | June 30, 2006 | 400m | EUR | (e) | | | |
| Perpetual subordinated notes | June 30 2006 | 1,100m | EUR | (f) | | | |
| Perpetual subordinated notes | Dec. 30, 2008 | 500m | EUR | (g) | | | |

*(a) 3-month Euribor + 89.5 basis points.*
*(b) 6-month USD Libor + 55 basis points.*
*(c) Minimum 85% (TAM+TMO)/2 - Maximum 130% (TAM+TMO)/2.*
*(d) Repayable at borrower's discretion as from May 28, 1997 at 130% of the face value incremented at the rate of 1.5% for each subsequent year.*
*(e) 6-month Euribor + 167 basis points.*
*(f) 6-month Euribor + 107 basis points for the first ten years, then Euribor + 207 basis points (in the absence of early redemption).*
*(g) 3-month Euribor + 665 basis points.*
*(e, f and g) subscribed by the parent companies BFCM and CFCMCEE.*

The perpetual subordinated notes totaling €400 million, €1,100 million and €500 million are financial instruments reported in liabilities because payment of the related interest may only be discontinued in certain predefined situations outside the control of the issuer.

## Note 26 – Unrealized or deferred gains and losses

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Unrealized or deferred gains and losses* relating to:** | | |
| Available-for-sale financial assets | | |
| Equities | | |
| - Unrealized or deferred gains (1) | 82 | 574 |
| - Unrealized or deferred losses | (71) | (36) |
| Bonds | | |
| - Unrealized or deferred gains | 507 | 13 |
| - Unrealized or deferred losses | (1,706) | (82) |
| Derivatives designated as cash flow hedges | (12) | (2) |
| Property assets (IAS 16) | | |
| Share of unrealized gains and losses of associates | (21) | 23 |
| **TOTAL** | **(1,221)** | **490** |
| Unrealized or deferred gains and losses | | |
| - Attributable to the group | (1,171) | 502 |
| - Minority interests | (50) | (12) |
| **TOTAL** | **(1,221)** | **490** |

** Amounts net of tax.*
*(1) The decline in unrealized or deferred gains is partly due to disposals made during the year. Realized gains and losses totaled €379 million.*

## Note 27 – Commitments given and received

| Commitments given | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Financing commitments** | | |
| To credit institutions | 886 | 1,069 |
| To customers | 20,127 | 23,080 |
| **Guarantees** | | |
| To credit institutions | 2,965 | 1,033 |
| To customers | 10,591 | 10,339 |

| Commitments received | 2008 | 2007 |
|---|---|---|
| **Financing commitments** | | |
| From credit institutions | 2,110 | 4 |
| **Guarantees** | | |
| From credit institutions | 20,048 | 18,491 |

# Notes to the income statement

## Note 28 – Interest income and expense

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Income** | **Expense** | Income | Expense |
| Credit institutions and central banks | 2,184 | (4,511) | 2,040 | (4,465) |
| Customers | 7,736 | (3,741) | 6,716 | (3,285) |
| *Of which, finance leases* | *2,265* | *(1,913)* | *2,113* | *(1,815)* |
| Financial assets/liabilities accounted for under the fair value option | 0 | | 0 | |
| Derivatives used for hedging purposes | 1,243 | (752) | 501 | (510) |
| Available-for-sale financial assets | 893 | | 641 | |
| Held-to-maturity financial assets | 35 | | 25 | |
| Debt securities | | (1,855) | | (1,679) |
| Subordinated debt | | (53) | | (53) |
| **TOTAL** | **12,091** | **(10,912)** | **9,923** | **(9,992)** |

## Note 29 – Commission income and expense

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Income** | **Expense** | Income | Expense |
| Credit institutions | 7 | (3) | 8 | (5) |
| Customers | 649 | (12) | 611 | (12) |
| Securities transactions | 481 | (21) | 598 | (24) |
| Derivative instruments | 5 | (10) | 4 | (10) |
| Currency transactions | 16 | (5) | 18 | (5) |
| Financing and guarantee commitments | 4 | (4) | 3 | (4) |
| Services provided | 887 | (441) | 842 | (467) |
| **TOTAL** | **2,049** | **(496)** | **2,084** | **(527)** |

| | **2008** | 2007 |
|---|---|---|
| Commissions on financial assets and liabilities not carried at fair value through profit or loss (including demand accounts) | 684 | 635 |
| Commissions for management services provided to third parties | 371 | 453 |

## Note 30 – Net gain/(loss) on financial instruments at fair value through profit or loss

| | 2008 | 2007 |
|---|---|---|
| Derivatives held for trading | 944 | 2,554 |
| Instruments accounted for under the fair value option | (591) | (154) |
| Ineffective portion of hedges | 5 | 26 |
| Foreign exchange gain | 58 | 48 |
| **TOTAL** | **416** | **2,474** |

## Note 30a – Ineffective portion of hedges

| | 2008 | 2007 |
|---|---|---|
| Change in fair value of hedged items | 2,256 | (174) |
| Change in fair value of hedging instruments | (2,251) | 200 |
| **TOTAL** | **5** | **26** |

Following the reclassifications of securities at fair value through profit or loss into the available-for-sale and loan categories, new fair-value hedges were established so as to achieve an identical accounting treatment between the derivatives that were retained in the trading portfolio and the hedged items in the available-for-sale and loan portfolios.

The significant amounts reported in 2008 are due to the new hedges initiated in the capital markets business.

## Note 31 – Net gain/(loss) on available-for-sale financial assets

| | 2008 | | | | 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | Dividends | Realized gains and losses | Impairment | Total | Dividends | Realized gains and losses | Impairment | Total |
| Government securities, bonds and other fixed-income securities | | (48) | (1) | (49) | | 3 | 1 | 4 |
| Equities and other variable-income securities | 28 | 63 | (1) | 90 | 4 | 30 | 0 | 34 |
| Long-term investments | 91 | 317 | (335) | 73 | 55 | 96 | (3) | 148 |
| Other | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| **TOTAL** | **119** | **333** | **(337)** | **115** | **59** | **129** | **(2)** | **186** |

The realized gains on long-term investments relate to the sale of shares in BMCE and Banque de Tunisie. These disposals generated gains of €270 million and €46 million respectively.

## Note 32 – Income/expense on other activities

| | 2008 | 2007 |
|---|---|---|
| **Income from other activities** | | |
| Investment property | 0 | 0 |
| Rebilled expenses | (0) | 0 |
| Other income | 74 | 86 |
| **Sub-total** | **74** | **86** |
| **Expenses on other activities** | | |
| Investment property | (1) | (1) |
| Other expenses [1] | (130) | (40) |
| **Sub-total** | **(131)** | **(41)** |
| **TOTAL** | **(57)** | **45** |

*(1) Including €86 million in respect of the Madoff fraud that is treated as an operational risk.*

## Note 33 – General operating expenses

| | 2008 | 2007 |
|---|---|---|
| Payroll costs | (1,590) | (1,613) |
| Other expenses | (930) | (928) |
| **TOTAL** | **(2,520)** | **(2,541)** |

## Note 33a – Payroll costs

| | 2008 | 2007 |
|---|---|---|
| Wages and salaries | (1,001) | (989) |
| Social security charges | (438) | (420) |
| Employee benefits | (8) | (10) |
| Employee profit-sharing and incentive bonuses | (36) | (110) |
| Payroll-based taxes | (112) | (97) |
| Other | 5 | 13 |
| **TOTAL** | **(1,590)** | **(1,613)** |

Profit-sharing and incentive bonuses accruing to French employees totaled €35 million in 2008.

## Note 33b – Average number of employees

| | 2008 | 2007 |
|---|---|---|
| Banking staff | 13,876 | 14,185 |
| Managerial staff | 8,891 | 8,701 |
| **TOTAL** | **22,767** | **22,886** |

In 2008, the group's average headcount was made up of 21,292 employees in France, down 246 compared with 2007, and 1,475 in other countries, compared with 1,348 in 2007. During 2008, 194 staff members were transferred to CM-CIC Services, equivalent to 39 staff members in terms of the average number of employees.

## Note 33c – Other general operating expenses

| | 2008 | 2007 |
|---|---|---|
| Other taxes and duties | (120) | (117) |
| External services | (824) | (824) |
| Rebilled expenses | 14 | 14 |
| Other miscellaneous expenses | (0) | (1) |
| **TOTAL** | **(930)** | **(928)** |

## Note 34 – Movements in depreciation, amortization and provisions for impairment of property and equipment and intangible assets

| | 2008 | 2007 |
|---|---|---|
| **Depreciation and amortization** | | |
| Property and equipment | (143) | (140) |
| Intangible assets | (10) | (3) |
| **Impairment** | | |
| Property and equipment | (0) | (0) |
| Intangible assets | (0) | (0) |
| **TOTAL** | **(153)** | **(143)** |

## Note 35 – Net additions to provisions for loan losses

| | Additions | Reversals | Loan losses covered by provisions | Loan losses not covered by provisions | Recovery of loans written off in prior years | **Total 2008** | Total 2007 |
|---|---|---|---|---|---|---|---|
| Credit institutions | (50) | 2 | (2) | (0) | 0 | **(50)** | (2) |
| Customers | | | | | | | |
| - Finance leases | (2) | 4 | (2) | (3) | 0 | **(3)** | (2) |
| - Other customer items | (695) | 518 | (157) | (14) | 10 | **(338)** | (138) |
| **Sub-total** | **(747)** | **524** | **(161)** | **(17)** | **10** | **(391)** | **(142)** |
| Held-to-maturity financial assets [1] | (66) | 3 | 0 | (1) | 0 | **(64)** | **0** |
| Available-for-sale financial assets | (91) | 7 | (8) | (4) | 0 | **(96)** | (2) |
| Other, including financing and guarantee commitments | (126) | 48 | 0 | (1) | 0 | **(79)** | 24 |
| **TOTAL [2]** | **(1,030)** | **582** | **(169)** | **(23)** | **10** | **(630)** | **(120)** |

*(1) Including €65 million in respect of Icelandic banks.*
*(2) Including €172 million in respect of the collapse of Lehman Brothers, consisting of €13 million in "Credit institutions", €89 million in "Available-for-sale financial assets" and €70 million in "Other, including financing and guarantee commitments".*

## Note 36 – Net gain/(loss) on disposals of other assets

| | **2008** | 2007 |
|---|---|---|
| Property and equipment and intangible assets | 8 | 13 |
| - Losses on disposals | (4) | (12) |
| - Gains on disposals | 12 | 25 |
| **TOTAL** | **8** | **13** |

Gains and losses on disposals can be analyzed as follows:

- €3 million in gains on disposals of land and buildings;
- €5 million corresponding to the deferred recognition of the capital gain on properties sold under a leaseback agreement, in accordance with IAS 17.

## Note 37 – Corporate income tax

| | 2008 | 2007 |
|---|---|---|
| Current taxes | (97) | (353) |
| Deferred tax income and expense | 320 | 49 |
| Adjustments in respect of prior years | 1 | 8 |
| **TOTAL** [1] | **224** | **(296)** |

*(1) Including €100 million in respect of companies located in France and €124 million for companies located elsewhere.*

| Reconciliation between the corporate income tax recorded in the accounts and the theoretical tax charge | 2008 |
|---|---|
| **Theoretical tax rate** | **34.4%** |
| Taxable income [1] | - 88 |
| Theoretical tax charge | 30 |
| Impact of reduced tax rate on long-term capital gains | 145 |
| Impact of different tax rates paid by foreign subsidiaries | 24 |
| *Impact of carry-back* | 24 |
| Impact of preferential "SCR" rates | 22 |
| Other | - 21 |
| **TOTAL TAX CHARGE** | **224** |

*(1) Sum of pre-tax income of fully-consolidated companies.*

CIC has set up a tax group with its main subsidiaries (more than 95%-owned) and the regional banks.

Each regional bank that is part of the overall tax group forms a sub-group that includes its own subsidiaries. The companies included in the tax group are shown with an (i) in front of their name in the list of consolidated companies.

## Note 38 – Earnings per share

| | 2008 | 2007 |
|---|---|---|
| Net income attributable to the group | 170 | 1,139 |
| Number of shares at beginning of year | 35,621,937 | 35,208,166 |
| Number of shares at end of year | 36,419,320 | 35,621,937 |
| Weighted average number of shares | 36,020,629 | 35,415,052 |
| **Basic earnings per share (in euros)** | **4.73** | **32.16** |
| Additional weighted average number of shares assuming full dilution | 0 | 0 |
| **Diluted earnings per share (in euros)** | **4.73** | **32.16** |

CIC's capital stock amounts to €586,384,976, made up of 36,649,061 shares with a par value of €16 each, including 229,741 treasury shares.

## Note 39 – Fair value of financial instruments carried at amortized cost

The estimated fair values presented are calculated based on observable parameters at December 31, 2008, 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 CM4-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 items (e.g. equities), trade accounts payable, other asset accounts, or other liabilities and accruals. Non-financial instruments are not discussed in this section.

The fair value of financial instruments repayable on demand and regulated customer savings deposits equals the amount that may be requested by 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.

Excluding held-to-maturity financial assets, financial instruments carried at amortized cost are not sold or are not intended to be sold prior to maturity. Accordingly, capital gains and losses are not recognized.

However, if financial instruments carried at amortized cost were to become the object of a sale transaction, the price of such sale may differ significantly from the fair value calculated at December 31.

| | **Dec. 31, 2008** | | Dec. 31, 2007 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Assets** | | | | |
| Loans and receivables due from credit institutions | 34,084 | 34,790 | 24,505 | 24,605 |
| Loans and receivables due from customers | 121,701 | 120,006 | 109,787 | 107,693 |
| Held-to-maturity financial assets | 2,469 | 2,472 | 578 | 579 |
| **Liabilities** | | | | |
| Due to credit institutions | 69,974 | 69,605 | 59,094 | 59,110 |
| Due to customers | 70,390 | 69,484 | 64,816 | 64,181 |
| Debt securities | 40,179 | 40,200 | 40,961 | 40,866 |
| Subordinated debt | 3,869 | 4,158 | 3,535 | 3,591 |

## Note 40 – Related party transactions

| | Dec. 31, 2008 | | Dec. 31, 2007 | |
|---|---|---|---|---|
| | **Associates (accounted for by the equity method)** | **Parent company** | Associates (accounted for by the equity method) | Parent company |
| **Assets** | | | | |
| Loans, advances and securities | | | | |
| - Loans and receivables due from credit institutions | 0 | 18,142 | 0 | 16,454 |
| - Loans and receivables due from customers | 0 | 28 | 3 | 36 |
| - Securities transactions | 0 | 2,000 | 0 | 15 |
| Other assets | 2 | 0 | 9 | 0 |
| **TOTAL** | **2** | **20,170** | **12** | **16,505** |
| **Liabilities** | | | | |
| Deposits | | | | |
| - Due to credit institutions | 0 | 45,911 | 0 | 36,216 |
| - Due to customers | 6 | 28 | 52 | 0 |
| Debt securities | 0 | 2,109 | 0 | 132 |
| Subordinated debt [1] | 0 | 2,903 | 0 | 2,389 |
| Other liabilities | 0 | 19 | 0 | 13 |
| **TOTAL** | **6** | **50,970** | **52** | **38,750** |
| **Financing and guarantee commitments** | | | | |
| Financing commitments given | 0 | 0 | 8 | 34 |
| Guarantee commitments given | 0 | 117 | 14 | 118 |
| Financing commitments received | 0 | 0 | 0 | 0 |
| Guarantee commitments received | 0 | 763 | 0 | 560 |

*(1) During the year, CIC issued €500 million of super subordinated securities, all of which were subscribed to by BFCM.*

| | 2008 | | 2007 | |
|---|---|---|---|---|
| **Income statement items related to transactions carried out with related parties** | **Associates (accounted for by the equity method)** | **Parent company** | Associates (accounted for by the equity method) | Parent company |
| Interest income | 0 | 417 | 4 | 473 |
| Interest expense | (1) | (1,655) | (1) | (1,334) |
| Commission income | 123 | 13 | 378 | 3 |
| Commission expense | 0 | (15) | 0 | (6) |
| Other income and expenses [2] | 21 | 317 | 21 | (32) |
| General operating expenses | 2 | (222) | (22) | (218) |
| **TOTAL** | **145** | **(1,145)** | **380** | **(1,114)** |

*(2) Other income from the parent company amounting to €317 million in 2008 includes gains on the sale of shares held in BMCE and Banque de Tunisie to BFCM for €316 million.*

The parent company is BFCM, the majority shareholder of CIC and the entities controlling BFCM (Crédit Mutuel CEE).

Transactions carried out with the parent company mainly cover loans and borrowings taken out for the purposes of treasury management, as BFCM is the group's refinancing vehicle, as well as IT services billed with the Euro Information entities.

Companies accounted for by the equity method comprise CM-CIC Asset Management and Groupe des Assurances du Crédit Mutuel.

### Relations with the group's key executives

#### *a) Guiding principles*

During the meeting held on February 26, 2009, the Supervisory Board was apprised of changes in the legal and regulatory framework, of the recommendations issued by the profession's standard-setting body regarding the remuneration of key company executives, and of the terms of the agreement reached by the State and the Crédit Mutuel group on 23 October 2008. In this respect, in application of Article L.225-42 of the French Commercial Code, it noted the decision taken by the Board of Directors of BFCM detailed hereunder and observed that the above requirements had been complied with, notably as regards the remuneration policy for key executives.

#### *b) Application*

The remuneration received by key executives is detailed in the table below.

Part of the remuneration received by some of the group's key executives relates to their status as employees or corporate officers of Crédit Mutuel. Remuneration accruing to other executives relates exclusively to their activities within the CIC group.

Executive remuneration is set by the Supervisory Board based on recommendations made by a special three-member committee (see section on Corporate governance). Remuneration comprises a fixed and a variable component. The fixed portion is determined in light of market rates of pay for positions carrying equivalent responsibilities. The amount is set on the appointment of the executive along with the benefits in kind and collective provident benefits. The variable portion is determined based on a specific percentage and is discretionary in nature. It is approved by the meeting of the Supervisory Board following the Shareholders' Meeting called to approve the financial statements for the year in respect of which the variable remuneration is paid.

Most of the group's key executives are also entitled to the same collective provident and top-up pension benefits as all employees, in respect of either Crédit Mutuel (for those carrying out part of their activities therein) or in respect of CIC. However, executives who are paid for exercising their corporate office but who are not eligible for statutory profit-sharing bonuses, incentive payments and retirement bonuses on account of their position, will be awarded compensation upon their departure from the group.

Pursuant to the provisions of Article L.225-42 of the French Commercial Code, the stipulations contained in the agreement drawn up by Crédit Mutuel and the French State dated October 23, 2008 and the profession's normative recommendations published in October 2008, at its meeting of December 19, 2008, BFCM's Board of Directors agreed to replace its decision of July 4, 2007 with the following mechanism in respect of its Chairman, Mr. Etienne Pflimlin, and its Chief Executive Officer, Mr. Michel Lucas. Pursuant to Article L.225-38 of the French Commercial Code, the Board authorized the implementation of an agreement that stipulates that, on termination of their term of office and provided that the condition set out below is met, its Chairman, Mr. Etienne Pflimlin, and its Chief Executive Officer, Mr. Michel Lucas, shall receive net termination compensation, calculated as follows:

- a first part that will be calculated in the same manner as the retirement benefit to which employees are entitled under the CMCEE collective agreement;
- a second part will be equivalent to the employee savings provisions applicable to CMCEE group employees during the period in which they carry out their duties as Chairman or Chief Executive Officer.

The total of these two parts shall not exceed for the beneficiary twice the average annual net remuneration paid by BFCM over the last four years.

In awarding this compensation, BFCM's Board of Directors agreed to use a performance criterion linked to the results, determined and applicable as follows: the Chairman or Chief Executive Officer shall be entitled to receive payment of this compensation on termination of their mandate if the Board recognizes on that date that the average of BFCM's consolidated net profit after 2008 is at least 10% higher than the 2008 net profit (2008 being the year in which the decision was taken to award the compensation). The final consolidated results as approved by BFCM's Annual General Meeting are used for the purpose of calculating this average.

In accordance with these arrangements, a provision of €955,072 has been booked in respect of Mr. Etienne Pflimlin and €1,677,124 in respect of Mr. Michel Lucas, including all charges.

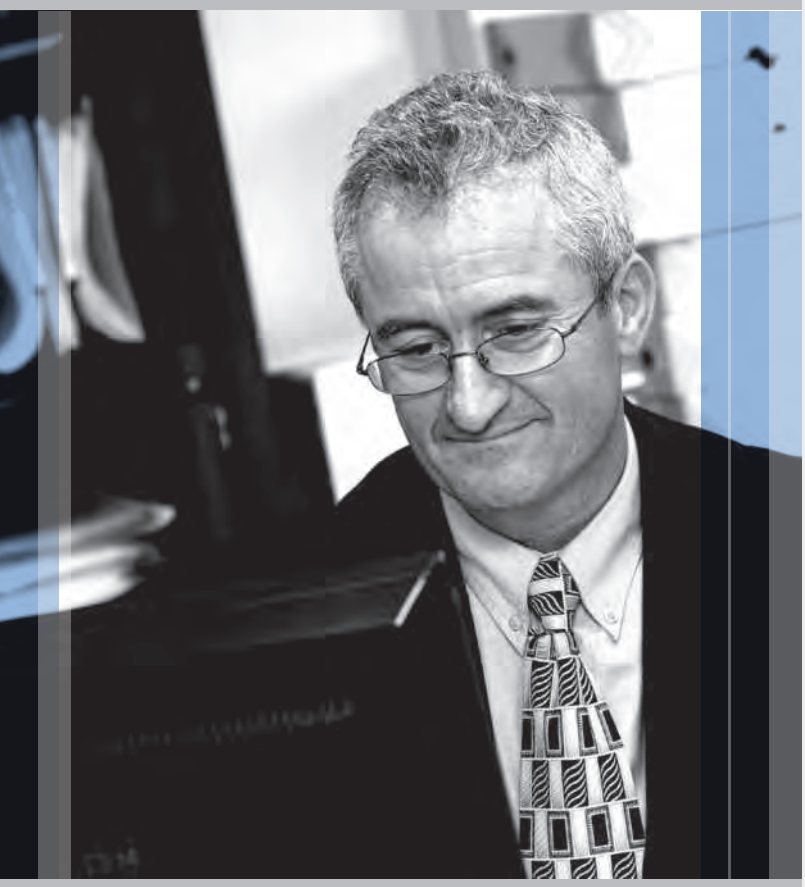
The group's key executives are not entitled to any other specific benefits. They have not been awarded any CIC shares or share equivalents. Furthermore, they are entitled to attendance fees in consideration for their functions within the group, but not for the offices they hold within group companies or other entities.

Furthermore, the group's key executives may be granted credit or loans by group banks, subject to the same terms and conditions as those offered to all the group's employees. The outstanding principal on loans taken out by the group's key executives amounted to €1,179,155 at December 31, 2008.

In accordance with a decision of the Shareholders' Meeting, attendance fees were not paid to the members of the Supervisory Board in 2008.

| **Total remuneration paid to the group's key executives** *(in € thousands)* | Fixed salary | Variable salary | Benefits-in-kind | Sundry adjustments | Total |
|---|---|---|---|---|---|
| Key executives | 2,309 | 1,066 | 29 | 2 | 3,406 |

# Financial statements of the bank



The Statutory Auditors have audited the financial statements of the bank.

## Executive Board report on the financial statements of CIC

The financial statements of the bank are prepared in accordance with CRB standard 91-01 issued by the *Comité de la Réglementation Bancaire* (French banking standards committee – CRB), as amended by CRC standard 2000-03 issued by the *Comité de la Réglementation Comptable* (French accounting standards committee – CRC).

There was no change of accounting method in 2008.

With a view to standardizing accounting treatments and ensuring consistency with International Financial Reporting Standards, the *Conseil National de la Comptabilité* (French National Accounting Board CNC) issued standard 2008-17 on December 17, 2008, which amends CRB standard 90-01 on accounting for securities transactions. This standard consolidates the provisions of opinion 2008-19 of December 8, 2008 relating to transfers from trading securities and from available-for-sale securities.

Transfers from trading securities to held-to-maturity securities and from available-for-sale securities are now permitted in two instances:

a) when exceptional market conditions require a change of strategy;

b) when, subsequent to their acquisition, fixed income securities are no longer negotiable in an active market and if the bank has the intention and ability to hold these securities over the foreseeable future or until their maturity.

The date of effect of transfers from trading securities and from available-for-sale securities may not be before July 1, 2008 and must correspond to the date at which consolidated financial statements are prepared.

CIC elected for application with effect on July 1, 2008.

### Highlights of the year

In 2008, the financial crisis was felt at several levels, affecting:

- business, with a slowdown in the growth of the loan book;
- risk exposures, with an upturn in cost of risk; and
- refinancing, with an increase in the cost of liquidity.

As a result net income declined relative to the preceding year.

Against the backdrop of the financial crisis, CIC carried out the following operations:

- it opted for the reclassification of certain financial assets described above, and accordingly completed:
  - transfers from trading securities to held-to-maturity securities amounting to €18,443 million;
  - transfers from trading securities to available-for-sale securities amounting to €349 million; and
  - transfers from available-for-sale securities to held-to-maturity securities amounting to €421 million.

- recorded provisions of €71 million in respect of the collapse of Lehman Brothers and of €65 million in respect of the collapse of Icelandic banks.

Finally, CIC sold its interests in Banque de Tunisie and in BMCE, generating a total gain on disposal of €346 million.

## CIC greater Paris region network

The greater Paris region network was made up of 274 branches at December 31, 2008.

At that date, the number of customers totaled 639,366, including 536,015 personal banking customers.

Outstanding loans rose 5.9% to €14.6 billion. Home loans were the main growth driver, posting a 6.8% increase.

Overall, customer deposits advanced 12.8%.

## Financing and capital markets

Outstanding loans in financing and capital markets leapt by 24% in 2008 on the back of an increase in operating loans (up 71.3%).

## 2008 results

Net banking income declined from €1,215 million in 2007 to €666 million in 2008.

Net commission income came to €261 million.

Dividends received from subsidiaries and affiliates increased from €508 million to €729 million, the majority of which derived from regional banks.

General operating expenses declined by 4%.

The average number of employees in 2008 was 4,406.

Operating income before provisions declined from €577 million in 2007 to €51 million in 2008.

Net additions to provisions for loan losses increased from €59 million in 2007 to €295 million in 2008.

Net gains on disposals of fixed assets amounted to €18 million.

CIC's total tax charge includes corporate income tax payable on CIC's net income and the net benefit from tax consolidation.

A net loss of €73 million was reported by the bank for 2008 compared with net income of €546 million for 2007.

Shareholders' equity amounted to €3,816 million at December 31, 2008.

Details of executive compensation are provided on page 70 of the Executive Board report on the consolidated financial statements.

Information relating to CIC's share ownership structure as well as changes during the year and dividends paid are provided on pages 199 to 206 of the Legal Information section of this report, under "Additional information".

The operations of CIC's subsidiaries are described on pages 170 to 178.

# Financial statements

## Balance sheet

### ASSETS

| *(in € millions)* | Notes | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|---|
| Cash, central banks and postal checking accounts | | 7,946 | 5,061 |
| Government securities | 2 | 14,500 | 20,470 |
| Interbank loans and advances | 3 | 57,415 | 51,824 |
| Customer transactions | 4 | 39,550 | 33,387 |
| Bonds and other fixed-income securities | 5 | 27,578 | 30,866 |
| Equities and other variable-income securities | 6 | 509 | 1,978 |
| Shares in subsidiaries and other long-term investments | 7 | 311 | 988 |
| Investments in affiliates | 8 | 2,671 | 2,550 |
| Lease financing | | | |
| Intangible assets | 9 | 100 | 101 |
| Property and equipment | 10 | 546 | 540 |
| Unpaid capital | | | |
| Own shares | 11 | 9 | 9 |
| Other assets | 12 | 8,613 | 3,864 |
| Accruals and other assets | 13 | 7,313 | 4,584 |
| **TOTAL ASSETS** | | **167,061** | **156,222** |

## Off balance sheet items

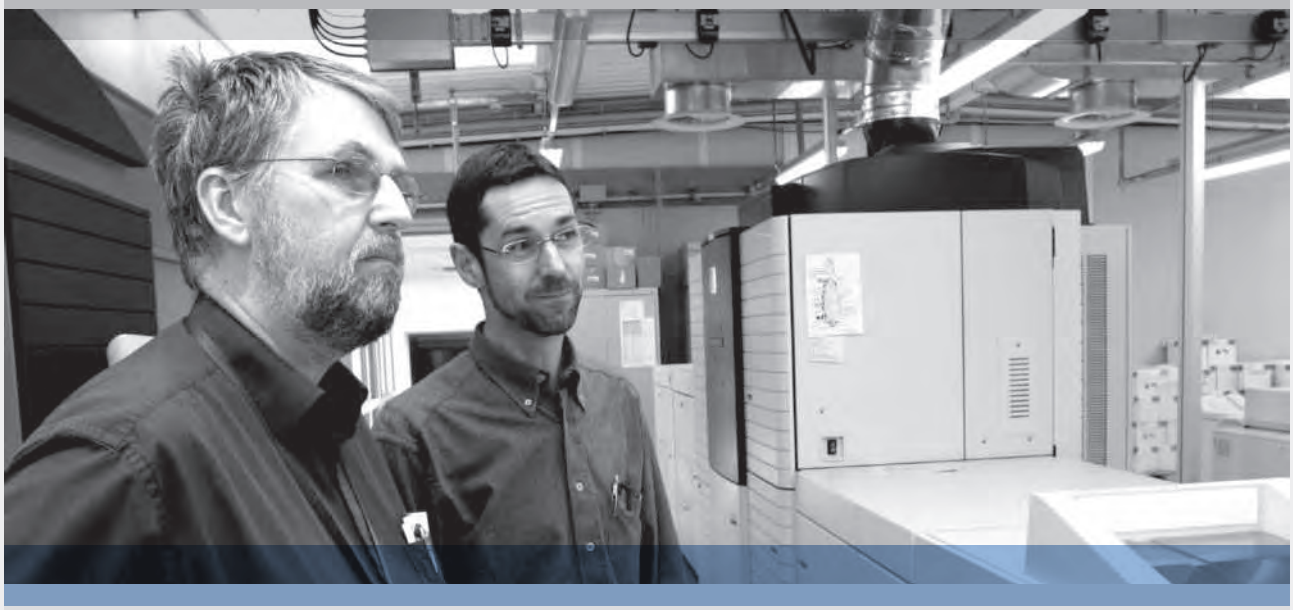
| *(in € millions)* | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|
| **Commitments and guarantees received** | | |
| **Financing commitments received** | | |
| Commitments received from banks | 2,110 | 4 |
| **Guarantees received** | | |
| Guarantees received from banks | 21,305 | 16,175 |
| **Securities commitments received** | | |
| Optional repurchase agreements | | |
| Other commitments and guarantees received | 1,549 | 818 |

## LIABILITIES AND SHAREHOLDERS' EQUITY

| *(in € millions)* | Notes | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|---|
| Central banks and postal checking accounts | | | |
| Due to credit institutions | 14 | 90,118 | 76,878 |
| Customer transactions | 15 | 15,798 | 15,404 |
| Debt securities | 16 | 35,128 | 34,183 |
| Other liabilities | 12 | 5,385 | 13,883 |
| Accruals and other liabilities | 13 | 12,148 | 7,764 |
| Provisions | 17 | 720 | 566 |
| Subordinated debt | 18 | 3,569 | 3,235 |
| General banking risks reserve | 19 | 379 | 379 |
| Shareholders' equity | 19 | 3,816 | 3,930 |
| *- Capital stock* | | *586* | *574* |
| *- Additional paid-in capital* | | *960* | *844* |
| *- Reserves* | | *664* | *662* |
| *- Revaluation reserve* | | *44* | *44* |
| *- Untaxed provisions* | | *29* | *28* |
| *- Retained earnings* | | *1,606* | *1,232* |
| *- Net income for the year* | | *(73)* | *546* |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **167,061** | **156,222** |

## OFF BALANCE SHEET ITEMS

| *(in € millions)* | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|
| **Commitments and guarantees given** | | |
| **Financing commitments given** | | |
| Commitments given to banks | 1,125 | 1,273 |
| Commitments given to customers | 10,908 | 12,519 |
| **Guarantees given** | | |
| Guarantees given on behalf of banks | 8,411 | 501 |
| Guarantees given on behalf of customers | 7,197 | 6,249 |
| **Securities commitments given** | | |
| Optional resale agreements | | |
| Other commitments and guarantees given | 1,004 | 1,481 |



## Income statement

| *(in € millions)* | Notes | 2008 | 2007 |
|---|---|---|---|
| Interest income | 26 | 8,103 | 5,582 |
| Interest expense | 26 | (8,560) | (7,470) |
| Income from variable-income securities | 27 | 729 | 508 |
| Commission income | 28 | 375 | 360 |
| Commission expense | 28 | (114) | (117) |
| Net gains on trading account securities | 29 | 439 | 2,361 |
| Net gains/(losses) on available-for-sale securities | 30 | (222) | (27) |
| Other banking income | 31 | 5 | 19 |
| Other banking expense | 31 | (89) | (1) |
| **Net banking income** | | **666** | **1,215** |
| Payroll costs | 32 | (341) | (364) |
| Other general operating expenses | | (233) | (235) |
| Depreciation and amortization | | (41) | (39) |
| **General operating expenses** | | **(615)** | **(639)** |
| **Operating income before provisions** | | **51** | **577** |
| Net additions to provisions for loan losses | 33 | (295) | (59) |
| **Operating income/(loss) after provisions** | | **(244)** | **518** |
| Net gains on disposals of fixed assets | 34 | 18 | 51 |
| **Income/(loss) before non-recurring items** | | **(226)** | **569** |
| Net non-recurring income | 35 | | |
| Corporate income tax | 36 | 155 | (20) |
| Net allocation to general banking risks reserve | | | |
| Net allocation to untaxed provisions | | (2) | (2) |
| **NET INCOME/(LOSS)** | | **(73)** | **546** |

## Five-year financial summary

| *Caption* | 2004 | 2005 | 2006 | 2007 | **2008** |
|---|---|---|---|---|---|
| **1. At December 31** | | | | | |
| Capital stock (in €) | 563,330,656 | 563,330,656 | 567,006,336 | 573,626,848 | 586,384,976 |
| Number of shares issued | 35,208,166 | 35,208,166 | 35,437,896 | 35,851,678 | 36,649,061 |
| "A" series common shares | 35,208,166 | 35,208,166 | 35,437,896 | 35,851,678 | 36,649,061 |
| "D" series preferred shares | - | - | - | - | - |
| Preferred investment certificates | - | - | - | - | - |
| Ordinary investment certificates | - | - | - | - | - |
| **2. Results of operations (in € thousands)** | | | | | |
| Banking income | 4,052,927 | 3,174,371 | 6,337,241 | 8,813,597 | 9,651,017 |
| Net income before tax, employee profit-sharing, depreciation, amortization, provisions and net non-recurring items | 492,031 | 608,727 | 737,154 | 662,756 | 91,475 |
| Corporate income tax | 56,881 | 227,268 | 51,383 | 19,951 | (154,749) |
| Employee profit-sharing for the year | 13,125 | 9,439 | 6,107 | 5,654 | 4,700 |
| Net income/(loss) | 527,795 | 96,882 | 618,624 | 546,302 | (73,083) |
| Dividends | 133,087 | 144,353 | 156,990 | 172,088 | 36,649 |
| **3. Earnings per share (in €)** | | | | | |
| Income after tax and employee profit-sharing, but before depreciation, amortization and provisions | 15.09 | 23.22 | 21.64 | 18.43 | 6.52 |
| Net income/(loss) | 14.99 | 2.75 | 17.46 | 15.24 | (1.99) |
| Dividend per "A" series share | 3.78 | 4.10 | 4.43 | 4.80 | 1.00 |
| Dividend per "D" series share and investment certificates | - | - | - | - | - |
| **4. Employee information (excluding foreign branches)** | | | | | |
| Number of employees (average full-time equivalents) | 4,394 | 4,460 | 4,365 | 4,223 | 4,097 |
| Total payroll | 173,239,934 | 181,061,113 | 177,083,626 | 207,103,823 | 203,703,530 |
| Total benefits (social security, etc.) | 97,182,075 | 98,960,725 | 113,637,482 | 103,361,020 | 89,836,051 |

# > Notes

The notes are presented in millions of euros (€ millions).

**Foreword**
In 2008, the financial crisis was felt at several levels, affecting:

- business, with a slowdown in the growth of the loan book;
- risk exposures, with an upturn in cost of risk; and
- refinancing, with an increase in the cost of liquidity.

As a result net income declined relative to the preceding year.

## Note 1 – Accounting policies, valuation and presentation methods

The bank's financial statements were drawn up in accordance with CRB standard 91-01 issued by the *Comité de la Réglementation Bancaire* (French banking standards committee – CRB), as amended by CRC standard 2000-03 issued by the *Comité de la Réglementation Comptable* (French accounting standards committee – CRC).

There was no change of accounting method in 2008.

**Use of estimates in the preparation of the financial statements**
Preparation of the financial statements may require the use of assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires managers to draw upon their judgment and experience and make use of the information available at the date of the preparation of the financial statements when making the necessary estimates. This applies in particular to:

- the impairment of debt and equity instruments;
- impairment tests performed on intangible assets;
- the measurement of provisions, including pension obligations and other employee benefits;
- the valuation of financial instruments not quoted on an organized market.

**Reclassification of financial assets**
With a view to standardizing accounting treatments and ensuring consistency with International Financial Reporting Standards, the *Conseil National de la Comptabilité* (French National Accounting Board CNC) issued standard 2008-17 on December 10, 2008, which amends CRB standard 90-01 on accounting for securities transactions. This standard consolidates the provisions of opinion 2008-19 of December 8, 2008 relating to transfers from trading securities and from available-for-sale securities.

Transfers from trading securities to held-to-maturity securities and available-for-sale securities are now permitted in two instances:

a) when exceptional market conditions require a change of strategy;

a) when, subsequent to their acquisition, fixed income securities are no longer negotiable in an active market and if the bank has the intention and ability to hold these securities over the foreseeable future or until their maturity.

The date of effect of transfers from trading securities and from available-for-sale securities may not be before July 1, 2008 and must correspond to the date at which consolidated financial statements are prepared.

CIC elected for application with effect on July 1, 2008 given the exceptional situation brought about by the deterioration of the world financial markets.

The impact of this reclassification is detailed in note 5a.

### Recognition of changes in accounting methods

Changes in accounting methods are applied retrospectively, that is to say as if the new methods had always been applied. The impact resulting from the first-time application of a change in accounting method is recognized directly to equity at January 1, resulting in the restatement of the opening balance sheet.

### Loans

Loans are stated at their nominal value in the balance sheet.

With regards to credit risk, a distinction is drawn between performing loans, non-performing loans and impaired non-performing loans for accounting purposes.

**Reclassification of loans as non-performing loans or impaired non-performing loans**
As required by CRC standard 2002-03, loans are reclassified as non-performing loans when exposed to a proven risk, namely if 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), if it is probable the borrower will be unable to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.

In addition to the regulatory definition, loans may be reclassified as non-performing loans when there is a risk of loss highlighted notably by financial, economic and/or legal analyses of the customer's situation or by any other information indicating the customer is exposed to a risk of insolvency.

When a loan meets the criteria for reclassification, all amounts due by the customer (or by the group to which the customer belongs) as well as amounts due by other joint account holders or by co-borrowers are considered in the same light, by all federations and for all banks of the CM-CIC group.

Loans are reclassified as impaired non-performing loans if the prospects of collecting these loans have deteriorated sharply or if the write off of the loan must be envisaged. Impaired non-performing loans are classified as a distinct component of non-performing loans. Past due interest ceases to be recognized in respect of impaired non-performing loans.

**Recognition of impairment losses**
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, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.

Impairment losses in respect of the principal are recognized by way of a provision, additions and reversals being reported as a component of provisions for loan losses except for the effect of changes in the time value linked to the discounting mechanism, which is treated as interest income, and therefore as a component of net banking income. Impairment losses in respect of the interest on non-performing loans are recognized under interest received.

The impairment provision is deducted from the asset concerned when it relates to loans and reported under liabilities as a component of provisions for contingencies when it concerns financing and guarantee commitments.

**Restructured loans**
When non-performing loans are restructured at off-market conditions and reclassified as performing loans, a discount is recognized immediately as an expense and reversed over the term of the loan as a component of the interest margin.

**Loan segmentation**
In the notes to the financial statements, loans have been segmented by geographical area based on the location of the permanent CIC establishment.

## Securities portfolio

Securities are accounted for in accordance with CRB standard 90-01 as amended by CRB standard 95-04, with CRC standards 2000-02 and 2005-01, and with CB opinion 94-07 as amended by CB opinion 2000-12.

As required by these pronouncements, government securities, bonds and other fixed-income securities (interbank securities, negotiable debt instruments and marketable securities) are classified as trading securities, available-for-sale securities or held-to-maturity securities. Equities and other variable-income securities are classified as trading securities, available-for-sale securities, portfolio activity securities, investments in subsidiaries, investments in affiliates and other long-term investments.

**Trading securities**
Trading securities are securities purchased or sold for the purpose of being sold or repurchased in the near term or which are held by the bank because of its market-making activity. They are recognized at acquisition cost, excluding related costs but including any accrued interest. At each balance sheet date, trading securities are measured at their most recent mark-to-market value. Net unrealized gains or losses arising from fluctuations in market value are recognized in the income statement.

**Available-for-sale securities**
Available-for-sale securities are securities that have not been classified as trading securities, as held-to-maturity securities, as portfolio activity securities, as investments in subsidiaries, investments in affiliates or other long-term investments. They are recognized at acquisition cost, excluding related costs. Any discounts or premiums are spread over their residual life.

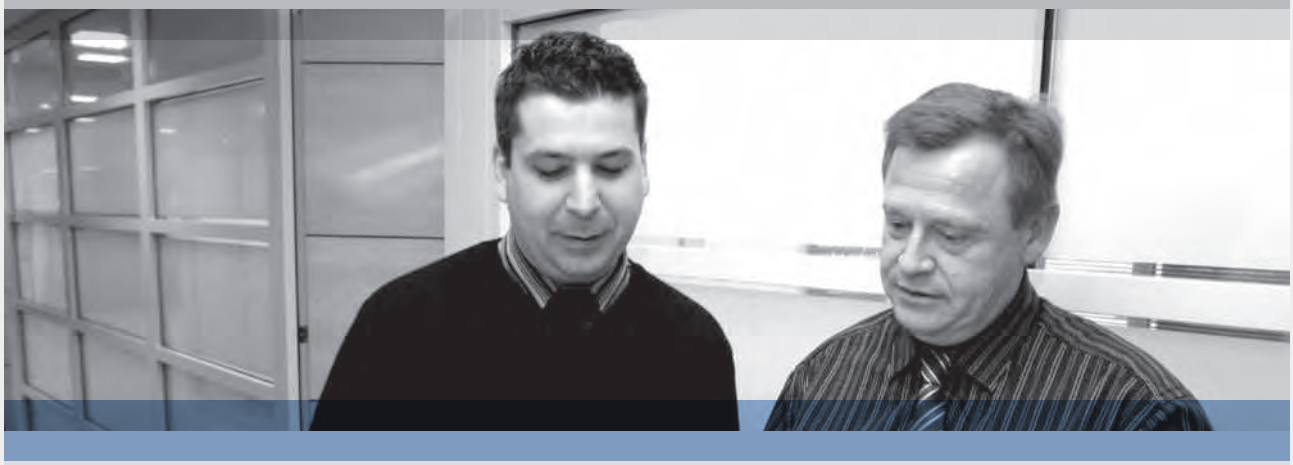
At each balance sheet date, each holding is valued separately. Bonds are grouped together by homogeneous group. When the carrying amount exceeds the estimated realizable value, an impairment loss is recognized representing the unrealized loss. This is determined for each relevant holding or homogeneous group. Unrealized gains are not recorded and unrealized gains and unrealized losses are not offset. For equities quoted in Paris, the net realizable value corresponds to the average share price during the month preceding the valuation date. For equities quoted on a foreign market and for bonds, realizable value corresponds to the most recent market value preceding the valuation date.

**Held-to-maturity securities**
Held-to-maturity securities are debt securities which the bank has the positive intent to hold to maturity. They are recognized at acquisition cost, excluding related costs. The difference between cost and redemption value is spread over the remaining life of the security. These securities are hedged with regards to the principal or interest rate exposure.

An impairment loss is recognized if a deterioration in the financial situation of the issuer means that the securities might not be redeemed at maturity.

**Portfolio activity securities**
Portfolio activity securities represent investments made on a regular basis with the sole objective of generating a gain over the medium term without intervening for any length of time in the business or participating actively in its day-to-day management. These investments are made via special purpose vehicles, on a significant and permanent basis, the return on investment being generated mainly from the gains on disposal.

These securities are recognized at their cost of acquisition. At the balance sheet date, the value of each holding is determined separately. 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 issue takes into account the issuer's general prospects and the expected period of ownership. For quoted securities, the average share price over a sufficiently long period may be used.



**Other long-term investments, investments in non-consolidated companies and investments in affiliates**
Other long-term investments are made with the intention of promoting lasting business relationships with the issuer, without however influencing the issuer's management. Investments in non-consolidated companies are those which management judges to be useful to the group's activities over the long term, in that they enable the group to exercise influence over or to control the issuer.

They are recognized at acquisition, merger or similar cost, and may be revalued within the legal framework defined in 1976. Each investment is reassessed at the year end. If the carrying amount is more than the value in use, an impairment provision is recognized for the unrealized capital loss. Unrealized capital gains are not recognized. The value in use represents the amount the company would be willing to pay to obtain the securities in question given the objectives of the investment, and may be estimated using various criteria such as adjusted net assets, actual and prospective profitability, and recent stock market prices.

**Securities sold under delivered repurchase agreements**
On the balance sheet, securities sold under delivered repurchase agreements are not de-recognized as an asset whereas the liability to the transferee is recognized as such. The principles for the measurement of and recognition of income from these securities remain those of the asset category in which they are classified.

**Reclassification criteria and rules**
If the holding intention or ability to hold securities changes, they may be reclassified provided they satisfy the eligibility conditions and transfer rules. In the event of transfer, the securities are remeasured based on their original classification on the transfer date.

## Transactions in interest-rate and currency option, futures and forward contracts

The group trades on its own account in interest-rate and currency option, futures and forward contracts on various organized and over the counter markets as part of its risk management strategy covering interest-rate and currency positions resulting from its assets and liabilities.

**Transactions on organized and similar markets**
Option, futures and forward contracts on organized and similar markets are measured in accordance with the rules determined by the French banking regulations committee. Contracts are remeasured at the year end based on listed prices on the applicable markets. Any remeasurement gain or loss is recognized through the income statement.

**Transactions on over the counter markets**
French banking regulations committee Regulation no. 90-15 is applied to all over the counter interest-rate instruments, which comprise in particular interest-rate and/or currency swaps, future rate agreements, and options such as caps and floors.

Pursuant to the above-mentioned Regulation, transactions are allocated on origination to the portfolios concerned (open positions, micro-hedges, overall balance sheet and off balance sheet management, specialized management).

Transactions allocated to open-position portfolios are measured at the lower of acquisition cost or market value.

Income and expenses in respect of transactions allocated to micro-hedge portfolios are recognized in the income statement symmetrically to income and expenses in respect of the hedged item.

Income and expenses in respect of transactions allocated to overall interest-rate risk management portfolios are recognized in the income statement prorata temporis.

Transactions allocated to specialized management portfolios are measured at market value. Changes in value are recognized in net banking income after adjustments to reflect counterparty risk and future management expenses.

Balances remaining after netting hedging derivatives are amortized over the residual term of the hedged items.

**Structured products**
Structured products are products created by bundling basic instruments – generally options – to exactly meet client needs.

CIC offers various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps.

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

Structured products are recognized at market value. 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 or by extrapolating quoted values. All parameters used are based on historical data.

If complex models are used to determine the value of certain instruments, the market parameters used for measurement purposes are adjusted in application of the prudence concept to take into account the degree of liquidity of the markets concerned and their relevance as regards long maturities.

**Measurement of unlisted forward financial instruments**
These instruments are remeasured based on observable market prices using the so-called "snapshot" procedure under which bid and offer prices from a number of market players are recorded at the same time each day using market flow software. A single price is used for each market parameter concerned.

## Property and equipment and intangible assets

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, and may be revalued in accordance with the French Finance Acts of 1977 and 1978.

Subsequent to initial recognition, property and equipment and intangible assets are measured at amortized historical cost, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.

The depreciable amount of an asset is determined after deduction of its residual value net of costs to sell. Property and equipment and intangible assets are not presumed to have a residual value as their useful lives are generally the same as their economic lives.

Depreciation and amortization is calculated on a straight-line basis 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. Assets that have an indefinite useful life are not amortized. Depreciation and amortization on property and equipment and intangible assets is recognized in "Depreciation, amortization and impairment" in the income statement.

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 method appropriate to that component. CIC has adopted the components approach for property used in operations and investment property.

These items are depreciated over the following useful lives:

- 40-80 years for the shell;
- 15-30 years for structural components;
- 10-25 years for equipment;
- 10 years for fixtures and fittings.

Leasehold rights paid are not amortized but are tested for impairment. New occupancy fees paid to the owner are amortized over the life of the lease as additional rent. Other intangible items (e.g., acquired customer contract portfolios) are amortized over a period of ten years.

Depreciable and amortizable assets are tested for impairment when evidence exists at the balance sheet date that the items may be impaired. Non-depreciable and non-amortizable assets are tested for impairment at least annually.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment is recognized under "Depreciation, amortization and impairment" in the income statement.

Gains and losses on disposals of 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".

## Accrual accounts

For loans issued prior to December 31, 1999, issuance expenses were amortized in the year of issuance. Subsequent to that date, issuance expenses are amortized over the term of the loan.

Bond redemption premiums are amortized on a straight-line basis over the term of loan.

## Provisions

Additions to and reversals from provisions are recognized by type in the corresponding expense accounts.

Pursuant to CRC standard 2000-06, provisions correspond to the best estimate of the outflow of resources required to extinguish the most probable amount of the corresponding obligation.

## Provisions for country risks

Provisions are established to cover sovereign risk and emerging country risk, based on the economic position of the borrowing country. The allocated portion of such provisions is deducted from the corresponding asset.

## General provisions for credit risk

Since fiscal year 2000, general provisions for credit risk have been constituted to cover risks arising but not yet recognized on performing loans and commitments given to customers. They are determined:

- for credit activities other than specialized financing, using an average cost of risk that may be experienced over the long term, i.e. 0.5% of performing customer outstandings;
- for specialized financing and for foreign branches, using a cost of risk obtained on the basis of the rating of receivables combined with an average loss given default. This method enables the lower level of risk dispersion and the relatively high materiality of individual loans – and hence the greater volatility of such loans – to be taken into account.

General provisions for credit risks are reversed if the events they are intended to cover materialize.

A general provision for major risks to which the group is exposed has been included in this category since 2003.

## Regulated savings

Home savings accounts (*comptes d'épargne logement* - "CEL") and home savings plans (*plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). Home savings products generate two types of obligation for the bank:

- an obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest accruing on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- an obligation to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

When these obligations are potentially unfavorable to the bank, they are subject to provisions calculated in accordance with CRC standard 2007-01 that cover obligations existing on the provision calculation date; future account openings are not taken into account.

Future outstandings on home savings products are estimated on the basis of customer behavior statistics in a given interest-rate environment. PEL that are subscribed in the context of an overall offering of related products and do not meet the abovementioned behavioral laws are excluded from the projections. Provisions are constituted for at-risk outstandings as follows:

- for PEL deposits, based on the difference between probable savings balances and the minimum expected savings, the latter being determined using a 99.5% confidence interval for several thousand different interest rate scenarios;
- for loans granted in connection with home savings products, future volumes depend on the likely exercise of vested rights and on the level of current outstandings.

Future losses are assessed in relation to non-regulated rates for term savings deposits and for standard home purchase loans. This approach is managed based on generations of regulated PEL savings products with similar characteristics, with no set-off between generations. Future losses are discounted using rates derived from the average of the last 12 months' data for the zero coupon swap against 3-month Euribor rate curve. Future loss provisions are based on the average loss observed in several thousand interest-rate scenarios generated using a stochastic modeling technique. The impacts on income are included in interest paid to customers.

## Assets and liabilities denominated in a foreign currency

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

The resulting unrealized foreign currency gains and losses are recognized in the income statement along with realized exchange gains or losses on transactions during the year.

As an exception, pursuant to French Banking Regulatory Committee (*Comité de la réglementation bancaire* - CRB) regulation 90-01 and Instruction 94-07 of the French Banking Commission (*Commission bancaire*), translation differences on investment securities and investments in non-consolidated companies and subsidiaries denominated in a foreign currency and financed in euros are not recognized in the income statement. However, if the securities are to be sold or redeemed, a provision is recognized for the amount of any unrealized foreign currency loss.

## General banking risks reserve

In application of Article 3 of CRB regulation 90-02, a general banking risks reserve has been set up for prudential reasons to cover the general and indeterminate risks inherent in any banking activity. Additions to and reversals from this reserve are determined by senior management and are recognized in the income statement.

## Interest, fees and commissions

Interest is recognized prorata temporis in the income statement. Fees and commissions are recognized when received, other than those on financial transactions which are recognized on closure of the issue concerned on when billed.

Interest is not recognized as income on impaired non-performing loans.

Fees and commissions comprise income from banking operations remunerating services provided to third parties, other than income with the nature of interest, i.e. calculated as a function of the term and amount of the credit or commitment given.

## Retirement and similar obligations

Retirement and similar obligations are provisioned and changes in the obligations are recognized in the income statement for the year. The assumptions used in calculating retirement and similar obligations include a discount rate determined by reference to long-term market rates applicable to leading credit institutions. The rate of increase in salaries is assessed on the basis of an estimate of long-term inflation and of increases in actual salaries.

CNC recommendation 2003-R-01 on retirement and similar obligations has been applied since January 1, 2004.

### Post-employment benefits covered by defined benefit plans

Obligations are calculated using the projected unit credit method and a range of assumptions to determine the discounted amount of the obligation and the cost of service for the fiscal year. The effect of changes in these assumptions and experience adjustments (differences between the previous actuarial assumptions and actual outcomes) give rise to actuarial gains and losses.

Plan assets are measured at fair value and the expected return on these assets is recognized in the income statement. The difference between the expected return on plan assets and the actual return gives rise to an actuarial gain or loss.

The actuarial gain or loss for each plan that exceeds at the end of the preceding fiscal year 10% of the higher of the plan obligations or the plan assets at the end of the fiscal year is amortized and recognized through the income statement in the form of provisions.

Plan reductions and liquidations give rise to a change in the obligations, which is recognized in the income statement for the year.

**Supplementary pensions covered by pension funds**
Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The three CIC group pension funds that pay the various benefits provided for by the transitional agreement were merged on January 1, 2008 in order to pool their reserves.

At December 31, 2008, the merged entity's reserves covered all the obligations, which had been fully reassessed during the year. To bring the merged entity into compliance with the Fillon Act of August 23, 2003 and the Social Security Financing Act 2008-1330 of December 17, 2008, it will be converted into a French supplementary pension management institution (*Institution de Gestion de Retraite Supplémentaire*) and its reserves and obligations will be transferred to an insurance company during 2009.

**Other post-employment benefits covered by defined benefit plans**
Obligations in relation to retirement bonuses and supplementary pensions (including special retirement regimes) are provisioned. They are measured on the basis of the vested benefit entitlements of active employees, taking into account in particular staff turnover rates specific to the entities consolidated as well as projected future salary levels on retirement and the related payroll taxes.

At least 60% of the obligations of the group's French banks relating to retirement bonuses are covered by insurance taken out with ACM Vie, a Crédit Mutuel group insurance company which is consolidated by CIC using the equity method.

**Post-employment benefits covered by defined contribution plans**
A collective agreement was concluded in 1994 to create a supplementary collective capitalization retirement plan for group employees, particularly those from the former CIC Paris. This plan was extended to employees of the former CIC European Union when the two institutions were merged in 1999.

**Other long-term benefits**
Employees receive a long-service award after 20, 30, 35 and 40 years of service. This obligation is measured using the principles applied to the measurement of retirement bonuses.

**Early retirement plan**
A framework agreement for the implementation of a "CATS" early retirement plan within the CIC group was signed on June 27, 2001. The bank has implemented this agreement, under which beneficiaries may retire two to three years early and receive benefits of between 57.5% and 65% of their salary. The plan was closed in March, 2008.

## INFORMATION CONCERNING ACCOUNTS IN THE BALANCE SHEET, OFF BALANCE SHEET AND IN THE INCOME STATEMENT

The notes are presented in millions of euros (€ millions).

### Note 2 – Government securities

| | Dec. 31, 2008 | | | | Dec. 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Trading** | **Available-for-sale** | **Held-to-maturity** | **Total** | Trading | Available-for-sale | Held-to-maturity | Total |
| Securities held | 3,766 | 23 | 10,618 | 14,407 | 20,355 | 94 | 20 | 20,469 |
| Securities loaned | | | | | | | | |
| Cumulative translation adjustment | | | | | | | | |
| Accrued interest | 0 | | 93 | 93 | 0 | 0 | 0 | 1 |
| **Gross amount** | **3,766** | **23** | **10,711** | **14,500** | **20,355** | **94** | **20** | **20,470** |
| Impairment | | | | | | (0) | | (0) |
| **Net amount** | **3,766** | **23** | **10,711** | **14,500** | **20,355** | **94** | **20** | **20,470** |
| Unrealized capital gains | | | | | | 0 | | 0 |

The positive or (negative) differences between the redemption price and the purchase price for available-for-sale and held-to-maturity securities are respectively €57 million and (€624) million.

### Note 3 – Interbank loans and advances

| | Dec. 31, 2008 | | Dec. 31, 2007 | |
|---|---|---|---|---|
| | **On demand** | **At maturity** | On demand | At maturity |
| Current accounts | 2,000 | | 837 | |
| Loans, amounts received under repurchase agreements | 5,185 | 43,485 | 4,625 | 24,306 |
| Securities received under resale agreements | | 6,585 | | 21,723 |
| Accrued interest | | 158 | | 329 |
| Non-performing loans and advances | | 11 | | 12 |
| Impairment provisions | | (9) | | (8) |
| **TOTAL** | **7,185** | **50,230** | **5,462** | **46,362** |
| **TOTAL INTERBANK LOANS AND ADVANCES** | | **57,415** | | **51,824** |
| *Including non-voting loan stock* | | *57* | | *57* |
| *Including subordinated loans* | | *1,328* | | *1,538* |

Non-performing loans and advances do not include impaired non-performing assets.

Performing loans include €2.5 million of loans restructured at off-market conditions.

### Note 3b – Interbank loans and advances by geographic area

| | France | U.S.A | United Kingdom | Singapore | Total |
|---|---|---|---|---|---|
| Total gross outstandings at Dec. 31, 2008 [1] | 56,780 | 119 | 34 | 331 | 57,265 |
| *Including non-performing loans* | *11* | | | | *11* |
| *Including impaired non-performing loans* | | | | | |
| **Impairment provisions** | | | | | |
| At Dec. 31, 2007 | (8) | | | | (8) |
| Additions | (3) | | | | (3) |
| Reversals | 2 | | | | 2 |
| Cumulative translation adjustment | | | | | |
| At Dec. 31, 2008 | (9) | | | | (9) |

*(1) Excludes accrued interest.*

## Note 4 – Customer loans and receivables

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Commercial loans | 335 | 325 |
| Accrued interest | 1 | 0 |
| Other loans and receivables | | |
| - Loans and advances | 30,611 | 26,686 |
| - Securities received under resale agreements | 6,550 | 4,781 |
| - Accrued interest | 172 | 126 |
| Current accounts in debit | 1,552 | 1,315 |
| Accrued interest | | 0 |
| Non-performing loans | 681 | 479 |
| Impairment provisions | (352) | (325) |
| **TOTAL** | **39,550** | **33,387** |
| *Including loans eligible with the Central European Bank* | *7,243* | *5,328* |
| *Including non-voting loan stock* | | |
| *Including subordinated loans* | *151* | *11* |

Non-performing loans include €370 million of impaired loans, for which an impairment provision of €269 million has been recognized. Performing loans include €24 million of loans restructured at off-market conditions.

## Note 4b – Customer loans and receivables by geographic area

| | France | U.S.A | United Kingdom | Singapore | Total |
|---|---|---|---|---|---|
| Total gross outstandings at Dec. 31, 2008 (1) | 34,311 | 1,916 | 2,400 | 1,099 | 39,726 |
| *Including non-performing loans* | *237* | *5* | *49* | *20* | *311* |
| *Including impaired non-performing loans* | *363* | | *7* | | *370* |
| **Impairment provisions** | | | | | |
| At Dec. 31, 2007 | (309) | (0) | (15) | (1) | (325) |
| Additions | (68) | (5) | (18) | (8) | (99) |
| Reversals | 64 | | 6 | | 70 |
| Cumulative translation adjustment | (1) | (0) | 3 | (0) | 2 |
| At Dec. 31, 2008 | (313) | (5) | (24) | (10) | (352) |

*(1) Excludes accrued interest.*

## Note 4c – Impairment provisions on non-performing loans and receivables

| Assets | Dec. 31, 2007 | Additions | Reversals | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| On interbank loans and advances | 8 | 3 | (2) | 0 | 9 |
| On customer loans and receivables | 325 | 98 | (68) | (3) | 352 |
| On finance leases and operating leases | | | | | |
| On bonds and other fixed-income securities | 8 | 102 | (7) | 0 | 103 |
| On other assets | | 56 | | | 56 |
| **TOTAL** | **341** | **259** | **(77)** | **(3)** | **520** |

Non-performing customer loans and receivables totaled €681 million, compared to €479 million at December 31, 2007.

They are covered by asset impairment provisions totaling €352 million, representing a coverage ratio of 51.7% compared to 67.8% one year earlier.

Impairment and other provisions for credit risk represent 1.7% of gross customer outstandings, compared to 1.8% one year earlier.

Non-performing loans and receivables are covered by impairment provisions, with the exception of country risk provisions and general provisions for credit risk, which are based on performing loans and receivables.

## Note 5 - Bonds and other fixed-income securities

| | Dec. 31, 2008 | | | | Dec. 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Trading** | **Available-for-sale** | **Held-to-maturity** | **Total** | Trading | Available-for-sale | Held-to-maturity | Total |
| Securities held - quoted | 12,677 | 1,895 | 8,330 | 22,902 | 26,328 | 3,377 | 52 | 29,757 |
| Securities held – not quoted | | 419 | 4,166 | 4,585 | | 556 | 534 | 1,090 |
| Securities loaned | | | | | | | | |
| Accrued interest | 4 | 17 | 94 | 115 | 10 | 31 | 4 | 45 |
| Non-performing bonds and other fixed-income securities [1] | | 1 | 103 | 104 | | 9 | | 9 |
| **Gross amount** | **12,681** | **2,332** | **12,693** | **27,706** | **26,338** | **3,973** | **590** | **30,901** |
| Impairment provisions | | (24) | (1) | (25) | | (27) | | (27) |
| Other provisions | | (1) | (102) | (103) | | (8) | | (8) |
| **Net amount** | **12,681** | **2,307** | **12,590** | **27,578** | **26,338** | **3,938** | **590** | **30,866** |
| Unrealized capital gains | | 9 | | 9 | | 34 | | 34 |
| *Including subordinated bonds* | | | *49* | *49* | | | *52* | *52* |
| *Including securities issued by public institutions* | | | | *1,470* | | | | *1,874* |

*(1) Non-performing bonds and other fixed-income securities include an exposure of €65 million to Icelandic banks, which has been fully provisioned.*

Non-performing bonds and other fixed-income securities include €1.1 million of impaired assets, for which an impairment provision of €1.1 million has been recognized.

The positive or (negative) differences between the redemption price and the purchase price for available-for-sale and held-to-maturity securities are respectively €0.1 million and (€168) million.

Trading and available-for-sale securities have been marked to market based on external data obtained from organized markets or, for over-the-counter markets, using key broker prices. If prices are not available, they have been measured based on comparable securities quoted on the market.

## Note 5 b – Bonds and other fixed-income securities – Transfers between categories in 2008 pursuant to CRC standard 2008-17, amending CRB standard 90-01

Due to the exceptional situation brought on by the deterioration in global financial markets, CIC has transferred securities from the "trading" and "available-for sale" categories. These reclassifications were carried out on the basis of valuations dated July 1, 2008.

| Reclassified assets: | Carrying amount on the day of the transfer | Carrying amount in the balance sheet at closing | Value at closing date if transfers had not occurred | Unrealized capital gain or loss |
|---|---|---|---|---|
| From trading securities to held-to-maturity securities | 18,443 | | 17,623 | (834) |
| From trading securities to available-for-sale securities | 349 | | 122 | |
| From available-for-sale securities to held-to-maturity securities | 421 | | 383 | (78) |
| **TOTAL** | **19,213** | | **18,128** | **(912)** |

## Note 6 – Equities and other variable-income securities

| | Dec. 31, 2008 | | | | Dec. 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Trading** | **Available-for-sale** | **Portfolio activity** | **Total** | Trading | Available-for-sale | Portfolio activity | Total |
| Securities held - quoted | 322 | 142 | | 464 | 1,949 | | | 1,949 |
| Securities held – not quoted | | 66 | | 66 | | 32 | | 32 |
| Securities loaned | | | | | | | | |
| Accrued interest | | | | | | | | |
| **Gross amount** | **322** | **208** | | **530** | **1,949** | **32** | | **1,981** |
| Impairment provisions | | (21) | | (21) | | (3) | | (3) |
| **TOTAL** | **322** | **187** | | **509** | **1,949** | **29** | | **1,978** |
| Unrealized capital gains | | 6 | | 6 | | 7 | | 7 |

There were no transfers between portfolios during the 2008 fiscal year.

## Note 7 – Investments in non-consolidated companies and other long-term investments

| | Dec. 31, 2007 | Acquisitions Additions | Disposals Reversals | Transfers | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|---|
| **Other long-term investments** | | | | | | |
| - Quoted | 579 | 10 | (589) | | 0 | (0) |
| - Not quoted | 101 | | (12) | | | 89 |
| **Investments in non-consolidated companies** | | | | | | |
| - Quoted | 319 | 216 | (309) | | | 226 |
| - Not quoted | 28 | | (0) | | (24) | 4 |
| **Sub-total** | **1,027** | **226** | **(910)** | | **(24)** | **319** |
| Cumulative translation adjustment | 6 | | | | (6) | |
| Securities loaned | | | | | | |
| Accrued interest | | | | | | |
| Calls for funds and current account advances to non-trading real estate companies (SCI) | | | | | | |
| **Gross amount** | **1,033** | **226** | **(910)** | | **(30)** | **319** |
| **Impairment provisions** | | | | | | |
| - Quoted securities | (18) | | 18 | | | 0 |
| - Non-quoted securities | (27) | | 13 | | 6 | (8) |
| **Sub-total** | **(45)** | | **31** | | **6** | **(8)** |
| **Net amount** | **988** | **226** | **(879)** | | **(24)** | **311** |

CIC is a partner with unlimited liability in a number of non-trading real estate companies, partnerships and economic interest groupings. The bank's role concerns mainly the management of employee savings plans, asset financing, and the development of community projects within the CIC group and real estate transactions.

## Note 8 – Investments in affiliates

| | Dec. 31, 2007 | Acquisitions Additions | Disposals Reversals | Transfers | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|---|
| Gross amount | 2,562 | 131 | (23) | | 24 | 2,694 |
| Cumulative translation adjustment | | | | | | |
| Securities loaned | 0 | | | | | 0 |
| Accrued interest | | | | | | |
| Calls for funds and current account advances to non-trading real estate companies (SCI) | 2 | | | | | 2 |
| Impairment provisions | (14) | (8) | 3 | | (6) | (25) |
| **Net amount** | **2,550** | **123** | **(20)** | | **18** | **2,671** |
| Gross carrying amount for investments in non-quoted credit institutions | 1,699 | | | | | **1,812** |
| Gross carrying amount for investments in quoted affiliates | 0 | | | | | 0 |
| Gross carrying amount for investments in non-quoted affiliates | 2,562 | | | | | 2,694 |

| Transactions with affiliates | Dec. 31, 2008 Affiliates Total | Dec. 31, 2008 Affiliates Of which, subordinated | Dec. 31, 2007 Affiliates Total | Dec. 31, 2007 Affiliates Of which, subordinated |
|---|---|---|---|---|
| **Assets** | | | | |
| Interbank loans and advances | 46,459 | 1 342 | 25,882 | 1,447 |
| Customer loans and receivables | 808 | | 343 | |
| Bonds and other fixed-income securities | 252 | | 75 | |
| **Liabilities** | | | | |
| Due to credit institutions | 41,834 | | 16,968 | |
| Due to customers | 203 | | 330 | |
| Debt securities | 12 | 12 | 1,018 | 889 |
| **Off balance sheet** | | | | |
| Commitments given | | | | |
| Credit institutions [1] | 270 | | 396 | |
| Customers | 7,722 | | 715 | |

*(1) Commitments given to affiliates concern, in particular, guarantees given to banks within the group on their certificates of deposit and medium term note issues.*

Transactions with other related entities are not significant.

## Note 9 – Intangible assets

| | Dec. 31, 2007 | Acquisitions Additions | Disposals Reversals | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| **Gross amount** | | | | | |
| Goodwill | 93 | | | 1 | 94 |
| Set up costs | 1 | | | | 1 |
| Research and development | | | | | |
| Other intangible assets | 42 | 5 | | (1) | 46 |
| **Gross amount** | **136** | **5** | | | **141** |
| **Amortization** | | | | | |
| Goodwill | (27) | (6) | | | (33) |
| Set up costs | (1) | | | | (1) |
| Research and development | | | | | |
| Other intangible assets | (7) | | | | (7) |
| **Total amortization** | **(35)** | **(6)** | | | **(41)** |
| **Net amount** | **101** | | | | **100** |

## Note 10 – Property and equipment

| | Dec. 31, 2007 | Acquisitions Additions | Disposals Reversals | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| **Gross amount** | | | | | |
| Land used in operations | 193 | | | | 193 |
| Land not used in operations | | | | | |
| Buildings used in operations | 556 | 32 | | | 588 |
| Buildings not used in operations | 3 | | | (1) | 2 |
| Other property and equipment | 136 | 10 | (1) | 1 | 146 |
| **Gross amount** | **888** | **42** | **(1)** | **0** | **929** |
| **Depreciation** | | | | | |
| Land used in operations | | | | | |
| Land not used in operations | | | | | |
| Buildings used in operations | (243) | (27) | | | (270) |
| Buildings not used in operations | 0 | (0) | | 0 | 0 |
| Other property and equipment | (105) | (8) | 1 | (1) | (113) |
| **Total depreciation** | **(348)** | **(35)** | **1** | **(1)** | **(383)** |
| **Net amount** | **540** | | | | **546** |

## Note 11 – Treasury stock

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| Number of shares held | 229,741 | 229,741 |
| Proportion of capital stock | 0.63% | 0.65% |
| Carrying amount | 9 | 9 |
| Market value | 23 | 57 |

CIC's treasury stock holding is derived from the CIC Banque CIAL partial asset contribution carried out in 2006.

## Note 12 – Other assets and liabilities

| | Dec. 31, 2008 | | Dec. 31, 2007 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | Assets | Liabilities |
| Options premiums | 567 | 554 | 669 | 723 |
| Securities settlement accounts | 2 | | 2 | |
| Debts in respect of borrowed securities | | 3,588 | | 12,626 |
| Deferred tax | | | | |
| Miscellaneous debtors and creditors | 8,020 | 1,234 | 3,185 | 530 |
| Non-performing receivables | 63 | | | |
| Accrued interest | 17 | 9 | 8 | 4 |
| Impairment provisions | (56) | | | |
| **TOTAL** | **8,613** | **5,385** | **3,864** | **13,883** |

## Note 13 – Accruals

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | Assets | Liabilities |
| Collection accounts | 110 | 133 | 103 | 126 |
| Currency adjustment accounts and off balance sheet | 5,637 | 6,198 | 2,959 | 3,890 |
| Other accruals | 1,566 | 5,817 | 1,522 | 3,748 |
| **TOTAL** | **7,313** | **12,148** | **4,584** | **7,764** |

## Note 14 – Due to credit institutions

| | Dec. 31, 2008 | | Dec. 31, 2007 | |
|---|---|---|---|---|
| | **On demand** | **At maturity** | On demand | At maturity |
| Current accounts | 21,073 | | 14,732 | |
| Term deposits | | 42,847 | | 15,136 |
| Amounts received under resale agreements | | | | 1,000 |
| Securities sold under repurchase agreements | | 25,699 | 275 | 45,038 |
| Accrued interest | 0 | 499 | 1 | 696 |
| **TOTAL** | **21,073** | **69,045** | **15,008** | **61,870** |
| **TOTAL DUE TO CREDIT INSTITUTIONS** | | **90,118** | | **76,878** |

## Note 15 – Due to customers

| | Dec. 31, 2008 | | Dec. 31, 2007 | |
|---|---|---|---|---|
| | **On demand** | **At maturity** | On demand | At maturity |
| Regulated savings accounts | 3,473 | 1,074 | 3,007 | 1,191 |
| Accrued interest | | 1 | | 2 |
| **TOTAL – REGULATED SAVINGS ACCOUNTS** | **3,473** | **1,075** | **3,007** | **1,193** |
| Other liabilities | 6,071 | 3,920 | 5,240 | 3,362 |
| Securities sold under repurchase agreements | | 1,209 | | 2,566 |
| Accrued interest | | 50 | | 36 |
| **TOTAL – OTHER LIABILITIES** | **6,071** | **5,179** | **5,240** | **5,964** |
| **TOTAL DUE TO CUSTOMERS, ON DEMAND AND AT MATURITY** | | **15,798** | | **15,404** |

## Note 16 – Debt securities

| | **Dec. 31, 2008** | Dec. 31, 2007 |
|---|---|---|
| Retail certificates of deposit | 2 | 2 |
| Interbank instruments and money market securities | 34,267 | 33,556 |
| Bonds | 553 | 68 |
| Other debt securities | 114 | 273 |
| Accrued interest | 192 | 284 |
| **TOTAL** | **35,128** | **34,183** |

## Note 17 – Provisions

| | Dec. 31, 2007 | Additions | Reversals | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| **Provisions for counterparty risks** | | | | | |
| On signature commitments | 5 | 17 | (2) | | 20 |
| On financing and guarantee commitments | 0 | | | 0 | 0 |
| On country risks | | | | | |
| General provisions for credit risk | 256 | 50 | | (6) | 300 |
| Other provisions for counterparty risks | 13 | 3 | | 1 | 17 |
| **Provisions for losses on forward financial instruments** | **6** | **3** | **(3)** | | **6** |
| **Provisions on subsidiaries and equity interests** | 6 | | | 0 | **6** |
| **Other provisions for contingencies and charges (excluding counterparty risks)** | | | | | |
| Provisions for pension costs | 35 | 4 | (2) | | 37 |
| Provisions for home savings accounts and plans | 10 | 1 | (1) | | 10 |
| Other provisions [(1)(2)] | 235 | 150 | (61) | (0) | 324 |
| **TOTAL** | **566** | **228** | **(69)** | **(5)** | **720** |

*(1) At December 31, 2008, includes €102 million of provisions linked to tax consolidation temporary differences.*
*(2) Additions to other provisions include €86 million related to the Madoff fraud.*

## Note 18 – Subordinated debt

| | Dec. 31, 2007 | Issues | Redemptions | Other movements | Dec. 31, 2008 |
|---|---|---|---|---|---|
| Subordinated debt | 1,454 | | (174) | 13 | 1,293 |
| Non-voting loan stock | 137 | | | | 137 |
| Perpetual subordinated debt | 1,607 | 500 | | | 2,107 |
| Accrued interest | 37 | | | (5) | 32 |
| **TOTAL** | **3,235** | **500** | **(174)** | **8** | **3,569** |

Other movements relating to perpetual subordinated debt are due to exchange rate movements on a USD350 million liability.

**Main subordinated debt issues**

| Issue | Issue date | Amount | Amount at year end | Rate | Maturity |
|---|---|---|---|---|---|
| Subordinated notes | July 19, 2001 | €300m | €300m | (a) | July 19, 2013 |
| Subordinated notes | Sep. 30, 2003 | USD350m | USD350m | (b) | Sep. 30, 2015 |
| Non-voting loan stock | May 28, 1985 | €137m | €137m | (c) | (d) |
| Perpetual subordinated notes | June 30, 2006 | €400m | €400m | (e) | |
| Perpetual subordinated notes | June 30, 2006 | €1,100m | €1,100m | (f) | |
| Perpetual subordinated notes | Dec. 30, 2008 | €500m | €500m | (g) | |

*(a) 3-month Euribor + 89.5basis points.*
*(b) 6-month USD Libor + 55basis points.*
*(c) Minimum 85% (TAM+TMO)/2 - Maximum 130% (TAM+TMO)/2.*
*(d) Repayable at borrower's discretion as from May 28, 1997 at 130% of the face value incremented at the rate of 1.5% for each subsequent year.*
*(e) 6-month Euribor + 167basis points.*
*(f) 6-month Euribor + 107basis points for the first ten years, then Euribor + 207basis points (in the absence of early redemption).*
*(e, f and g) subscribed by the parent companies BFCM and CFCMCEE.*

## Note 19 – Shareholders' equity and general banking risks reserve

| | Capital | Additional paid-in capital | Reserves [1] | Revaluation reserve | Untaxed provisions | Retained earnings | Net income for the year | Total | General banking risks reserve |
|---|---|---|---|---|---|---|---|---|---|
| **Equity at Jan. 1, 2007** | **567** | **736** | **662** | **44** | **30** | **761** | **619** | **3,419** | **379** |
| Net income for the year | | | | | | | 546 | 546 | |
| Appropriation of prior year earnings | | | | | | 619 | (619) | | |
| Dividends paid | | | | | | (156) | | (156) | |
| Capital increase | 7 | 108 | | | | | | 115 | |
| Impact of remeasurement | | | | | | | | | |
| Other movements | | | | | (2) | 8 | | 6 | |
| **Equity at Dec. 31, 2007** | **574** | **844** | **662** | **44** | **28** | **1,232** | **546** | **3,930** | **379** |
| **Equity at Jan. 1, 2008** | **574** | **844** | **662** | **44** | **28** | **1,232** | **546** | **3,930** | **379** |
| Net income/(loss) for the year | | | | | | | (73) | (73) | |
| Appropriation of prior year earnings | | | 2 | | | 546 | (546) | 2 | |
| Dividends paid | | | | | | (172) | | (172) | |
| Capital increase | 12 | 116 | | | | | | 128 | |
| Impact of remeasurement | | | | | | | | | |
| Other movements | | | | | 1 | | | 1 | |
| **Equity at Dec. 31, 2008** | **586** | **960** | **664** | **44** | **29** | **1,606** | **(73)** | **3,816** | **379** |

*(1) At December 31, 2008, reserves comprised the legal reserve for €57 million, the special long-term capital gains reserve for €287 million, unappropriated retained earnings for €195 million, and statutory reserves for €124 million.*

At December 31, 2008 CIC's capital stock comprised 36,649,061 shares with a par value of €16 each.

The net loss for CIC amounted to €73,082,815.28.

The Shareholders' Meeting will be asked to appropriate the amount of €1,532.5 million, comprising the net loss of €73.1 million and retained earnings of €1,605.6 million, as follows:

| | |
|---|---|
| 36.6 | Dividends relating to the 2008 financial year |
| 1.3 | Appropriation to the legal reserve |
| 0.1 | Appropriation to the special reserve pursuant to Article 238bis AB of the French Tax Code |
| 1,494.5 | Addition to retained earnings |
| **1,532.5** | **Total distributable amount** |

## Note 20 – Breakdown of certain assets/liabilities by residual term

| | Within 3 months and on demand | 3 months or more, within 1 year | 1 year or more, within 5 years | 5 years or more | Perpetual | Accrued interest | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Interbank loans and advances (1) | 50,709 | 833 | 3,671 | 1,098 | 944 | 158 | 57,413 |
| Customer loans and receivables (2) | 13,429 | 2,913 | 10,590 | 12,100 | 11 | 173 | 39,216 |
| Bonds and other fixed income securities (3) | 2,633 | 1,604 | 5,273 | 5,300 | | 111 | 14,921 |
| **Liabilities** | | | | | | | |
| Due to credit institutions | 77,652 | 9,297 | 1,568 | 1,102 | | 499 | 90,118 |
| Due to customers | 14,046 | 790 | 818 | 93 | | 51 | 15,798 |
| Debt securities | | | | | | | |
| - Retail certificates of deposit | 1 | 1 | | | | | 2 |
| - Interbank instruments and money market securities | 28,964 | 4,435 | 267 | 601 | | 186 | 34,453 |
| - Bonds | | 124 | 429 | | | 5 | 558 |
| - Other | 1 | 111 | | 2 | | | 114 |

*(1) Excluding non-performing loans and advances and provisions for impairment.*
*(2) Excluding amounts not allocated, non-performing loans and receivables and provisions for impairment.*
*(3) Concerns exclusively available-for-sale and held-to-maturity securities (excluding non-performing assets).*

## Note 21 – Countervalue in euros of foreign currency assets and liabilities

The countervalue in euros of foreign currency assets and liabilities at December 31, 2008 is, respectively, €37,986 and €46,234.

CIC does not hold any material operational positions in foreign currency.

## Note 22 – Commitments on forward financial instruments

**Transactions in forward financial instruments (based on the concepts of micro/macro-hedging and the management of open positions/specialist management of forward commitments and options)**

| | Dec. 31, 2008 | | | Dec. 31, 2007 | | |
|---|---|---|---|---|---|---|
| | **Hedging** | **Position management** | **Total** | Hedging | Position management | Total |
| **Forward commitments** | | | | | | |
| Organized markets | | | | | | |
| - Interest rate contracts | | 2,723 | 2,723 | | 8,957 | 8,957 |
| - Foreign exchange contracts | | 12 | 12 | | 12 | 12 |
| - Other commitments | | 18 | 18 | | 123 | 123 |
| Over-the-counter markets | | | | | | |
| - Future rate agreements | | 22,478 | 22,478 | | 13,418 | 13,418 |
| - Interest rate swaps | 52,968 | 280,683 | 333,651 | 48,823 | 277,683 | 326,506 |
| - Financial swaps | 24 | 42,129 | 42,153 | 64 | 42,340 | 42,404 |
| - Other commitments | 2 | | 2 | 15 | 44 | 59 |
| - Swaps - other | | 4,640 | 4,640 | | 14,093 | 14,093 |
| **Options** | | | | | | |
| Organized markets | | | | | | |
| - Interest rate options | | | | | | |
| • Purchased | | 219 | 219 | | 265 | 265 |
| • Sold | | 29 | 29 | | 220 | 220 |
| - Foreign exchange options | | | | | | |
| • Purchased | | | | | | |
| • Sold | | | | | | |
| - Equity and other options | | | | | | |
| • Purchased | | 9 | 9 | | 1,009 | 1,009 |
| • Sold | | 1 | 1 | | 573 | 573 |
| Over-the-counter markets | | | | | | |
| - Interest rate caps and floors | | | | | | |
| • Purchased | 2,114 | 23,529 | 25,643 | 1,723 | 16,674 | 18,397 |
| • Sold | 1,026 | 23,430 | 24,456 | 1,109 | 17,461 | 18,570 |
| - Interest rate, foreign exchange, equity and other options | | | | | | |
| • Purchased | | 7,449 | 7,449 | | 8,396 | 8,396 |
| • Sold | | 7,430 | 7,430 | | 8,973 | 8,973 |
| **TOTAL** | **56,134** | **414,779** | **470,913** | **51,734** | **410,241** | **461,975** |

**Breakdown of over-the-counter interest rate instruments by portfolio type**

| | Dec. 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Isolated open position | Micro-hedging | Global interest rate risk | Specialist management | Total |
| **Forward commitments** | | | | | |
| Purchases | | | | 6,654 | 6,654 |
| Sales | | | | 15,824 | 15,824 |
| Swaps | 10,762 | 52,961 | 7 | 269,921 | 333,651 |
| **Options** | | | | | |
| Purchases | 79 | 2,114 | | 23,450 | 25,643 |
| Sales | 79 | 1,025 | 1 | 23,351 | 24,456 |

| | 2007 | | | | |
|---|---|---|---|---|---|
| | Isolated open position | Micro-hedging | Global interest rate risk | Specialist management | Total |
| **Forward commitments** | | | | | |
| Purchases | | | | 6,355 | 6,355 |
| Sales | | | | 7,063 | 7,063 |
| Swaps | 13,858 | 48,816 | 7 | 263,825 | 326,506 |
| **Options** | | | | | |
| Purchases | 561 | 1,723 | | 16,113 | 18,397 |
| Sales | 458 | 1,108 | 1 | 17,002 | 18,569 |

During 2008, €3,069 million of interest rate derivatives were transferred from the open position portfolio to the trading portfolio, and €10,112 million of interest rate swaps were transferred from the trading portfolio to the micro-hedging portfolio.

## Note 23 – Breakdown of forward instruments by residual term

| | Dec. 31, 2008 | | | |
|---|---|---|---|---|
| | Within 1 year | 1 year or more, within 5 years | 5 years or more | Total |
| **Interest rate instruments** | | | | |
| Organized markets | | | | |
| - Purchases | 1,548 | | | 1,548 |
| - Sales | 1,422 | | | 1,422 |
| Over-the-counter markets | | | | |
| - Purchases | 12,966 | 14,761 | 4,570 | 32,297 |
| - Sales | 20,679 | 14,637 | 4,965 | 40,281 |
| - Interest rate swaps | 142,247 | 119,363 | 72,042 | 333,652 |
| **Foreign exchange instruments** | | | | |
| Organized markets | | | | |
| - Purchases | 6 | | | 6 |
| - Sales | 6 | | | 6 |
| Over-the-counter markets | | | | |
| - Purchases | 4,347 | 1,319 | 2 | 5,668 |
| - Sales | 4,323 | 1,319 | 2 | 5,644 |
| - Financial swaps | 6,783 | 28,115 | 7,254 | 42,152 |
| **Other forward financial instruments** | | | | |
| Organized markets | | | | |
| - Purchases | 6 | 3 | | 9 |
| - Sales | 19 | | | 19 |
| Over-the-counter markets | | | | |
| - Purchases | 1,237 | 544 | | 1,781 |
| - Sales | 1,230 | 557 | | 1,787 |
| - Swaps | 2,043 | 2,597 | | 4,640 |
| **TOTAL** | **198,862** | **183,215** | **88,835** | **470,913** |

## Note 24 – Forward financial instruments – Counterparty risk

**The counterparty risk related to forward financial instruments is estimated based on the method used for the calculation of prudential ratios. As a result, it takes into account the effect of existing netting agreements.**

| | Dec. 31, 2008 | | Dec. 31, 2007 | |
|---|---|---|---|---|
| **Credit risk relating to forward financial instruments** | **Cost of positive replacement** | **Equivalent weighted risks** | Cost of positive replacement | Equivalent weighted risks |
| Risk relating to central government and similar bodies | | | | |
| Risk associated with credit institutions in zone A | 6,586 | 1,993 | 4,091 | 1,607 |
| Risk associated with credit institutions in zone B and with customers | 1,051 | 704 | 265 | 267 |
| **TOTAL PRIOR TO EFFECT OF NETTING AGREEMENTS** | **7,637** | **2,697** | **4,356** | **1,874** |
| Impact of netting agreements | (5,957) | (1,703) | (2,638) | (905) |
| **TOTAL AFTER EFFECT OF NETTING AGREEMENTS** | **1,680** | **994** | **1,718** | **970** |

| | Dec. 31, 2008 | | Dec. 31, 2007 | |
|---|---|---|---|---|
| **Fair value of forward financial instruments** | **Assets** | **Liabilities** | Assets | Liabilities |
| Fair value of forward financial instruments | 6,414 | 7,347 | 4,008 | 4,991 |

## Note 25 – Other off balance sheet commitments

| | Dec. 31, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Foreign exchange commitments** | | |
| Amounts receivable | 2,980 | 2,456 |
| Amounts payable | 2,416 | 2,018 |
| **Commitments on forward financial instruments** | | |
| **Commitments made on organized and similar markets** | | |
| Forward foreign exchange commitments | | |
| - Hedging | 41,350 | 47,824 |
| - Other | 60,629 | 61,917 |
| Financial foreign exchange swaps | | |
| - Isolated open position | | |
| - Micro-hedging | 24 | 64 |
| - Global interest rate risk | | |
| - Specialist management | 42,129 | 42,340 |
| **Finance leasing commitments** | | |
| Remaining lease payments on property finance leases | | |
| Remaining lease payments on equipment finance leases | | |

## Note 26 – Interest income and expense

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Credit institutions | 4,857 | (6,006) | 3,786 | (4,998) |
| Customers | 1,843 | (457) | 1,411 | (371) |
| Finance leases and operating leases | | | | |
| Bonds and other fixed-income securities | 657 | (1,388) | 286 | (1,368) |
| Other | 746 | (709) | 99 | (733) |
| **TOTAL** | **8,103** | **(8,560)** | **5,582** | **(7,470)** |
| *Including expenses relating to subordinated debt* | | *(107)* | | *(142)* |

## Note 27 – Income from variable-income securities

| | 2008 | 2007 |
|---|---|---|
| Available-for-sale securities | 6 | 3 |
| Portfolio activity securities | | |
| Equity interests and other long term investments | 36 | 29 |
| Shares in affiliates | 687 | 476 |
| Income from shares in non-trading real estate companies | | |
| **TOTAL** | **729** | **508** |

## Note 28 – Commission income and expense

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Income** | **Expense** | Income | Expense |
| Treasury and interbank activities | 1 | (2) | 1 | (3) |
| Customer transactions | 156 | (1) | 134 | (1) |
| Securities transactions | | (5) | | (6) |
| Foreign exchange transactions | 1 | (3) | 1 | (3) |
| Off balance sheet activities | | | | |
| - Commitments on securities | 2 | | 1 | |
| - Forward financial commitments | 2 | (9) | 2 | (9) |
| - Financing commitments and guarantees | 2 | (1) | 2 | (1) |
| Financial services | 215 | (11) | 220 | (10) |
| Means of payment | | (78) | | (70) |
| Other commissions (including income retroceded) | (4) | (4) | (1) | (14) |
| **TOTAL** | **375** | **(114)** | **360** | **(117)** |

## Note 29 – Net gains on trading account securities

| | **2008** | 2007 |
|---|---|---|
| On securities held for trading | (157) | 2,340 |
| On foreign exchange trading | 45 | 32 |
| On forward financial instruments | | |
| - Interest rates | 105 | 70 |
| - Foreign exchange | 22 | 2 |
| - On other financial instruments, including equity instruments | 424 | (85) |
| **Sub-total** | **439** | **2,359** |
| Additions to impairment provisions on financial instruments | (3) | |
| Reversals from impairment provisions on financial instruments | 3 | 2 |
| **TOTAL** | **439** | **2,361** |

## Note 30 – Net gains/(losses) on available-for-sale and similar securities

| | **2008** | 2007 |
|---|---|---|
| **Available-for-sale securities** | | |
| Gains on disposals | 69 | 86 |
| Losses on disposals | (276) | (89) |
| Additions to impairment provisions | (28) | (28) |
| Reversals from impairment provisions | 13 | 4 |
| **Portfolio activity securities** | | |
| Gains on disposals | | |
| Losses on disposals | | |
| Additions to impairment provisions | | |
| Reversals from impairment provisions | | |
| **TOTAL** | **(222)** | **(27)** |

## Note 31 – Other banking income and expense

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Income** | **Expense** | Income | Expense |
| Incidental income | 1 | | 2 | |
| Transfer of expenses | | | | |
| Net additions to provisions | 1 | (86) | 15 | |
| Other income and expense relating to banking activities | 3 | (3) | 2 | (1) |
| **TOTAL** | **5** | **(89)** | **19** | **(1)** |

## Note 32 – Payroll costs

| | **2008** | 2007 |
|---|---|---|
| Wages and salaries | (217) | (232) |
| Payroll taxes | (93) | (98) |
| Retirement benefit expense | (4) | (7) |
| Employee profit-sharing and incentive bonuses | (7) | (22) |
| Payroll-based taxes | (26) | (25) |
| Net addition to provisions for retirement benefits | (2) | 8 |
| Other net additions to provisions | 8 | 12 |
| **TOTAL** | **(341)** | **(364)** |

## Note 33 – Net additions to provisions for loan losses

| | **2008** | 2007 |
|---|---|---|
| Additions to non-performing loan impairment provisions | (259) | (64) |
| Reversals from non-performing loan impairment provisions | 76 | 136 |
| Loan losses covered by impairment provisions | (32) | (73) |
| Loan losses not covered by impairment provisions | (14) | (5) |
| Recovery of loans written off in prior years | 1 | 6 |
| **Balance of loans** | **(228)** | **0** |
| Additions to impairment provisions | (70) | (75) |
| Reversals from impairment provisions | 3 | 16 |
| **Balance of risks** | **(67)** | **(59)** |
| **TOTAL** | **(295)** | **(59)** |

The net additions to provisions for loan losses for 2008 include in particular €71 million relating to the Lehman Brothers bankruptcy and €65 million relating to Icelandic banks.

## Note 34 – Net gains on disposals of fixed assets

| | 2008 | | | | | 2007 |
|---|---|---|---|---|---|---|
| | Government securities and similar | Bonds and other fixed-income securities | Equity interests and other long term investments | Shares in affiliates | Total | Total |
| **On financial fixed assets** | | | | | | |
| Gains on disposals | | 5 | 367 | 7 | 379 | 78 |
| Losses on disposals | | (15) | (371) | (1) | (387) | (1) |
| Additions to impairment provisions | | | | (8) | (8) | (41) |
| Reversals from impairment provisions | | | 31 | 3 | 34 | 15 |
| **Sub-total** | | (10) | 27 | 1 | 18 | 51 |
| **On property and equipment and intangible assets** | | | | | | |
| Gains on disposals | | | | | | |
| Losses on disposals | | | | | | |
| **Sub-total** | | | | | | |
| **TOTAL** | | | | | **18** | **51** |

Gains realized on equity interests comprise essentially the disposal of BMCE and Banque de Tunisie securities.

These disposals netted respectively €287 million and €59 million of gains.

## Note 35 – Net non-recurring income

| | 2008 | 2007 |
|---|---|---|
| Merger deficit | | |
| Provision | | |
| **TOTAL** | | |

## Note 36 – Corporate income tax

| | 2008 | 2007 |
|---|---|---|
| Current taxes – Accruals relating to prior years | 12 | 1 |
| Current taxes - Effect of tax consolidation | 143 | (21) |
| **TOTAL** | **155** | **(20)** |
| Relating to operating activities | | |
| Relating to non-recurring items | | |
| **TOTAL** | | |

CIC and certain regional banks and subsidiaries held in which the bank has more than a 95% ownership interest constitute a tax consolidation group.

## Note 37 – Breakdown of income by geographic area

| | France | U.S.A. | United Kingdom | Singapore | Total |
|---|---|---|---|---|---|
| Net banking income/(expense) | 905 | (304) | 29 | 36 | 666 |
| General operating expenses | (556) | (27) | (8) | (24) | (615) |
| Operating income/(expense) before provisions | 349 | (331) | 21 | 12 | 51 |
| Net additions to provisions for loan losses | (137) | (55) | (83) | (20) | (295) |
| Net operating income/(loss) | 212 | (386) | (62) | (8) | (244) |
| Net gains on disposals of fixed assets | 18 | | | | 18 |
| Income/(loss) before non-recurring items | 230 | (386) | (62) | (8) | (226) |
| Non-recurring items | | | | | |
| Corporate income tax | 135 | 8 | 12 | (0) | 155 |
| Additions to/reversals from untaxed provisions | (2) | | | | (2) |
| **Net income/(loss)** | **363** | **(378)** | **(50)** | **(8)** | **(73)** |

## Note 37 b – Breakdown of income by business sector

| | Network | Private banking | Financing | Financial engineering | HQ and holding company services | Total |
|---|---|---|---|---|---|---|
| Net banking income/(expense) | 466 | 10 | (410) | | 600 | 666 |
| General operating expenses | (352) | (14) | (155) | | (94) | (615) |
| Operating income/(expense) before provisions | 114 | (4) | (565) | | 507 | 51 |
| Net additions to provisions for loan losses | (21) | (8) | (218) | | (48) | (295) |
| Net operating income/(loss) | 93 | (12) | (783) | | 458 | (244) |
| Net gains on disposals of fixed assets | | | (11) | | 29 | 18 |
| Income/(loss) before non-recurring items | 93 | (12) | (794) | | 487 | (226) |
| Non-recurring items | | | | | | |
| Corporate income tax | | | 3 | | 152 | 155 |
| Additions to/reversals from untaxed provisions | | | | | (2) | (2) |
| **Net income/(loss)** | **93** | **(12)** | **(791)** | | **637** | **(73)** |

## Note 38 – Average number of employees

| | 2008 | 2007 |
|---|---|---|
| Banking staff | 2,425 | 2,496 |
| Managerial grade staff | 1,981 | 1,986 |
| **TOTAL** | **4,406** | **4,482** |

## Note 39 – Remuneration paid to members of the Executive Board and members of the Supervisory Board

| | 2008 | 2007 |
|---|---|---|
| Total remuneration paid | (2) | (1) |
| Total attendance fees | | |

Members of the Supervisory Board did not receive any remuneration.

No advances or loans were granted to any members of the Executive Board or Supervisory Board during the fiscal year.

## Note 40 – Earnings per share

| | 2008 | 2007 |
|---|---|---|
| Net income/(loss) | (73) | 546 |
| Number of shares at beginning of year | 35,851,678 | 35,437,896 |
| Number of shares at end of year | 36,649,061 | 35,851,678 |
| Weighted average number of shares | 36,649,061 | 35,851,678 |
| **Basic earnings per share** | **(1.99)** | **15.24** |
| Additional weighted average number of shares assuming full dilution | 0 | 0 |
| **Diluted earnings per share** | **(1.99)** | **15.24** |

At December 31, 2008 CIC's capital stock amounts to €586,384,976, made up of 36,649,061 shares with a par value of €16 each, including 229,741 treasury shares which are not taken into account in the calculation of earnings per share.

## Note 41 – Individual rights to staff training

The rights earned by December 31, 2008 relating to individual rights to staff training as set out in Articles L.933-1 to L.933-6 of the French Employment Code amounted to 350,325 hours.

# Investments in subsidiaries and affiliates at December 31, 2008

| Company and address | Capital stock | Shareholders' equity less capital, excluding 2008 income |
|---|---|---|
| **Detailed information about investments in French and foreign companies with a carrying value representing more than 1% of CIC's capital stock** | | |
| **A/SUBSIDIARIES** (50% to 100% owned by CIC) | | |
| **A.1 BANKS** | | |
| **CIC Banque CIO-BRO** - 2 avenue Jean-Claude Bonduelle, 44000 Nantes - Siren no. 855 801 072 | 83,780,000 | 324,265,000 |
| **CIC Banque BSD-CIN** - 33 avenue Le Corbusier, 59800 Lille - Siren no. 455 502 096 | 230,000,000 | 157,653,000 |
| **CIC Est** - 31 rue Jean Wenger-Valentin, 67000 Strasbourg - Siren no. 754 800 712 | 225,000,000 | 137,035,000 |
| **CIC Banque Transatlantique** - 26 avenue Franklin D. Roosevelt, 75008 Paris - Siren no. 302 695 937 | 22,129,350 | 53,891,000 |
| **CIC Société Bordelaise** - Cité Mondiale, 20 quai des Chartrons, 33000 Bordeaux - Siren no. 456 204 809 | 155,300,000 | 51,061,000 |
| **CIC Lyonnaise de Banque** - 8 rue de la République, 69001 Lyon - Siren no. 954 507 976 | 260,840,262 | 192,649,000 |
| **CM-CIC Epargne Salariale** - 12 rue Gaillon, 75002 Paris - Siren no. 692 020 878 | 13,524,000 | 3,096,357 |
| **CM-CIC Bail** - 12 rue Gaillon, 75002 Paris - Siren no. 642 017 834 | 21,844,942 | 42,042,000 |
| **CM-CIC Lease** - 48 rue des Petits Champs, 75002 Paris - Siren no. 332 778 224 | 64,399,232 | 60,722,629 |
| **CM-CIC Securities** - 6 avenue de Provence, 75009 Paris - Siren no. 467 501 359 | 19,704,678 | 8,016,764 |
| **A.2 OTHER** | | |
| **CIC Finance** - 4 et 6 rue Gaillon, 75002 Paris - Siren no. 562 118 299 | 115,016,688 | 186,164,152 |
| **Institut de Participations de l'Ouest "IPO"** - 32 avenue Camus, 44000 Nantes - Siren no. 319 658 530 | 101,603,940 | 157,752,922 |
| **Adepi** - 6 rue Gaillon, 75002 Paris - Siren no. 331 618 074 | 244,192,608 | 369,544,648 |
| **CIC Participations** - 4 rue Gaillon, 75002 Paris - Siren no. 349 744 193 | 8,375,000 | 11,003,205 |
| **CIC Associés** - 60 rue de la Victoire, 75009 Paris - Siren no. 331 719 708 | 15,576,000 | 2,513,597 |
| **CIC Migrations** - 6 rue Gaillon, 75002 Paris - Siren no. 395 064 769 00015 | 37,800 | - 2,827 |
| **B/AFFILIATES** (10% to 50%-owned by CIC) | | |
| **Groupe Sofemo** - 34 rue du Wacken, 67000 Strasbourg - Siren no. 339 943 680 | 11,050 000 | 13,486,695 |
| **General information on other subsidiaries and affiliates** | | |
| **FILIALES** | | |
| French subsidiaries | | |
| Foreign subsidiaries | | |
| **AFFILIATES** | | |
| French companies | | |
| Foreign companies | | |

| Percent interest | Book value of shares At cost | Book value of shares Net | Loans and advances granted by CIC | Guarantees given by CIC | Last published net sales | Last published net income/(loss) | Dividends received by CIC in 2008 |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| 100.00 | 366,582,523 | 366,582,523 | | | 417,314,000 | 49,865,000 | 88,492,481 |
| 100.00 | 313,939,359 | 313,939,359 | | | 456,554,000 | 68,403,000 | 65,549,959 |
| 100.00 | 231,131,287 | 231,131,287 | | | 682,019,000 | 195,017,000 | 247,499,648 |
| 100.00 | 94,663,861 | 94,663,861 | | | 51,820,000 | 12,143,000 | 18,617,983 |
| 100.00 | 220,670,272 | 220,670,272 | 100,000,000 | | 202,655,000 | 8,828,000 | 16,209,412 |
| 100.00 | 341,810,017 | 341,810,017 | | | 619,341,000 | 119,916,000 | 122,342,250 |
| 99.94 | 31,957,272 | 31,957,272 | | | 32,153,699 | 817,344 | 4,482,694 |
| 99.07 | 192,336,447 | 192,336,447 | | | 143,068,000 | 126,289,000 | 3,561,487 |
| 27.88 | 22,309,854 | 22,309,854 | | | 394,405,753 | 13,190,195 | 5,352,317 |
| 100.00 | 38,690,049 | 38,690,049 | | | 63,486,724 | 2,602,631 | 6,568,072 |
| | | | | | | | |
| 55.51 | 180,520,317 | 180,520,317 | | | 23,803,247 | 13,183,863 | 70,227,080 |
| 45.14 | 137,394,738 | 137,394,738 | | | 64,934,476 | 39,619,821 | 5,907,973 |
| 100.00 | 474,936,885 | 474,936,885 | | | 20,278,861 | 19,795,256 | 0 |
| 100.00 | 40,267,900 | 33,081,191 | | | 3,610,311 | 2,454,846 | 0 |
| 100.00 | 19,787,882 | 19,781,520 | | | 1,461,685 | 1,033,933 | 1,687,400 |
| 100.00 | 10,619,034 | 401,652 | | | 623,205 | 114,616 | 0 |
| | | | | | | | |
| 33.30 | 7,820,000 | 7,820,000 | | | 52,467,149 | 2,499,961 | 292,100 |
| | | | | | | | |
| | | | | | | | |
| | 116,009,079 | 109,742,643 | | | | | 36,490,852 |
| | 35,875 | 35,875 | | | | | 0 |
| | | | | | | | |
| | 2,882,762 | 344,760 | | | | | 0 |
| | 90,317,450 | 90,317,175 | | | | | 11,293,442 |

## Business and results of subsidiaries and affiliates

### Regional banks [1]

#### CIC Banque BSD-CIN

| *Financial data in € millions* | 2008 French GAAP | 2008 Consolidated IFRS | 2007 French GAAP | 2007 Consolidated IFRS |
|---|---|---|---|---|
| Number of FTE employees at December 31 | 2,900 | 2,900 | 2,904 | 2,904 |
| Total assets | 16,443 | 16,749 | 14,985 | 15,179 |
| Shareholders' equity (group share) including general banking risks reserve | 489 | 645 | 487 | 650 |
| Customer deposits | 7,906 | 7,908 | 7,232 | 7,231 |
| Customer loans | 14,372 | 14,312 | 12,834 | 12,786 |
| **Net income** | **68** | **77** | **64** | **82** |

#### CIC Est

| *Financial data in € millions* | 2008 French GAAP | 2007 French GAAP |
|---|---|---|
| Number of FTE employees at December 31 | 4,118 | 4,279 |
| Total assets | 27,037 | 22,045 |
| Shareholders' equity (group share) including general banking risks reserve | 587 | 639 |
| Customer deposits | 10,637 | 9,761 |
| Customer loans | 18,740 | 17,027 |
| **Net income** | **195** | **245** |

#### CIC Lyonnaise de Banque

| *Financial data in € millions* | 2008 French GAAP | 2008 Consolidated IFRS | 2007 French GAAP | 2007 Consolidated IFRS |
|---|---|---|---|---|
| Number of FTE employees at December 31 | 3,943 | 4,523 | 3,907 | 4,547 |
| Total assets | 30,944 | 33,608 | 21,452 | 26,110 |
| Shareholders' equity (group share) including general banking risks reserve | 601 | 948 | 586 | 961 |
| Customer deposits | 11,195 | 11,853 | 8,645 | 10,391 |
| Customer loans | 20,738 | 21,133 | 16,746 | 19,183 |
| **Net income (consolidated/group share)** | **120** | **106** | **122** | **169** |

### CIC Société Bordelaise

| *Financial data in € millions* | 2008 French GAAP | 2007 French GAAP |
|---|---|---|
| Number of FTE employees at December 31 | 1,592 | 1,424 |
| Total assets | 7,269 | 6,042 |
| Shareholders' equity (group share) including general banking risks reserve | 217 | 224 |
| Customer deposits | 2,968 | 2,419 |
| Customer loans | 6,000 | 4,957 |
| **Net income/(loss)** | **9** | **16** |

### CIC Banque CIO-BRO

| *Financial data in € millions* | 2008 French GAAP | 2008 Consolidated IFRS | 2007 French GAAP | 2007 Consolidated IFRS |
|---|---|---|---|---|
| Number of FTE employees at December 31 | 2,872 | 2,872 | 3,092 | 3,092 |
| Total assets | 17,934 | 18,615 | 16,510 | 16,737 |
| Shareholders' equity (group share) including general banking risks reserve | 466 | 570 | 505 | 629 |
| Customer deposits | 7,926 | 7,928 | 7,451 | 7,452 |
| Customer loans | 15,843 | 15,807 | 14,608 | 14,576 |
| **Net income** | **50** | **32** | **86** | **92** |

*(1) Customer deposits do not include certificates of deposit or repurchase agreements.*
*Customer loans do not include resale agreements but include lease financing transactions.*

## Specialist subsidiaries – Retail banking

### CM-CIC Epargne Salariale

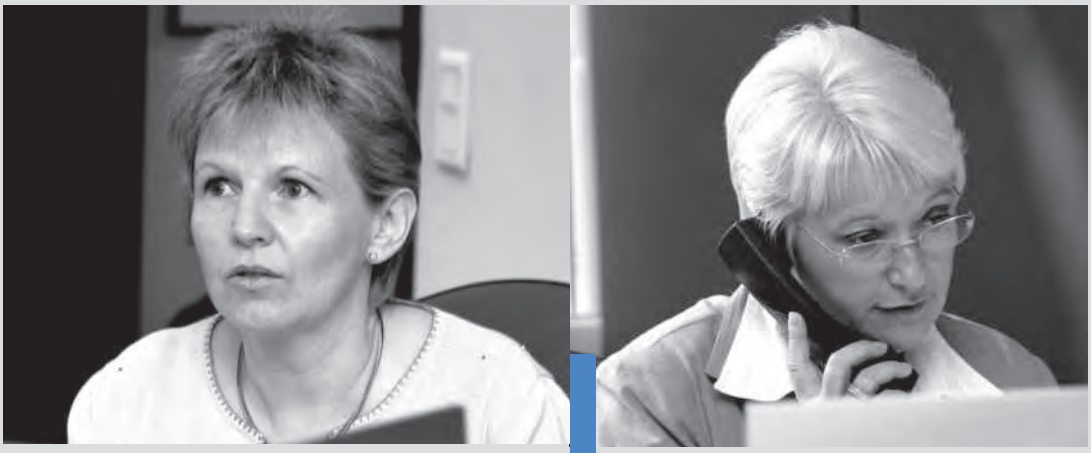
| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 121 | 125 |
| Total assets | 84 | 89 |
| Shareholders' equity | 17 | 21 |
| Assets under management (excluding current bank accounts) | 3,730 | 4,146 |
| **Net income** | **0.8** | **5.5** |

### CM-CIC Bail

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 114 | 108 |
| Total assets | 5,636 | 4,511 |
| Shareholders' equity | 241 | 215 |
| Outstanding lease financing | 4,755 | 4,183 |
| **Net income** | **3.4** | **4.2** |

### CM-CIC Laviolette Financement

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 112 | 102 |
| Total assets | 237 | 240 |
| Shareholders' equity and general banking risks reserve | 7 | 6 |
| Net factored receivables | 1,527 | 1,418 |
| **Net income** | **1.5** | **1.9** |



### CM-CIC Lease

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 50 | 47 |
| Total assets | 2,144 | 2,034 |
| Shareholders' equity | 93 | 99 |
| Outstanding lease financing | 2,066 | 1,956 |
| **Net income** | **12.3** | **16.8** |

### Factocic

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 213 | 210 |
| Total assets | 2,094 | 1,894 |
| Shareholders' equity and general banking risks reserve | 133 | 116 |
| Factored receivables | 10,019 | 8,888 |
| **Net income** | **23.1** | **17.2** |

## Specialist subsidiary – Financing and capital markets

### CM-CIC Securities

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 269 | 273 |
| Total assets | 665 | 828 |
| Customer assets in custody | 14,022 | 20,605 |
| **Net income** | **2.4** | **6.8** |

## Specialist subsidiaries – Private banking

### CIC Banque Transatlantique[1]

| *Financial data in € millions* | 2008 French GAAP | 2008 Consolidated IFRS | 2007 French GAAP | 2007 Consolidated IFRS |
|---|---|---|---|---|
| Number of employees at December 31 | 229 | 285 | 238 | 301 |
| Total assets | 1,480 | 1,927 | 1,316 | 1,641 |
| Shareholders' equity (group share) and general banking risks reserve | 97 | 109 | 104 | 116 |
| Customer funds invested in group savings products | 4,714 | 7,102 | 6,439 | 8,898 |
| Customer deposits | 1 111 | 1,371 | 981 | 1,154 |
| Customer loans | 722 | 959 | 690 | 904 |
| **Net income (consolidated/group share)** | **12.1** | **12.9** | **18.6** | **21.3** |

*(1) Customer deposits do not include certificates of deposit or repurchase agreements.*
*Customer loans do not include resale agreements but include lease financing transactions.*

### Banque CIC Suisse

| *Key figures prepared under local accounting standards*<br>*Financial data in CHF millions* | 2008 Individual | 2007 Individual |
|---|---|---|
| Number of employees at December 31 | 292 | 274 |
| Total assets | 2,856 | 2,859 |
| Shareholders' equity | 198 | 185 |
| Assets in custody | 4,092 | 5,838 |
| **Net income** | **20.1** | **14.7** |

### CIC Private Banking – Banque Pasche

| *Key figures prepared under local accounting standards*<br>*Financial data in CHF millions* | 2008 Consolidated | 2007 Consolidated |
|---|---|---|
| Number of employees at December 31 | 162 | 152 |
| Total assets | 1,677 | 1,695 |
| Total customer funds (assets in custody and deposits) | 7,005 | 7,406 |
| **Net income** | **6.9** | **10.4** |

### Banque de Luxembourg

| *Key figures prepared under local accounting standards*<br>*Financial data in € millions* | 2008 Individual | 2007 Individual |
|---|---|---|
| Number of employees at December 31 | 732 | 695 |
| Total assets | 18,206 | 14,319 |
| Shareholders' equity and general banking risks reserve* | 595 | 578 |
| Assets in custody | 38,142 | 55,811 |
| **Net income** | **61.6** | **71.7** |

** Shareholders' equity includes untaxed provisions.*

**Dubly-Douilhet SA**

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 34 | 37 |
| Total assets | 56 | 46 |
| Shareholders' equity | 10 | 10 |
| Assets in custody | 683 | 964 |
| **Net income** | **2.0** | **2.8** |

## Specialist subsidiaries – Private equity

**CIC Banque de Vizille**

| *Financial data in € millions* | **2008 Consolidated* IFRS** | 2007 Consolidated* IFRS |
|---|---|---|
| Number of employees at December 31 | 44 | 42 |
| Total assets | 711 | 649 |
| Shareholders' equity | 668 | 545 |
| Value of portfolio | 577 | 613 |
| **Net income** | **18.2** | **64.2** |

** Banque de Vizille SA, Vizille Capital Innovation, Vizille Capital Finance and Sudinnova.*

**IPO**

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 15 | 15 |
| Total assets | 305 | 224 |
| Shareholders' equity | 299 | 220 |
| Value of portfolio | 337 | 278 |
| **Net income** | **39.6** | **30.6** |

**CIC Finance**

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Number of employees at December 31 | 35 | 33 |
| Total assets | 454 | 500 |
| Shareholders' equity | 314 | 438 |
| Value of portfolio | 840 | 764 |
| **Net income** | **14.6** | **137.5** |

## and its subsidiaries:

**CIC Investissement**

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Total assets | 235 | 252 |
| Shareholders' equity | 219 | 233 |
| Value of portfolio | 241 | 264.8 |
| **Net income** | **– 21.2** | **25.0** |

**CIC Investissement Est**

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Total assets | 143 | 133 |
| Shareholders' equity | 139 | 130 |
| Value of portfolio | 117 | 80 |
| **Net income** | **9.3** | **20.0** |

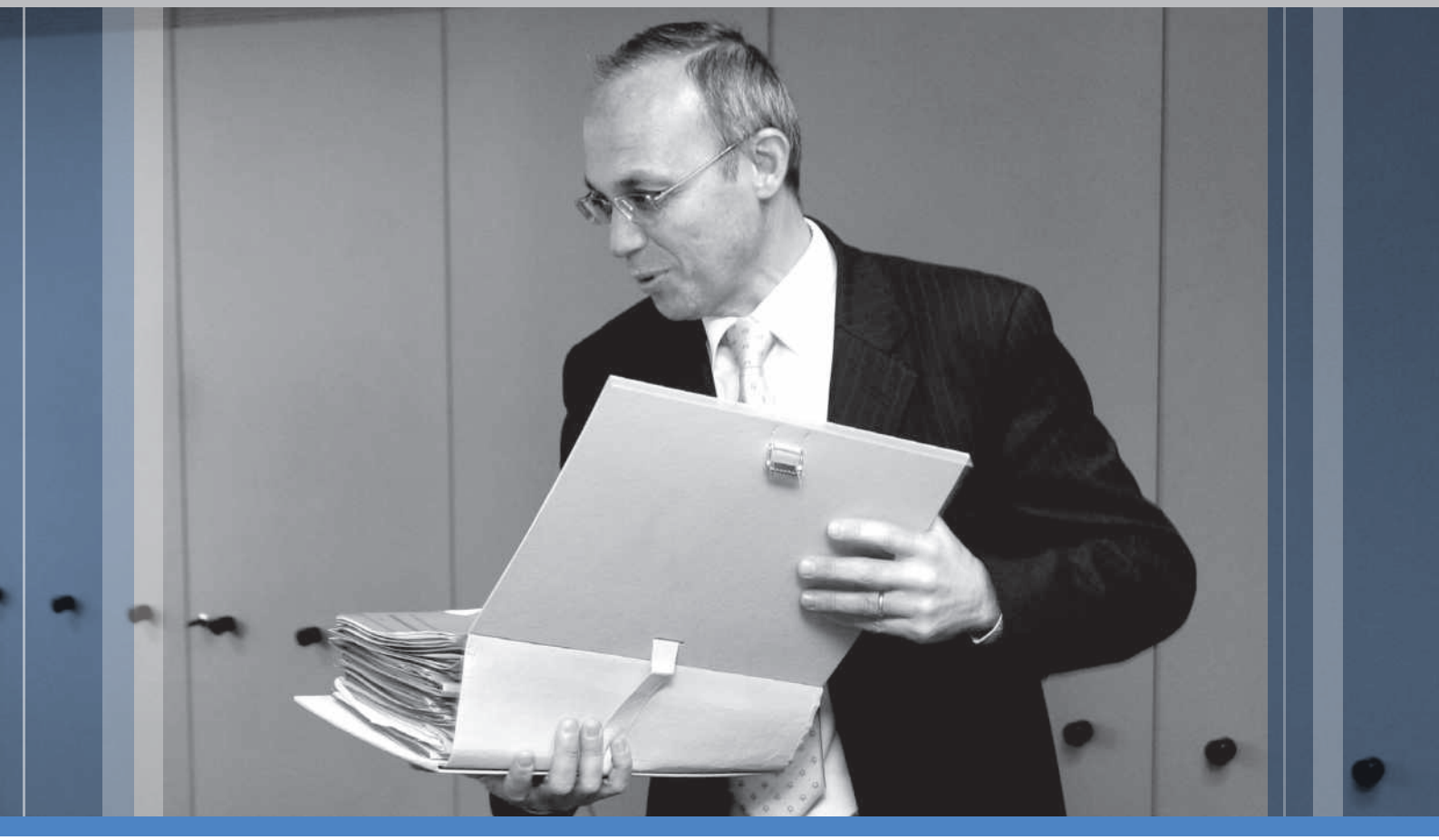
**CIC Investissement Nord**

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Total assets | 94 | 89 |
| Shareholders' equity | 92 | 86 |
| Value of portfolio | 103 | 100 |
| **Net income** | **5.6** | **12.3** |

**CIC Investissement Alsace**

| *Financial data in € millions* | **2008 French GAAP** | 2007 French GAAP |
|---|---|---|
| Total assets | 44 | 40 |
| Shareholders' equity | 43 | 40 |
| Value of portfolio | 17 | 26 |
| **Net income** | **11.7** | **3.2** |

# Legal information



# Combined Ordinary and Extraordinary Shareholders' Meeting of May 12, 2009

## Executive Board's report to the Combined Ordinary and Extraordinary Shareholders' Meeting of May 12, 2009

We have called this Combined Ordinary and Extraordinary Shareholders' Meeting to discuss the matters included on the agenda that are the subject of the resolutions submitted for your approval. The business activities and results of the bank and the CIC group for 2008 are discussed in the Executive Board reports provided with the statutory and consolidated financial statements that have been made available or provided to you. These reports also include details of business developments since the beginning of the year and prospects for the full year.

## A. Resolutions falling within the remit of the Ordinary Shareholders' Meeting

### 1 – Approval of the financial statements for the fiscal year ended December 31, 2008

(first and second resolutions)

The financial statements of CIC, which were approved by the Executive Board at its February 23, 2009 meeting, show a loss of €73,082,815.28. The Executive Board report provided with the financial statements gives details of the various elements that make up this income.

The consolidated financial statements of the CIC group show net income of €206.4 million and net income attributable to the group of €170.2 million. The related Executive Board report shows how this income was generated and how the group's various businesses and entities contributed to such income.

You have been given the opportunity to review the reports of the Chairman of the Supervisory Board enclosed with the Executive Board report regarding internal control and the functioning of the Supervisory Board, the Supervisory Board's report, and the Statutory Auditors' reports.

We ask you to approve the statutory and consolidated financial statements as presented to you.

### 2 – Appropriation of income

(third and fourth resolutions)

***a) Dividend:***

The loss for the fiscal year amounts to €73,082,815.28. After taking into account positive retained earnings of €1,605,558,668.63, the amount to be allocated by the Shareholders' Meeting comes to €1,532,475,853.35.

An amount of €1,275,812.80 should first of all be allocated to the legal reserve to raise it to 10% of the share capital as it stands following the capital increase resulting from the payment of 2007 dividends in shares. An amount of €146,000 should then be allocated to the special reserve provided for by Article 238 bis AB of the French Tax Code. This corresponds to the tax-deductible amount relating to corporate sponsorship activities.

As in previous years, the implementation of new capital adequacy ratios on the back of the Basel II agreement and the strong increase in lending on account of the network development plan that has been in place for several years have led the Executive Board to pursue its policy of increasing the share of income allocated to the reserves with a view to strengthening CIC's shareholders' equity. Despite the current economic situation and the fall in income, the Executive Board considers it necessary, in order to reward shareholder loyalty, to pay shareholders a reasonable dividend that corresponds to a proportion of the consolidated net income equivalent to that of previous years. The Executive Board therefore proposes that you decide to pay a dividend of €1 per share. The balance would be allocated to the retained earnings account.

The Executive Board therefore suggests that you:

- distribute a dividend of €36,649,061 to holders of "A" series shares in respect of fiscal year 2008;
- allocate the available balance, i.e., €1,494,404,979.55, to the retained earnings account.

Accordingly, each share will carry a dividend of €1. The ex dividend date for the shares will be May 14, 2009 and the dividends will be paid by June 18, 2009 at the latest, this four-week interval being required to exercise the option relating to payment of dividends in shares. As provided under the tax regime applicable to distributions, it is specified that the entire dividend distributed is eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.

In accordance with the provisions of French law, the Shareholders' Meeting is reminded that:

- for 2007, a dividend of €172,088,054.40 was distributed, representing €4.80 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2006, a dividend of €156,989,879.30 was distributed, representing €4.43 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2005, a dividend of €144,353,480.60 was distributed, representing €4.10 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.

*(third resolution)*

***b) Options for payment of dividends in shares:***

Again with an eye to bolstering CIC's shareholders' equity, and pursuant to the last paragraph of Article 30 of the bylaws, the Executive Board proposes offering shareholders the option of receiving payment of the dividend in the form of "A" series shares, in accordance with the following terms and conditions:

- the option would apply to the entire dividend payment;
- the option would have to be exercised between May 14 and June 5, 2009 inclusive, to enable the dividend to be paid or the shares to be delivered by June 18, 2009 at the latest;
- the issue price of the shares to be created to pay the dividend would be equal to 90% of the average share price over the last twenty trading sessions before this Shareholders' Meeting, less the net amount of the dividend, in accordance with Article L.232-19 of the French Commercial Code (*Code de commerce*). The Executive Board will be entitled to round up the issue price to the nearest whole number;
- the cum-dividend date of the shares will be January 1, 2009;
- fractions of shares will give rise to a cash payment.

The Executive Board suggests that you authorize it to carry out the operations required for the exercise of the option and the performance of the resulting capital increase.

*(fourth resolution)*

## 3 – Appointment of a member of the Supervisory Board to represent employees who are shareholders

(fifth resolution)

Pursuant to paragraph IV of Article 12 of the bylaws, and noting that the term of office of the representative of employees who are shareholders expires at the close of this Shareholders' Meeting, said term of office needs to be renewed.

The Chairman of the Executive Board asked the Chairman of the Supervisory Board of ACTICIC, a company mutual fund, to suggest at least two candidates for this position. The Supervisory Board of the company mutual fund met on April 9, 2009 and suggested the following candidates:

Mr. Jean-Claude Martinez;

Mr. Patrick Markarian.

Your Shareholders' Meeting should appoint one of these two candidates.

We suggest you start by voting for a single person in one ballot, at the close of which the name of the candidate whose name is included in the fifth resolution shall be chosen. When this procedure has been carried out and the result noted in the minutes, the fifth resolution, thus completed, approving the appointment of the new member of the Supervisory Board, will then be submitted for your approval.

## 4 – Agreements mentioned in Article L.225-86 of the French Commercial Code

(sixth resolution)

In the Statutory Auditors' special report, the Auditors list the regulated agreements governed by Article L.225-86 of the French Commercial Code that were entered into or that remained in effect during 2008 with the Supervisory Board's consent.

## 5 – Ratification of the corporate officer remuneration policy

(seventh resolution)

The analysis of the reasons for the current economic crisis and the disclosure of problems in the corporate governance of some major institutions have led to the formalization of the corporate governance standards applicable to companies, including CIC, either because they are listed companies or due to their commitments to the French State. These standards apply in particular to the remuneration of corporate officers.

The first standard is laid down in Article L.225-90-1 of the French Commercial Code, which is based on Article 17 of French Act no. 2007-1223 of August 22, 2007, and reads as follows:

*"In companies whose securities are admitted to trading on a regulated market, commitments made to executive board members, by the company itself or by any controlled or controlling company within the meaning of II and III of Article L.233-16, relating to elements of remuneration, compensation or benefits payable or likely to become payable on account of their functions ceasing or changing, or thereafter, are subject to the provisions of Articles L.225-86 and L.225-88 to L.225-90."*

*Forms of remuneration, allowances and benefits that are not related to the beneficiary meeting performance-linked conditions, assessed from the standpoint of the company of which the beneficiary is a member of the Executive Board, are prohibited.*

*The authorization given by the Supervisory Board pursuant to Article L.225-86 has to be made public in accordance with the terms and conditions and within the times laid down by decree issued by the Conseil d'Etat, France's highest administrative court.*

*Payments to be made must be submitted to a Shareholders' Meeting for approval pursuant to Article L.225-88 in the form of a specific resolution for each beneficiary. Such approval is required whenever the term of office held by the individuals referred to in the first paragraph is renewed.*

*No payment of any kind whatsoever may be made until the Supervisory Board has noted, at the time or after the termination of an effective change in duties, that the conditions laid down have been met. This is to be made public in accordance with the terms and conditions and within the times laid down by decree issued by the Conseil d'État. Any payment made in disregard of the provisions contained in this paragraph will be automatically null and void.*

*Commitments corresponding to benefits payable due to a clause prohibiting the beneficiary from performing a competing professional activity that would undermine the company's interests after the terminations of his duties within a company are only subject to the provisions of the first paragraph. This also applies to defined benefit retirement plans that have the features set forth in Article L.137-11 of the French Social Security Code (Code de la Sécurité sociale), and commitments with the features applicable to mandatory provident and retirement benefit schemes referred to in Article L.242-1 of the same code.*

Furthermore, the seventh and the ninth paragraphs of Article L.225-37 of the French Commercial Code, added by the French Act of July 3, 2008 transposing EC directive no. 2006-46-EC, provide as follows:

*"Where a company voluntarily decides to apply a corporate governance code drawn up by organizations representing companies, the report provided for in this article shall indicate which parts of the corporate governance code it departs from and the reasons for doing so. It shall also indicate where the relevant texts are publicly available. Where the company has decided not to apply any provisions of such corporate governance code, this report shall contain the rules adopted in addition to the requirements laid down by law and it shall explain its reasons for deciding not to apply any provisions of such code (...).*

*Where an undertaking has its securities admitted to trading on a regulated market, this report shall also specify the principles and the rules adopted by the Board to determine the remuneration and benefits of all kinds granted to corporate officers."*

Lastly, the implementation of a government action plan aimed at restoring confidence in the banking system gave rise to the signature of bilateral agreements between the French State and each of the major French banking groups. Article 8 of the agreement signed on October 23, 2008 by the Chairman, Etienne Pflimlin, on behalf of the Crédit Mutuel group, contains the following in particular:

*"The group undertakes to comply with the following principles as regards the remuneration of its corporate officers until the loans granted to it by the SFEF have been repaid in full:*

- *to arrange for the Board of Directors or the equivalent representative body to adopt, within six months, and to arrange, if applicable, for the next Shareholders' Meeting to approve, within nine months, a policy relating to the remuneration of corporate officers which reflects their actual performance and their effective contribution to the success of the institution;*
- *at the time of the renewal of an appointment or a new term of office, to end the possibility of a person having both a corporate office and an employment contract. This measure shall apply to the Chairman, Chairman and Chief Executive Officer and Chief Executive Officer in companies with Boards of Directors and to the Chairman of the Executive Board and the sole Chief Executive Officer in companies with an Executive Board and a Supervisory Board;*
- *to limit the amount of severance packages to two years' remuneration (fixed and variable);*
- *to prohibit the payment of these severance packages if the executive or the company has failed, or if the executive leaves voluntarily to perform other duties. A payment of this kind may only be authorized in the event an executive is required to leave and where this is linked to a change in ownership or in strategy;*
- *to include top-up retirement schemes from which corporate officers benefit in the corporate officer remuneration policy;*
- *to prohibit the distribution of bonus shares without any performance-related condition or any discount in the event of the granting of stock purchase or subscription options to corporate officers. To provide for transparency as regards the valuation of options and shares distributed;*
- *to set up a remunerations committee within the Board of Directors or the Supervisory Board responsible for preparing remuneration-related decisions.*

*The group shall report before May 31, 2009 on the remuneration policy implemented and on the fulfillment of its commitments under this article".*

The report by the Chairman of the Supervisory Board to the Shareholders' Meeting relating to the organization and operation of the Supervisory Board sets out the measures taken by the Supervisory Board relating to corporate governance, and in particular as regards the corporate officer remuneration policy.

This policy is reflected in the report by the Executive Board, in the chapter relating to corporate governance which contains details of the remuneration paid to the group's executives in the 2008 fiscal year.

At the Supervisory Board meeting on February 26, 2009, it noted all the above provisions, the commitments they entail and the corporate governance policy expressed in the reports presented to you.

Pursuant to Article 8 of the aforementioned agreement signed by the French State and Crédit Mutuel, the Shareholders' Meeting is requested to ratify the corporate officer remuneration policy as stated above.

## 6 – Authorization for the Executive Board to buy back the bank's "A" series shares

(eighth resolution)

We ask you to cancel the authorization previously given to the Executive Board to trade in CIC's "A" series shares on the stock exchange with immediate effect and to give it a new authorization for this purpose. It must be stressed that the legal framework for


such transactions is laid down in EU Regulation no. 2273/2003 of December 22, 2003, Articles L.225-209 et seq. of the French Commercial Code, and in Title IV of Book II and Chapter I of Title III of Book IV of the general regulations of the *Autorité des marchés financiers*, and in its implementing instructions. Within this framework, CIC wishes to trade on the stock exchange as follows:

- shares will be traded in accordance with the liquidity agreement entered into by CIC with the CM-CIC Securities firm of stockbrokers, in the capacity of investment service provider, which is the trader ;
- the provisions of this liquidity agreement comply with the code of ethics drawn up by the AMAFI on September 23, 2008 and approved by the AMF;
- shares will be traded freely by the investment service provider with the sole aim of ensuring the liquidity and regular listing of CIC's shares on the Paris stock exchange;
- bearing in mind that, according to the regulatory framework, it is only necessary to set a maximum purchase price in order to expressly cap the corresponding commitment, the maximum purchase price will be set at €300, a lower level due to the change in the CIC share price over the last year;
- the shares held within this context will not be cancelled;
- the maximum number of shares that may be purchased within this context is 100,000, i.e., 0.27% of the capital at the beginning of this Shareholders' Meeting, it being specified that the maximum commitment that may result from the use of this amount in full, taking into account the price limit set, will be €30 million;
- CIC will provide the AMF with the statistics relating to the trading of these shares every month and with a statement every six months.

For information purposes, as of December 31, 2008, the liquidity grouping created pursuant to the agreement in force held 12,109 "A" series CIC shares after purchasing 24,707 shares and selling 18,843 shares in 2008. As of March 31, 2009, it held 14,921 shares.

## B. Resolutions falling within the remit of an Extraordinary Shareholders' Meeting

### 1 – Amendment of Article 10 of the bylaws

(ninth resolution)

French Act No. 2004-575 of June 21, 2004 on confidence in the digital economy made it possible to use electronic voting in professional elections. It has appeared appropriate to transpose this system to the election of employee representatives on the Supervisory Board. For this purpose, it is proposed that the shareholders amend § III of Article 12 of the bylaws by offering an alternative between the usual method of a ballot in a sealed envelope, which has been the method used up until now, and electronic voting. Unlike Article L.225-37 of the French Commercial Code relating to Boards of Directors and Article L.225-82 relating to Supervisory Boards, which are based on the French NRE Act [act relating to new economic regulations] of May 15, 2001, Article L.225-64 relating to Executive Boards does not refer to the possibility of members attending meetings by videoconference. The last paragraph of this article merely states that "Executive Boards shall deliberate and make decisions under the conditions laid down in the bylaws". Given this freedom in the bylaws, it is therefore possible to introduce this possibility.

It seems appropriate to introduce it now due to the CIC group's regional structure: as most members of the Executive Board also have general management duties within regional divisions, and as the group has all the equipment required, this should make it easier for the Executive Board to hold meetings by allowing its members attending meetings in this way to be counted for the purpose of the quorum and the majority. Naturally, and by analogy with the provisions that apply to the other company bodies, the videoconferencing or telecommunications facilities used must meet the requirements of Article R.225-21 of the French Commercial Code, that is, they must transmit at least the voice of the participants, it must be possible for the participants to be identified and the continuous and simultaneous transmission of the deliberations must be possible.

In addition, and also by analogy with Articles L.232.1 and L.233-16 that apply to Boards of Directors, videoconferencing or telecommunications equipment should not be used for meetings at which the Executive Board will be called to vote on the annual financial statements, the consolidated financial statements, the report by the Executive Board and the calling of the annual Shareholders' Meeting.

This is the purpose of the sixth paragraph (new) which shall be added to Article 10 of the bylaws by the eighth resolution submitted to the vote of the Shareholders' Meeting.

Accordingly the paragraphs currently numbered sixth, seventh and eighth shall become the seventh, eighth and ninth paragraphs.

### 2 – Amendment of Article 12 of the bylaws

(tenth resolution)

In the initial wording of Article L.225-72 of the French Commercial Code, members of the Supervisory Board were required to hold shares in the company, with the number of said shares being laid down in the bylaws. In the new wording based on the French Act of August 4, 2008, which came into force on January 1, 2009, Article L.225-72 omits this statutory obligation, allowing the bylaws to impose such an obligation or not.

In order to simplify management, we suggest omitting this obligation altogether. It is currently laid down in § VIII of Article 12 of the bylaws.

This is the purpose of the ninth resolution submitted to the vote of the Shareholders' Meeting.

### 3 – Authorizations to be granted to the Executive Board to increase the capital

(eleventh to sixteenth resolutions)

Under its fifteenth, sixteenth, seventeenth and eighteenth resolutions, the May 31, 2007 Shareholders' Meeting authorized the Executive Board to increase the capital, with or without preferential subscription rights, or to make a public exchange offer. These authorizations were valid for 26 months and shall therefore soon expire. These authorizations have not been used. Nonetheless, as it is common practice for listed companies to renew such authorizations, and to facilitate these operations if they are carried out, the Executive Board suggests that you renew them.

The legal framework for such authorizations is that of Article L.225-129 of the French Commercial Code, as stated in French Order no. 2004-604 of June 24, 2004, under which the Extraordinary Shareholders' Meeting may delegate its powers as regards increasing the capital under the conditions laid down in Article L.225-129-2 of said code. This is what the Executive Board suggests doing, specifying that:

- the overall limit set for all these capital increases decided by the Executive Board is set at the nominal value of €150 million or the equivalent of this amount in other currencies or monetary units;
- in addition, if the Executive Board were to issue debt securities convertible, redeemable or otherwise exercisable for shares in the bank, the total nominal amount of such securities would in turn be capped at one billion six hundred million euros;
- the authorization would be granted for 26 months as from the Shareholders' Meeting.

You have also been provided with the special reports by the Statutory Auditors required in these cases or they have been made available to you.

Six authorizations are suggested.

***a) Authorization granted to the Executive Board to increase the capital, with preferential subscription rights being maintained:***

- either by issuing ordinary shares or any other debt securities convertible, redeemable or otherwise exercisable for shares in the bank, or by capitalizing premiums, reserves, profits, etc.;
- with the possibility, if applicable, for the Executive Board, to limit the issue to the amount of subscriptions received, to freely allocate unsubscribed shares and to offer to the public all or some of the unsubscribed shares.

*(eleventh resolution)*

***b) Authorization granted to the Executive Board to increase the capital by capitalizing premiums, reserves, profits, etc.:***

- the capital may be increased by issuing new shares, increasing the par value of the shares, or by a combination of both methods;

- fractions of shares may not be traded or assigned, and the corresponding shares shall be sold.

Pursuant to Article L.225-130 of the French Commercial Code, the vote on this resolution shall be subject to the conditions as regards quorum and majorities applicable to Ordinary Shareholders' Meetings.

*(twelfth resolution)*

***c) Authorization granted to Executive Board to increase the capital without preferential subscription rights:***

- either by issuing ordinary shares or any other debt securities convertible, redeemable or otherwise exercisable for shares in the bank;
- with the possibility for the Executive Board to introduce a right of preemption in favor of the shareholders;
- subscription may either be in cash or by offsetting receivables or may arise from the remuneration of securities contributed to a public exchange offer initiated by the bank in the context of Article L.225-148 of the French Commercial Code;
- the issue price may not be less than the weighted average share price during the three trading days prior to the decision, less 5%, in accordance with Article 7 of French Decree no. 2005-112 of February 10, 2005, it being specified that this floor shall also apply to the sum of the price of the warrant and the share in the event of the independent issue of warrants convertible, redeemable or otherwise exercisable for shares in the bank.

*(thirteenth resolution)*

***d) Possibility given to the Executive Board to increase the amount of issues in the event of excess demand:***

- on the basis of Article L.225-135-1 of the French Commercial Code and the regulatory provisions implementing such article;
- within thirty days of the close of the initial issue;
- by no more than 15% of the amount of the issue;
- and at the same price.

*(fourteenth resolution)*

***e) Authorization granted to the Executive Board to increase the capital in order to remunerate contributions of capital securities or debt securities convertible, redeemable or otherwise exercisable for shares in the bank, granted to CIC in the context of a share contribution:***

- on the basis of Article L.225-147 of the French Commercial Code;
- without preferential subscription rights;
- up to no more than 10% of the share capital.

*(fifteenth resolution)*

***f) Authorization granted to the Executive Board to proceed with a capital increase reserved for employees:***

Pursuant to Article L.225-129-6 of the French Commercial Code, all companies are required to submit a draft resolution to shareholders meeting at an Extraordinary Shareholders' Meeting for the purpose of proceeding with a capital increase reserved for employees under the conditions laid down in Article L.443-5 of the French Employment Code (Code du travail) where the Shareholders' Meeting authorizes this on the basis of Article L.225-129-2.

It should be noted that, as at December 31, 2008, the FCPE "ACTICIC" held 118,319 CIC shares representing 0.32% of the capital. By adding registered shares held directly by group employees and former employees, the employees' holding in CIC's capital amounts to approximately 0.5%.

This resolution has therefore been added to the agenda of this Shareholders' Meeting by the Executive Board in order to comply with the aforementioned provisions. This does not mean, however, that the Executive Board intends to use the authorization if, despite its recommendation to the contrary, it is adopted.

You are therefore requested, on the combined basis of Articles L.225-129-2 and L.225-138 of the French Commercial Code relating to the powers of Shareholders' Meetings as regards capital increases and Articles L.443-1 et seq. of the French Employment Code relating to company savings plans, to authorize the Executive Board, at the time and under the conditions it shall decide, to proceed with a capital increase reserved for employees in exchange for cash.

This increase in the capital would be carried out under the conditions required by the laws applicable to company savings plans. Such a savings plan is at group level for CIC.

This authorization would entail the automatic waiver by existing shareholders of their preferential subscription rights.

*(sixteenth resolution)*

## C. Resolution tabled at both the Ordinary and Extraordinary Shareholders' Meeting

The seventeenth resolution concerns powers to be given.

## Supervisory Board's report to the Shareholders' Meeting of May 12, 2009

The Supervisory Board met at regular intervals as required by French law and was able to fulfill its duties and responsibilities completely based on the business reports presented by the Executive Board at each meeting.

The main business developments in 2008 and details of the components of income are presented in the documents making up or commenting on the financial statements of the bank and the consolidated financial statements (balance sheet, income statement, notes to the financial statements and Executive Board report) presented by the Executive Board. At its February 26, 2009 meeting, the Supervisory Board reviewed these documents, verified the accounts to which they relate and heard the observations of the Statutory Auditors. The Supervisory Board has no additional observation to make in this respect.

The Supervisory Board recommends that you approve CIC's income and the other resolutions submitted to you, in accordance with the recommendations made in the Executive Board's report.

The Supervisory Board wishes to stress the exceptional nature of the crisis that has hit the financial sector, in particular since the last quarter of 2008. It has made the process of bank management particularly complex and difficult. In this context, even though there has been a significant drop in earnings as compared to previous years due to the effects of the crisis on all financial markets, these results show the resistance of traditional banking activities which focus on retail customers and companies, which remain the group's main target. They confirm the relevance of the strategy adopted and the need to continue constructing a consistent set of complementary entities formed by CIC with Crédit Mutuel.

The Supervisory Board would like to thank the Executive Board and all employees of the bank for their work. In particular, the Board expresses its solidarity with the personnel in the network who have been under pressure over the last few months: the accusations made against banks when government measures were introduced to help the banking sector are all the more unfair and hard to come to terms with in that they led to anger being directed against bank personnel in contact with customers. However the banks, the symbol of confidence, are on a critical path. The quality of the relationship banks have with their customers must not be affected but must be maintained at the highest level so that the bank's customers can continue to be assisted in the handling of their financing requirements. The crisis will probably last several years and will no doubt involve an increase in defaults which will require increased vigilance and a great deal of dexterity in management.

The Supervisory Board

## Report of the Chairman of the Supervisory Board to the Shareholders' Meeting of May 12, 2009 on the preparation and organization of the Board's work

*(Article L.225-68 of the French Commercial Code (Code de commerce), arising from Article 117 of the French Financial Security Act 2003-706 of August 1, 2003)*

The operation of the Supervisory Board is governed by Article 11 of the bylaws. The Supervisory Board has not drawn up any internal rules. The assessment of its work is documented in the general report it presents every year to the Ordinary Shareholders' Meeting and in this report of the Chairman of the Supervisory Board on the preparation and organization of the Board's work.

### 1 – Membership and Chairman

***a) Framework set out in the bylaws***

The composition of the Supervisory Board is governed by Article 12 of CIC's bylaws.

The Supervisory Board is made up of between 15 and 18 members elected at the Shareholders' Meeting, and employee representatives.

Three members of the Supervisory Board are elected by the employees and one member is elected at the Shareholders' Meeting from amongst the employee-shareholders or the employees on the Supervisory Board of a company mutual fund (FCPE) holding CIC shares (Article 12 of the bylaws, § I B).

The age limit for Supervisory Board members is 70 and is applied in the following manner: no person over the age of 70 may be appointed if his appointment would result in more than one third of Board members being over the age of 70.

Members of the Supervisory Board are elected for a period of five years. The terms of office of members other than those elected by employees end at the close of the Ordinary Shareholders' Meeting having voted on the financial statements for the previous fiscal year held in the year in which their term of office ends. The terms of office of members elected by employees end on the date of the fifth anniversary of their election.

Supervisory Board members must hold one CIC share each, either directly, or through a company mutual fund (Article 12 of the bylaws, § VIII). However, pursuant to the possibility offered by Article L.225-72 of the French Commercial Code as arising from Article 57 of French Act no. 2008-776 of August 4, 2008, the Shareholders' Meeting called for May 12, 2009 will be asked to withdraw this obligation.

***b) Main guidelines***

In addition to the law and the bylaws, in determining the membership of the Supervisory Board, two main guidelines are applied.

"Independent" members within the meaning of the applicable regulations must comply with various corporate governance recommendations. To the extent that the corporate governance procedures adopted by companies must be in keeping with each company's situation, CIC must take two parameters into account:

- first, that Banque Fédérative du Crédit Mutuel directly and indirectly holds 91.76% of the company;
- secondly, however, that most Supervisory Board members are representatives, often Chairmen, of various Crédit Mutuel federations. Ten of the 21 members of the Supervisory Board are chairmen of Crédit Mutuel federations. These members have all worked in the non-banking economic sector. Of the ten federations involved, six are not located either in the chain of shareholders that own CIC or in the group formed of the four partner federations within CM4. They are therefore legitimately "independent", if not within the strictest sense of the term, at least in accordance with the spirit of the recommendations on corporate governance.

Further to an exchange of letters of intent, signed on December 20, 2002, which established the basis for the projected partnership between the CM-CIC group and Banca Popolare di Milano, followed by another exchange of letters on April 11, 2003 regarding the scope of application of the project, the Chairman of Banca Popolare di Milano was appointed as a member of the CIC Supervisory Board at the Ordinary Shareholders' Meeting of May 15, 2003. Jean-Jacques Tamburini, a member of the CIC Executive Board, was appointed as Director of Banca Popolare di Milano.

***c) Changes made in 2008***

The terms of office of sixteen members appointed by the Shareholders' Meeting of May 15, 2003, or of those members appointed to replace them by the Board if they resigned during their term of office, expired at the close of the Shareholders' Meeting of May 22, 2008.

The Executive Board suggested that the Shareholders' Meeting renew the terms of office of all outgoing members. The Shareholders' Meeting accepted this proposal. They were therefore appointed for a term of five years which shall end at the close of the Ordinary Shareholders' Meeting called to vote on the financial statements for 2012.

As the term of office of elected employees ended at the end of September 2008, elections were organized at group level to appoint their successors, in the context of an agreement entered into with the representative trade unions on May 14, 2008. After two rounds of voting which took place on October 15 and 29, 2008, the three representatives provided for in the bylaws were elected. They started their terms of office at the Supervisory Board meeting on December 11, 2008. Their terms of office shall expire at the end of October 2013.

***d) Chairman***

At its meeting following the Shareholders' Meeting on May 22, 2008, at which the terms of office of its members were renewed, the Supervisory Board appointed:

- Mr. Etienne Pflimlin as Chairman of the Supervisory Board;
- Mr. Gérard Cormorèche as Vice-Chairman of the Supervisory Board.

These appointments were made for the same length of time as the relevant individuals' terms of office.

## 2 – Internal committees

***a) Remunerations committee***

The Supervisory Board has set up a special three-member Remunerations Committee to review the situation and compensation of the members of the Executive Board and make any relevant recommendations to the Board.

This committee meets at least once a year, and makes any relevant recommendations to the Board. The fixed portion of the remuneration, benefits-in-kind and collective provident benefits payable to members of the Executive Board are decided by the Supervisory Board at its recommendation when the members are appointed. The Committee also recommends the variable portion of remuneration to be granted to each member of the Executive Board at the Supervisory Board meeting following the Ordinary Shareholders' Meeting called to approve the financial statements for the year in respect of which the variable remuneration is paid. The variable portion is determined based on a specific, discretionary percentage.

At its meeting on May 22, 2008, the Supervisory Board renewed the appointments of:

- Mr. Etienne Pflimlin;
- Mr. André Meyer;
- Mr. Paul Schwartz;

as members of the remunerations committee.

***b) Group-wide Audit Committee***

In order to meet the new requirements arising from the transposition of EU directive 2006/43/EC relating to statutory audits of annual accounts and consolidated accounts by Order no. 2008-1278 of December 8, 2008, and those arising from new corporate governance standards, an Audit and Accounts Committee is being set up at the level of the CM4-CIC group.

This committee will propose to the group's deliberative bodies the improvements it shall consider necessary on the basis of its observations. The Audit Committee will also review the draft versions of the annual and half-yearly financial statements to assess how they were drawn up as well as the relevance and consistency of the accounting principles and methods used. Its members shall have unrestricted access to the Statutory Auditors and to the managers of the various control functions (periodic, permanent, compliance) they consider it necessary to interview in the course of their work.

To represent it on this body, at its meeting on May 22, 2008, the Supervisory Board renewed the appointments of its representatives, that is:

- Mr. Pierre Filliger;
- Mr. Daniel Leroyer.

They shall report to the Board on the performance of their assignment.

*c) Group Risk Monitoring Committee*

This committee has been set up at the level of the CM4-CIC group. It is made up of members of the deliberative bodies and meets twice a year to review the group's strategic risk issues. It proposes any prudential decision applicable to all institutions to the group's deliberative bodies, on the basis of its observations. The head of the Risk Department chairs the meetings of the committee and is responsible for presenting the files drawn up for the various areas of risk. Executive Management is also invited to attend meetings of the committee which can also invite the managers of business lines concerned by items on the agenda of the meeting.

To represent it on this body, at its meeting on May 22, 2008, the Supervisory Board renewed the appointments of its representatives, that is:

- Mr. Gérard Bontoux;
- Mr. François Duret.

They shall report to the Board on the performance of their assignment with the assistance of the head of the Risk Department.

## 3 – Meetings of the Board

The Supervisory Board meets every quarter, in accordance with legal requirements, based on a predefined schedule that allows it to examine the Executive Board's report and focus its discussions on one or more previously-determined subjects:

- two meetings are devoted to reviewing CIC's financial statements: in February for the annual financial statements and in August for the interim financial statements. The Statutory Auditors attend these two meetings in order to report to the Board on their audits and, if applicable, present the issues raised in the course of the closing process;
- one meeting is held in December, dealing with the budget and with medium-term forecasts;
- during the meeting of the Supervisory Board in May, the head of group internal audit reports annually to the Board on internal control, risk measurement and monitoring, and compliance with the code of ethics, for both CIC and CIC group activities. An interim report is presented at the December meeting.

Information packs are prepared and sent to the members of the Supervisory Board in advance of each meeting, containing all necessary information about matters on the agenda.

Detailed minutes of each meeting are drawn up, noting the decisions and votes of each member present.

In 2008, the attendance rate of members at Supervisory Board meetings was between 62% and 90%.

More specifically, at its meetings on February 21 and December 11, 2008, the Board heard two reports from the group risk monitoring committee. These reports allowed the Board to:

- review changes in regulations and their organizational implications;
- review the implementation of Basel II standards and the conclusions of inspections by the French Banking Commission (*Commission bancaire*) relating to the application of these standards;
- measure and monitor changes in credit, market, asset-liability management and operational risks.

## 4 – Implementation of corporate governance standards

The CM-CIC group's code of ethics was approved by the Board at its meeting on February 21, 2008.

This reference document, which includes all the regulatory provisions on ethics, sets out the principles which must be complied with by each entity and employee of the CM4-CIC group in the performance of his duties. It should be seen in the context of the group's general targets as regards quality of service to customers, integrity and rigor in the processing of transactions and compliance with regulations. It is intended to serve as a reference in this area and to be used by the various group entities.

Compliance with the rules of ethics applies not only to employees in the context of their duties but also to the group entity by which they are employed. In addition to compliance with regulatory provisions, the principles governing the group as regards quality of service to customers and professional integrity, which are principles based on the values adhered to by all members of the CM4-CIC group, must be applied.

The code of ethics is available at the Corporate Secretary's office for consultation.

Individuals holding privileged information are reminded, on a regular basis, of the rules applicable to them. Board members are also informed that they must disclose any trading in CIC shares on the stock exchange by themselves or persons closely related to them to the *Autorité des marches financiers* and to CIC.

At its meeting on February 26, 2009, the Supervisory Board noted the measures laid down in Articles L.225-90-1 and L.225-37 of the French Commercial Code in their form following recent laws, and the agreement with the French State signed by Mr. Etienne Pflimlin on behalf of all the Crédit Mutuel group on October 23, 2008, in the context laid down by the French Finance Act (as amended) no. 2008-1061 of October 16, 2008. In particular, the Board noted the obligations it is required to fulfill and the commitments it is required to make as regards corporate governance, relating to the corporate officer remuneration policy, and relating to the termination of the possibility of a person holding both a corporate office and an employment contract. The Board confirmed its commitment to comply with these principles at the level of CIC, and recorded that the measures implemented fulfill this commitment.

Etienne Pflimlin

Chairman of the Supervisory Board

## Statutory Auditors' report on the consolidated financial statements

### Year ended December 31, 2008

*This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the 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 captions or on information taken outside of the consolidated financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the shareholders,

Following our appointment as Statutory Auditors by your Shareholders' Meeting, we hereby submit our report relating to the year ended December 31, 2008, on:

- the audit of the consolidated financial statements of CIC, as appended to this report;
- justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these 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 our audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or using other methods of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall presentation of the financial statements. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our 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 at December 31, 2008, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without calling into question the aforementioned opinion, we draw your attention to Note 1 to the financial statements entitled "Summary of significant accounting policies and valuation and presentation methods" appended hereto, which sets out the change in accounting method relating to the amendment of IAS 39 of October 15, 2008 which authorizes the reclassification of certain financial assets under certain conditions.

## II. Justification of our assessments

The financial and economic crisis has had a severe effect on credit institutions, in particular on their business activities, their results, their risks and their refinancing (see Note 10c to the consolidated financial statements). This situation has created specific conditions this year for the preparation of the financial statements, particularly as regards accounting estimates. In this context, and 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:

### Accounting policies

In the context of our assessment of the accounting policies followed by CIC, we satisfied ourselves as to the correct application of the change of accounting method relating to the amendment of IAS 39 of October 15, 2008 as referred to above, and the appropriate nature of the information given in this respect in Note 10b to the consolidated financial statements.

### Accounting estimates

- Notes 10b and 10c to the consolidated financial statements present the CIC group's exposure to the effects of the financial crisis as well as the adjustments in value and the impairment losses resulting from its exposure at December 31, 2008. We examined the group's systems in place for reporting and valuing these exposures and we checked that the resulting accounting estimates were based on documented methods in accordance with the principles described in the aforementioned notes and Note 1 to the consolidated financial statements.
- The group uses internal models and methods to value financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Note 1 to the consolidated financial statements. We examined the control systems applicable to the determination of the inactive nature of these markets, the verification of these models and the determination of the criteria used.
- The group recognizes impairment losses on assets available for sale where there is an objective indication of a prolonged or significant loss of value on these assets (Notes 1 and 7 to the consolidated financial statements). We examined the control systems applicable to the identification of loss of value indices, the valuation of the most significant items, and the estimates which led, if applicable, to the recognition of impairment provisions to cover losses in value.
- The group records impairment losses and provisions to cover the credit risks inherent to its business (Notes 1, 8, 24 and 35). We examined the control systems applicable to the monitoring of credit risk, the assessment of the risk of non-recovery and the determination of individual and collective impairment provisions to cover these risks.
- The bank recognizes deferred tax assets in particular for tax loss carryforwards (Notes 1 and 12 to the consolidated financial statements). We examined the main estimates and assumptions that led to the recognition of these deferred taxes.

- The group records provisions for employee benefit obligations (Notes 1 and 24a). As part of our audit, we reviewed the assumptions and calculation methods used.

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

## III. Specific verification

As provided for by law, we also specifically verified the information given 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.

Neuilly-sur-Seine, April 27, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit

Jacques Lévi

Ernst & Young et Autres

Olivier Durand

# Statutory Auditors' special report on regulated agreements and commitments with third parties

**Year ended December 31, 2008**

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France*

To the shareholders,

In our capacity as Statutory Auditors of CIC, we hereby report to you on regulated agreements and commitments with third parties.

## Agreements and commitments authorized during the year ended December 31, 2008

Pursuant to Article L.225-88 of the French Commercial Code (*Code de commerce*), we have been informed of agreements and commitments authorized by the Company's Supervisory Board.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article R.225-58 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

We carried out the work we considered necessary in view of the professional polices of the French Statutory Auditors' Association (*Compagnie nationale des commissaires aux comptes*) relating to this assignment. This included performing procedures to verify that the information given to us agrees with the underlying documents.

### 1. Agreement containing a guarantee given to the Bank of Luxembourg regarding customers' deposits

**Corporate officers involved: Michel Lucas, Philippe Vidal**

At its meeting on December 11, 2008, the Supervisory Board authorized the signature of an agreement with the Bank of Luxembourg under which a joint guarantee was granted to customers of the Bank of Luxembourg guaranteeing that their deposits would be returned, with an overall cap of €4 billion, and a fee set at 0.02% of the amount covered by the guarantee.

For the granting of each individual guarantee, CIC authorized the Bank of Luxembourg to sign all deeds of joint guarantee, in favor of its customers and on behalf of CIC, in order to guarantee the return of their deposits in cash. The Bank of Luxembourg will report to CIC on the guarantees issued and the amounts for which they were issued as and when they are issued.

The agreement has a term of twelve months. It may be renewed for a further twelve-month period by an express decision of CIC.

The effect of this agreement represented income of €22,488 for CIC in 2008.

### 2. Agreement containing a guarantee given to the Bank of Luxembourg regarding investment portfolios

**Corporate officers concerned: Michel Lucas, Philippe Vidal**

In previous years, the Bank of Luxembourg created an investment portfolio worth approximately €11 billion, of which a large part consists of securities issued by OECD member states. In the context of the banking crisis, the Bank of Luxembourg wished to protect itself against the risk of default by issuers or guarantors of the securities in this portfolio due to the consequences this would have for it in Luxembourg and on the behavior of its customers. Accordingly, it asked CIC, in its capacity as parent company, to guarantee these securities against such risk of default.

At its meeting on December 11, 2008, the Supervisory Board authorized the signature of this guarantee agreement. The base for the guarantee is the portfolio of investment securities held by the bank as at September 30, 2008, excluding State securities, for an amount of €6.7 billion (nominal value). The Bank of Luxembourg will pay CIC an annual fee of 0.40% of the amount of assets guaranteed.

The agreement has a term of five years and the financial features thereof may be adjusted every year. After this period, it may be renewed by tacit agreement every year, unless it is terminated by giving three months' notice.

The effect of this agreement represented income of €7,078,344 for CIC in 2008.

## Agreements and commitments entered into in previous years which remained in effect during the year ended December 31, 2008

Pursuant to the French Commercial Code, we were informed that the following agreements and commitments approved during previous years remained in force during the year ended December 31, 2008.

### 1. Financial guarantee agreements and agreements for the provision of resources to CM-CIC Covered Bonds

The CM4-CIC group wished to considerably increase its medium- to long-term funding base in response to requirements brought about by its expansion. In this context, a project was undertaken to refinance certain property loans.

Since 2007, this refinancing has been carried out by CM-CIC Covered Bonds, a subsidiary of BFCM, whose sole activity is the refinancing of the CM4-CIC group via the issue of covered bonds within the scope of a Euro Medium Term Notes issue program.

The income from these bonds enables CM-CIC Covered Bonds to maintain the CM4-CIC group's traditional refinancing channels by granting loans to BFCM.

Thus, at its May 31, 2007 meeting, CIC's Supervisory Board authorized the Executive Board to enter into:

- the financial guarantee agreement by which CIC allocates a portion of its property loan portfolio to guarantee commitments in favor of CM-CIC Covered Bonds (this guarantee is not remunerated). In 2008, CIC allocated €3,049,678 thousand;
- the outsourcing agreement and agreement for the provision of resources to CM-CIC Covered Bonds.

### 2. Caisse de refinancement de l'habitat (CRH) refinancing handled by BFCM

CIC decided to have BFCM handle the refinancing granted by CRH.

With this in mind, at its August 29, 2007 meeting, CIC's Supervisory Board authorized the Executive Board to:

- authorize BFCM to act on behalf of CIC in its dealings with CRH;
- grant BCFM, through CIC, a guarantee in favor of CRH based on its mortgage loan portfolio;
- sell, to BFCM, CIC's 891,346 CRH shares, which carry 1,005 voting rights, for a total of €14.1 million.

### 3. Overdraft agreement between CIC and CIC Société Bordelaise

At its December 13, 2007 meeting, CIC's Supervisory Board authorized the signature of an overdraft agreement between CIC and CIC Société Bordelaise for an amount of €100 million (interest free), to strengthen CIC Société Bordelaise's working capital, which became negative due to investments made to expand its network.

### 4. Agreements for financing the development plans of CIC Lyonnaise de Banque, CIC Bonnasse Lyonnaise de Banque and CIC Société Bordelaise

To help these companies finance new branch openings, CIC's Supervisory Board, at its December 13, 2007 meeting, authorized the signature of agreements to finance the development plans of CIC Lyonnaise de Banque, CIC Bonnasse Lyonnaise de Banque and CIC Société Bordelaise. These agreements covered:

- real estate investment incentives;
- payment of new branches' payroll costs, up to certain limits;
- business development subsidies.

This assistance is in three forms: (i) five- to ten-year interest free investment loans; (ii) direct payments; and (iii) subsidies.

CIC Bonnasse Lyonnaise de Banque merged into CIC Lyonnaise de Banque on December 31, 2008. The merger was backdated to January 1, 2008.

CIC paid €8,671 thousand to CIC Lyonnaise de Banque and €12,129 thousand to CIC Société Bordelaise in connection with this agreement in 2008.

### 5. Guarantee granted by CIC to Euroclear with respect to the functioning of Cigogne Fund accounts opened by the Bank of Luxembourg with Euroclear

Cigogne Fund is a Luxembourg-based hedge fund. The Bank of Luxembourg, in its capacity as custodian and administrator of the Cigogne Fund, opened an account with Euroclear Bank.

At its December 14, 2006 meeting, CIC's Supervisory Board authorized the signature of an agreement with Euroclear with a view to:

- opening a credit line for USD 1 billion in favor of Cigogne Fund;
- granting a guarantee to Euroclear for the same amount, for the functioning of Cigogne Fund accounts opened by the Bank of Luxembourg with this sub-custodian.

### 6. Agreement on managing insurance policies of the CIC group

This agreement, authorized by CIC's Supervisory Board on May 30, 2002 and signed on January 2, 2002, is aimed at defining internal rules for pooling premiums and for handling claims of the CIC group banks, subsidiaries and business centers. The agreement applies to all losses occurring as from January 1, 2002. The agreement does not, however, apply to the following entities: CM-CIC Securities, CIC's branches in London, New York and Singapore, and the foreign subsidiaries of the group banks.

As part of its process of updating the group's professional liability insurance program, on September 11, 2003, the Supervisory Board authorized the Executive Board to sign and implement amendments to the management agreement relating to professional liability insurance contracts.

CIC paid €9.3 million in connection with the amendments to this agreement in 2008.

### 7. Premiums and claims pooling agreement for CIC group insurance policies

All the terms and provisions of the premiums and claims pooling agreement for CIC group insurance policies, signed by the CIC group banks in May 1997 and amended by addendum in December 1998 were replaced – effective from January 1, 2000 – by an agreement signed on May 10, 2000, which was authorized by the Supervisory Board on March 16, 2000.

The agreement applies to all losses that occurred prior to January 1, 2003, and in 2008 represented a charge of €62,811 for CIC.

### 8. Secondment agreement

At its September 12, 2002 meeting, CIC's Supervisory Board authorized the Executive Board to establish an agreement between CIC and Caisse Fédérale du Crédit Mutuel Centre Est Europe, providing for the full-time secondment of Alain Fradin to CIC in the capacity of Executive Board member. In accordance with this agreement, the compensation paid by Caisse Fédérale du Crédit Mutuel Centre Est Europe (salary and payroll charges) to Alain Fradin is repaid in full to Caisse Fédérale du Crédit Mutuel Centre Est Europe by CIC.

In 2008, CIC paid a gross taxable amount of €783,213 to Caisse Fédérale du Crédit Mutuel Centre Est Europe in connection with this agreement.

### 9. Secondment agreements concerning CIC group bank Chief Executive Officers

In accordance with CIC group policy, the Chief Executive Officers of the group's banks are on the payroll of CIC, and are seconded as corporate officers to the various banks.

The Supervisory Board authorized the signature of the secondment agreements between CIC and the banks concerned on September 15, 1999, September 12, 2002, and April 28, 2004.

For 2008, CIC invoiced a total gross taxable amount of €2,852,312 to the entities concerned.

### 10. Agreement entered into between Factocic and the banks of the CIC group

Due to the significant role played by the network of CIC banks as referral agents, the shareholders of Factocic have agreed upon a new compensation system. This system offers more incentives for referral agents and is geared to the threefold aim of winning market share, fostering customer loyalty and achieving earnings growth. On May 30, 2001, CIC's Supervisory Board authorized the Executive Board to sign the above agreement.

This was carried out on July 4, 2001. The agreement provides for performance-related top-up commissions in addition to ordinary commissions, as well as additional "loyalty" commissions for contracts with a term of more than 12 months.

An addendum was attached to this agreement in 2002 concerning the implementation of a specific procedure for any referral business exceeding €15 million. A further addendum was then signed in 2003 relating to the treatment of factoring agreements entered into with major corporate customers.

In 2006, a further addendum was attached to the agreement concerning new commercial agreements.

In 2008, CIC received net fees and commissions of €1,340,004.

### 11. Agreement with CM-CIC Asset Management

As part of the pooling of CIC group fund management activities, a marketing agreement was signed on December 20, 2000, amended by a first addendum on February 14, 2001, between CIC and CM-CIC Asset Management. This agreement specifies the fee to be paid to CIC for marketing CM-CIC Asset Management funds to its customer base. Since January 1, 2001, the fee has been set at 85% of net commission income received by CM-CIC Asset Management (except for certain funds). Under an addendum to this marketing agreement – authorized on April 28, 2004 by CIC's Supervisory Board – the fee was set at 95%.

CIC received €23.13 million in related net fees and commission in 2008.

### 12. Agreements between CIC and CIC Banque Scalbert Dupont, CIC Banque CIN and CIC Crédit Fécampois

Agreements were signed between CIC and CIC Banque Scalbert Dupont on June 1, 2002, and between CIC and CIC Banque CIN and CIC Crédit Fécampois on December 1, 2002. These agreements were approved by CIC's Supervisory Board on March 6, 2003.

Under the terms of the agreements, CIC provides trading services for capital markets transactions carried out on behalf of the customers of CIC Banque Scalbert Dupont, CIC Banque CIN and CIC Crédit Fécampois. The trading orders are forwarded to CIC which executes the trades in its own name on behalf of the banks' customers, acting as a del credere commission agent in compliance with Article 132-1 of the French Commercial Code. CIC guarantees settlement and delivery of the transactions but the banks continue to bear the counterparty risk in respect of their customers.

CIC Banque CIN and CIC Banque Scalbert Dupont merged on December 29, 2006 to become CIC Banque BSD-CIN. Crédit Fécampois was merged into CIC on May 31, 2007.

CIC will receive a del credere commission equal to 25% of the net profit on each transaction.

CIC received €366,120 in related net fees and commission in 2008.

Neuilly-sur-Seine, April 27, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit
Jacques Lévi

Ernst & Young et Autres
Olivier Durand

## Statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code, on the report prepared by the Chairman of the Supervisory Board

**Year ended December 31, 2008**

*This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the shareholders,

In our capacity as Statutory Auditors of CIC, and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-68 of the French Commercial Code for the year ended December 31, 2008.

It is the Chairman's responsibility to submit to the Supervisory Board a report on the internal control and risk management procedures implemented by CIC and containing the information required under Article L.225-68 of the French Commercial Code, relating in particular to corporate governance procedures.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information, and;
- to certify that the report contains the other information required under Article L. 225-68 of the French Commercial Code. It is not our responsibility to verify the fairness of this other information.

We performed our procedures in accordance with French professional standards.

### Internal control procedures relating to the preparation and processing of financial and accounting information

These standards require that we perform procedures to assess the fairness of the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information. These procedures mainly consist of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in internal control relating to the preparation and processing of financial and accounting information that we may have identified during the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report as to the information given on internal control procedures relating to the preparation and processing of financial and accounting information contained in the Chairman of the Supervisory Board's report, prepared in accordance with Article L.225-68 of the French Commercial Code.

### Other information

We certify that the Chairman's report contains the other information required under Article L.225-68 of the French Commercial Code.

Neuilly-sur-Seine, April 27, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit

Jacques Lévi

Ernst & Young et Autres

Olivier Durand

## Statutory Auditors' report on interest payable on non-voting loan stock

**Year ended December 31, 2008**

*This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the holders of CIC non-voting loan stock,

In our capacity as Statutory Auditors of CIC, and pursuant to Article L.228-37 of the French Commercial Code (*Code de commerce*), we present below our report on the data used to determine interest payable on non-voting loan stock.

On April 27, 2009, we prepared our reports on the financial statements of the bank and the consolidated financial statements for the year ended December 31, 2008.

The data used to calculate the interest payable on non-voting loan stock were determined by the Company's senior executives. It is our responsibility to comment on their conformity with the issue agreement and their consistency with the Company's financial statements.

The interest computation method provided for at the time of issue of non-voting loan stock in May 1985 can be summarized as follows:

- component equal to 40% of the annual monetary reference rate, or "TAM", and
- component equal to 43% of the TAM rate multiplied by a participation ratio (PR). For the interest due on May 28, 2009, the participation ratio is as follows:

$$\text{PR 2009} = \text{PR 2008} \times \frac{\text{2008 adjusted consolidated net income}}{\text{2007 adjusted consolidated net income}}$$

The issue agreement sets a cap and a floor on interest payments, as follows:

- floor: 85% x (TAM + fixed-rate bond index, or "TMO")/2;
- cap: 130% x (TAM + TMO)/2.

The agreement further stipulates that the participation ratio (PR) corresponding to the ratio between 2008 and 2007 consolidated net income will be adjusted to take into account changes in shareholders' equity, group structure or consolidation methods between the two years.

Since 2005, CIC has published its financial statements under IFRS. In accordance with the resolution submitted for your approval, the calculation of interest is based on net income attributable to the group for 2007 and 2008, as determined by applying the same accounting procedures and consolidation methods based on a comparable group structure and comparable shareholders' equity, giving a participation ratio (PR) of 2,960 for 2008 versus 27,495 for 2007.

The interest rate obtained by applying the above formula stands at 5.51% before application of the cap. The floor and cap rates are 3.26% and 4.99%, respectively.

Therefore, in accordance with the provisions of the issue agreement, the gross interest paid in 2008 will amount to €7.61 per stock.

We performed our work in accordance with French professional standards. These standards require that we carry out the necessary procedures to verify the conformity and consistency of the data used to calculate the interest due on non-voting loan stock with the issue agreement and the audited financial statements of the bank and the group.

We have no matters to report concerning the conformity and consistency of the data used to calculate the interest due on non-voting loan stock.

Neuilly-sur-Seine, April 16, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit
Jacques Lévi

Ernst & Young et Autres
Olivier Durand

## Statutory Auditors' report on the annual financial statements

### Year ended December 31, 2008

*This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the annual 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 annual financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the shareholders,

Following our appointment as Statutory Auditors by your Shareholders' Meeting, we hereby submit our report relating to the year ended December 31, 2008, on:

- the audit of the annual financial statements of CIC, as appended to this report;
- justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

## I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the annual financial statements are free from material misstatement. An audit includes examining, on a test basis or using other methods of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall presentation of the financial statements. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of CIC at December 31, 2008, and of the results of its operations for the year then ended in accordance with French accounting principles and rules.

Without calling into question the aforementioned opinion, we draw your attention to the point contained in Note 1 to the financial statements entitled "Summary of significant accounting policies and valuation and presentation methods" and to Note 5b to the financial statements, which set out the change in accounting method pursuant to CRC Regulation 2008-17 of December 10, 2008 relating to transfers of securities out of the "trading securities" category and out of the "held-for-sale securities" category and amending CRB Regulation 90-01 relating to the recognition of securities transactions.

## II. Justification of our assessments

The financial and economic crisis has had a severe effect on the business sector generally and on credit institutions, in particular on their business activities, their results, their risks and their refinancing. This situation has created specific conditions this year for the preparation of the financial statements, particularly as regards accounting estimates. In this context, and 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:

### Accounting policies

In the context of our assessment of the accounting policies followed by CIC, we satisfied ourselves as to the correct application of the change of accounting method relating to the application of CRC Regulation 2008-17 of December 10, 2008 as referred to above, and the appropriate nature of the information given in this respect in Note 5b to the financial statements.

**Accounting estimates**

- Notes 1 and 5 to the financial statements contain the methods used to value and calculate impairment losses resulting from the bank's exposure to the effects of the crisis. We examined the bank's systems in place for reporting and valuing these exposures and we checked that the resulting accounting estimates were based on documented methods in accordance with the principles described in the aforementioned notes.
- The bank uses internal models and methods to value positions on certain 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 systems applicable to determination of the inactive nature of these markets, the verification of these models and the determination of the criteria used.
- As stated in Notes 1, 4c and 17 to the financial statements, CIC records impairment losses and provisions to cover the credit risks inherent to its business. We examined the control systems applicable 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 risk.
- CIC made 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 investments, and the assessment of retirement benefit obligations recognized and provisions for legal risks. We reviewed 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 in the context of our audit of the annual financial statements taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

## III. Specific verifications and information

We also carried out the specific verifications provided for by law.

We have no matters to report as to:

- the fair presentation and consistency with the annual financial statements of the information given in the Executive Board report and in the documents sent to shareholders on the financial position and the annual financial statements;
- the fairness of the information given in the Executive Board report relating to remuneration and benefits paid to the corporate officers involved and the commitments made in their favor when said individuals were appointed, ceased performing, or changed duties or subsequently.

Pursuant to the law, we satisfied ourselves that the information relating to taking holdings and gaining control and the identity of capital holders was contained in the Executive Board report.

Neuilly-sur-Seine, April 27, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit
Jacques Lévi

Ernst & Young et Autres
Olivier Durand

# Resolutions

## A. Resolutions falling within the remit of the Ordinary Shareholders' Meeting

### First resolution

**Approval of the financial statements for the fiscal year ended December 31, 2008**

After reviewing the Executive Board's report to the Shareholders' Meeting, its management report, the attached reports of the Chairman of the Supervisory Board regarding internal control and the functioning of the Board, the Supervisory Board's report, the Statutory Auditors' report and the annual financial statements for the fiscal year ended December 31, 2008, the Shareholders' Meeting approves said annual financial statements as presented to it, which show a net after-tax loss of €73,082,815.28.

### Second resolution

**Approval of the consolidated financial statements for the fiscal year ended December 31, 2008**

After reviewing the Executive Board's report to the Shareholders' Meeting, its management report, the attached reports of the Chairman of the Supervisory Board regarding internal control and functioning of the Board, the Supervisory Board's report, the Statutory Auditors' report and the consolidated financial statements for the fiscal year ended December 31, 2008, the Shareholders' Meeting approves said consolidated financial statements as presented to it, which show net after-tax income attributable to the group of €170.2 million.

### Third resolution

**Appropriation of income**

The Shareholders' Meeting notes that:

- the loss for the fiscal year amounts to: €73,082,815.28;
- retained earnings amount to: €1,605,558,668.63;
- as a result, distributable income comes to: €1,532,475,853.35;

and decides to allocate this amount as follows:

- allocation to the legal reserve: €1,275,812.80;
- allocation to the special reserve provided for by Article 238 bis AB of the French Tax Code: €146,000.00;
- dividend for "A" series shares in respect of fiscal year 2008: €36,649,061.00;
- remaining balance to be allocated to the retained earnings account: €1,494,404,979.55.

As a result, the Shareholders' Meeting sets the dividend to be paid for each "A" series share at €1. However, the dividend that should be allocated to shares that are not eligible for dividends under French law will be paid into retained earnings.

The ex dividend date will be May 14, 2009 and the dividends will be paid by June 18, 2009 at the latest. The entire dividend distributed is eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.

In accordance with the provisions of French law, the Shareholders' Meeting is reminded that:

- for 2005, a dividend of €144,353,480.60 was distributed, representing €4.10 per share eligible in full for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2006, a dividend of €156,989,879.30 was distributed, representing €4.43 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2007, a dividend of €172,088,054.40 was distributed, representing €4.80 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.

### Fourth resolution

**Payment of the dividend in shares**

After noting that the share capital is fully paid up and reviewing the Executive Board's report, and pursuant to the last paragraph of Article 30 of the bylaws, the Shareholders' Meeting decides to offer all shareholders the option of receiving payment of the dividend in cash or in shares.

The period during which the option may be exercised runs from May 14, 2009, the ex-dividend date, to June 5, 2009 inclusive. During this period shareholders may choose to receive their payment in shares by simple request to the relevant paying agent. This option applies to the entire dividend distributed.

Cash dividends will be paid on June 18, 2009 at the latest, after the option exercise period has expired.

If the shareholder has not requested payment of the dividend in shares by June 5, 2009 at the latest, he/she will receive payment of his/her dividend in cash.

The issue price of the shares to be created to pay the dividend will be equal to 90% of the average share price over the last twenty trading sessions before this Shareholders' Meeting, less the net amount of the dividend, in accordance with Article L.232-19 of the French Commercial Code (*Code de commerce*). The Executive Board will be entitled to round up the issue price to the nearest whole number.

The cum-dividend date of the shares will be January 1, 2009. If the amount of the dividend to be received by a shareholder does not correspond to a whole number of shares, the dividend will be rounded down to the nearest whole number and the difference will be paid in cash.

Full powers shall be given to the Executive Board, or to any person to whom the Executive Board may delegate such powers, to perform all operations relating to the exercise of the option and the resulting capital increase, and in particular to record such capital increase and amend the bylaws accordingly.

## Fifth resolution

**Appointment of a member of the Supervisory Board to represent employees who are shareholders**

Pursuant to paragraph IV of Article 12 of the bylaws, after voting on the candidates put up for election, the Shareholders' Meeting decides to appoint:

Mr/Mrs. .....;

as a member of the Supervisory Board to represent employees who are shareholders.

His/her term of office shall last for five years and shall end at the close of the Ordinary Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2013.

## Sixth resolution

**Agreements mentioned in Article L.225-86 of the French Commercial Code**

After reviewing the Statutory Auditors' special report on the transactions and agreements mentioned in Article L.225-86 of the French Commercial Code, and deliberating on the basis of this report, the Shareholders' Meeting approves the transactions and agreements referred to therein.

## Seventh resolution

**Ratification of the corporate officers' remuneration policy**

Referring in particular to Article 8 of the agreement with the French State signed on October 23, 2008 by Mr. Etienne Pflimlin on behalf of the whole Crédit Mutuel group, having reviewed the Chairman's report on the conditions of preparation and organization of the Supervisory Board's work and the information contained in the management report submitted by the Executive Board, the Shareholders' Meeting ratifies the corporate officers' remuneration policy set out therein.

## Eighth resolution

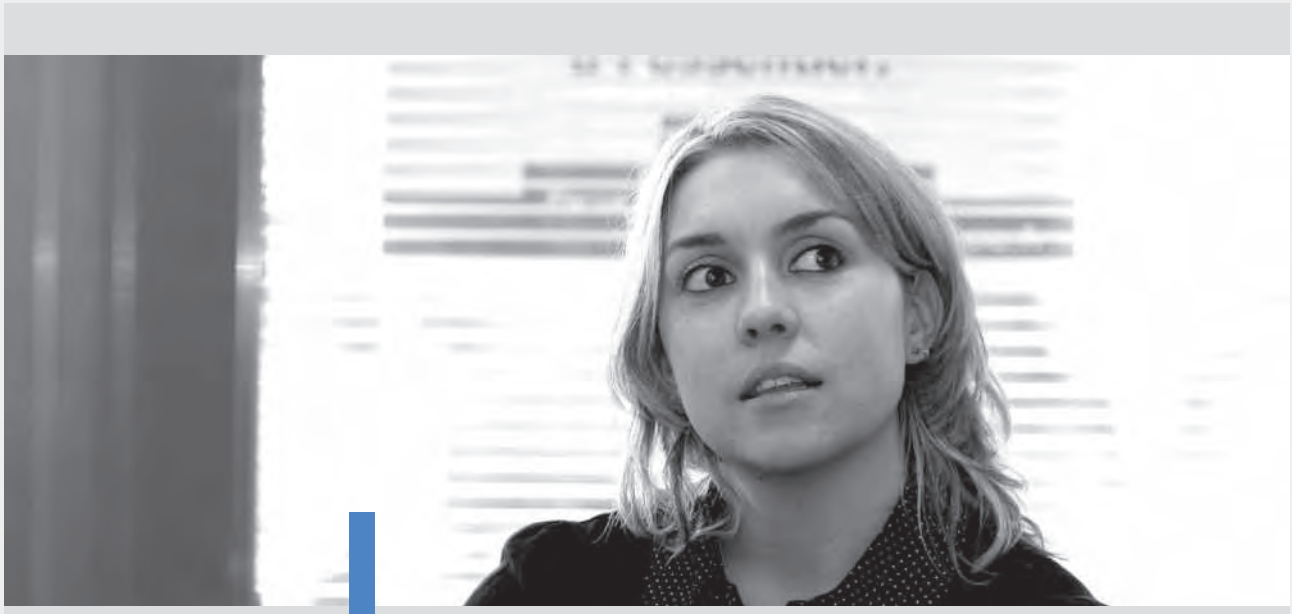
**Authorization for the Executive Board to buy back CIC's "A" series shares**

After reviewing the Executive Board's report, as well as its special report on the operations performed within the scope of the 2007/2008 share repurchase program and the description of the proposed share repurchase program for 2008/2009, the Shareholders' Meeting:

- cancels, with immediate effect, the authorization given to the Executive Board under the seventh resolution of the May 22, 2008 Ordinary Shareholders' Meeting to trade in CIC's "A" series shares in order to stabilize the market price thereof;
- within the scope of EU Regulation no. 2273/2003 of December 22, 2003, the provisions of Articles L.225-209 et seq. of the French Commercial Code, and Title IV of Book II and Chapter I of Title III of Book IV of the general regulations of the *Autorité des marchés financiers* and its implementing instructions, authorizes the Executive Board, with immediate effect, to trade in CIC's "A" series shares on the stock exchange under the following conditions:
- shares must be purchased and sold in accordance with a liquidity agreement entered into with an investment service provider in accordance with the regulations in force;
- these operations will be carried out by the service provider with the sole aim of ensuring the liquidity and regular listing of CIC's shares on the Paris stock exchange;
- the maximum purchase price is set at €300 per share;
- the maximum number of shares that may be purchased is set at 100,000, representing a maximum potential commitment of €30 million;
- shares held in connection with the liquidity agreement will not be cancelled.

This authorization will remain in effect until October 31, 2010 inclusive.

The Shareholders' Meeting grants full powers to the Executive Board to enter into all agreements, carry out all formalities, and, in general, take all the necessary steps within the aforementioned framework.



## B. Resolutions falling within the remit of the Extraordinary Shareholders' Meeting

### Ninth resolution

**Amendment of Article 10 of the bylaws**

Deliberating under the conditions as regards quorum and majority required for Extraordinary Shareholders' Meetings and after reviewing the Executive Board's report and the Supervisory Board's report, the Shareholders' Meeting decides to amend Article 10 of the bylaws relating to the Executive Board by adding, after the fifth paragraph, a sixth paragraph that shall read as follows:

*"The Executive Board shall be authorized to use videoconferencing or telecommunications methods that have the features laid down in Article R.225-21 of the French Commercial Code for all its meetings, except those in which the Executive Board is called on to vote on the annual financial statements, the consolidated financial statements, the management report and the calling of the annual Shareholders' Meeting. Members of the Executive Board who take part in the meeting in this way shall be deemed to be present for the purpose of calculating the quorum and the majority".*

Accordingly, the sixth, seventh and eighth paragraphs of Article 10 of the bylaws become the seventh, eighth and ninth paragraphs respectively.

### Tenth resolution

**Modification of Article 12 of the bylaws**

Deliberating under the conditions as regards quorum and majority required for Extraordinary Shareholders' Meetings and after reviewing the Executive Board's report and the Supervisory Board's report, pursuant to Article L.225-72 of the French Commercial Code, as amended by Article 57 of French Act no. 2008-776 of August 4, 2008, the Shareholders' Meeting decides to delete § VIII of Article 12 of the bylaws relating to qualifying shares.

### Eleventh resolution

**Authorization granted to the Executive Board to increase the bank's capital, either by issuing ordinary shares or any debt securities convertible, redeemable or otherwise exercisable for shares in the bank with preferential subscription rights of the shareholders being maintained, or by capitalizing premiums, reserves, profits, etc.**

Deliberating under the conditions as regards quorum and majority required for Extraordinary Shareholders' Meetings and after reviewing the Executive Board's report, the Supervisory Board's report, and the Statutory Auditors' special report, and in accordance with Articles L.225-129, L.225-129-1, L.225-129-2 et seq., and L.228-92 et seq. of the French Commercial Code, the Shareholders' Meeting:

**1°** Authorizes the Executive Board to decide on one or more increases in capital, in the proportions, under the conditions, and at the times it shall consider appropriate, within the scope laid down in this resolution, by issuing, in France or abroad, ordinary shares in the bank or any debt securities of any kind whatsoever, including detachable equity warrants, free of charge or for valuable consideration, giving entitlement to ordinary shares in the bank by any means, now or in the future, with these debt securities being denominated in euros, in foreign currencies or in any monetary unit whatsoever created with reference to several currencies.

Debt securities may be subscribed either in cash or by offsetting receivables.

The issue price of each share may not be less than its par value.

The authorization thus granted to the Executive Board shall be valid for 26 months as from this Shareholders' Meeting.

**2°** Decides that the total amount of increases in share capital that may thus be carried out, now or in the future, may not be more than one hundred and fifty million euros (150,000,000) in par value, or the equivalent thereof in any other currency, to which amount shall be added, if applicable, the additional amount of shares to be issued, to preserve the rights of holders of debt securities giving entitlement to shares, in accordance with the law. All increases in capital that may be carried out pursuant to the authorizations given to the Executive Board in resolutions 11 to 16 of this Shareholders' Meeting shall be aggregated within this limit. In addition, the nominal amount of debt securities convertible, redeemable or otherwise exercisable for shares in the bank, now or in the future, that may be issued pursuant to this authorization, may not exceed one billion six hundred million euros (1,600,000,000), or the equivalent thereof in any other currency.

**3°** Decides that the shareholders shall have, in proportion to the number of shares they own, preferential subscription rights to the debt securities issued pursuant to this resolution.

In addition, the Executive Board shall have the possibility of granting shareholders the right to subscribe for excess debt securities, in an amount that exceeds the number of debt securities they could subscribe for by way of right, in proportion to the subscription rights they have and, in any event, up to the number they have requested.

**4°** Decides that, if the subscriptions by way of right and, if applicable, for excess debt securities, have not absorbed all the proposed issue, the Executive Board may take action as follows, in the order it shall consider appropriate:

- limit the issue to the amount of subscriptions received, provided this amounts to at least three-quarters of the proposed issue;
- freely allocate all or some of the securities that have not been subscribed;
- offer to the public all or some of the securities that have not been subscribed.

**5°** Notes that this authorization entails, as necessary and automatically, in favor of the holders of debt securities issued pursuant to this resolution and subsequently exercisable for shares in the bank that may be issued, the waiver by the shareholders of their preferential subscription rights to the shares to which these debt securities give entitlement.

**6°** Decides that this authorization shall also entail an authorization given to the Executive Board to amend the bylaws accordingly.

The authorization given in the fifteenth resolution of the Shareholders' Meeting of May 31, 2007 is cancelled.

## Twelfth resolution

**Authorization granted to the Executive Board to increase the capital by capitalizing premiums, reserves, profits, etc.**

Pursuant to Article L.225-130 of the French Commercial Code and after reviewing the Executive Board's report and the Supervisory Board's report, the Shareholders' Meeting:

1° Authorizes the Executive Board, for a period of 26 months as from this Shareholders' Meeting, to increase the capital, on one or more occasions, by capitalizing premiums, reserves, profits, etc., where capitalization is possible under the law and the bank's bylaws, in the form of granting bonus shares, increasing the par value of existing shares or a combination of these two methods. The total amount of the increases in the share capital that may be made in this way, plus the amount necessary to preserve the rights of holders of debt securities exercisable for shares in accordance with the law, may neither exceed the amount in the reserve, premium or profit accounts at the time of the increase in the capital, nor exceed a limit of €150 million. This limit shall be reduced by the amount of any increases in the capital carried out pursuant to resolutions 11-16.

2° Decides, in the event the Executive Board uses this authorization, that rights relating to fractions of shares may not be traded or assigned, and that the corresponding shares shall be sold; the sums generated by the sale shall be allocated to the holders of rights within the time provided for by the regulations in force.

3° Decides that this authorization shall also entail an authorization given to the Executive Board to amend the bylaws accordingly.

## Thirteenth resolution

**Authorization granted to the Executive Board to increase the capital by issuing ordinary shares or any debt securities convertible, redeemable or otherwise exercisable for shares in the bank, with the withdrawal of preferential subscription rights**

Deliberating under the conditions as regards quorum and majority required for Extraordinary Shareholders' Meetings, and after reviewing the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' special report, and in accordance with Articles L.225-129, L.225-129-1, L.225-129-2 et seq., L.225-135 and L.228-92 et seq. of the French Commercial Code, the Shareholders' Meeting:

1° Authorizes the Executive Board to increase the capital, on one or more occasions, in the proportions, under the conditions, and at the times it shall consider appropriate within the scope of this resolution, by issuing, in France or abroad, ordinary shares in the bank or any debt securities of any kind whatsoever, including detachable equity warrants, free of charge or for valuable consideration, exercisable for ordinary shares in the bank by any means, now or in the future with these debt securities being denominated in euros, in foreign currencies or in any monetary unit whatsoever created with reference to several currencies.

Debt securities may be subscribed either in cash or by offsetting receivables or subscription may arise from the remuneration of securities contributed to a public exchange offer initiated by the bank in the context of Article L.225-148 of the French Commercial Code.

The authorization thus granted to the Executive Board shall be valid for 26 months as from this Shareholders' Meeting.

2° Decides that the total amount of increases in share capital that may thus be carried out, now or in the future, may not be more than one hundred and fifty million euros (150,000,000) in par value, or the equivalent thereof in any other currency. All increases in capital that may be carried out pursuant to the authorizations given to the Executive Board in resolutions 11 to 16 of this Shareholders' Meeting shall be aggregated within this limit. In addition, the nominal amount of debt securities convertible, redeemable or otherwise exercisable for shares in the bank, now or in the future, that may be issued pursuant to this authorization, may not exceed one billion six hundred million euros (1,600,000,000), or the equivalent thereof in any other currency.

3° Decides to withdraw the preferential subscription right of the shareholders to subscribe to the debt securities to be issued under this authorization, and to grant the Executive Board the possibility of introducing, in favor of the shareholders, a right of preemption to subscribe, by way of right, and possibly for excess shares, to all or part of the issue, during the time and in accordance with the conditions it shall set, in compliance with the statutory and regulatory provisions applicable on the date it decides to use this authorization. This right of preemption shall not give rise to the creation of negotiable rights.

4° Decides that the issue price may not be less than the weighted average share price during the three trading days prior to the decision, less 5%, it being specified that this floor shall also apply to the sum of the price of the warrant and the share in the event of the independent issue of warrants convertible, redeemable or otherwise exercisable for shares in the bank.

5° Notes that this authorization entails, as necessary and automatically, in favor of the holders of debt securities issued pursuant to this resolution and subsequently exercisable for shares in the bank that may be issued, the waiver by the shareholders of their preferential subscription rights to the shares for which these debt securities are exercisable.

6° Decides that this authorization shall also entail an authorization given to the Executive Board to amend the bylaws accordingly.

The authorization given in the sixteenth resolution of the Shareholders' Meeting of May 31, 2007 is cancelled.

## Fourteenth resolution

**Possibility of increasing the amount of issues in the event of excess demand**

Deliberating under the conditions as regards quorum and majority required for Extraordinary Shareholders' Meetings and after reviewing the Executive Board's report and the Supervisory Board's report, the Shareholders' Meeting decides that, for each of the issues decided pursuant to the foregoing eleventh and thirteenth resolutions, the number of securities to be issued may be increased by the Executive Board under the conditions laid down in Article L.225-135-1 of the French Commercial Code if it notes excess demand, within thirty days of the close of the initial issue and by no more than 15% of the amount of the initial issue. The subscription price shall be the same as for the initial issue. However, this increase shall be recorded within the overall limit of one hundred

and fifty million euros (150,000,000) authorized for all the increases in the capital made by the Executive Board pursuant to resolutions 10-16 of this Shareholders' Meeting.

The authorization given in the seventeenth resolution of the Shareholders' Meeting of May 31, 2007 is cancelled.

### Fifteenth resolution

**Issuing shares without preferential subscription rights in order to remunerate contributions of capital securities or debt securities convertible, redeemable or otherwise exercisable for shares, granted to CIC in the context of a share contribution**

Within the overall limit of one hundred and fifty million euros (150,000,000) that applies to increases in the capital authorized by resolutions 11-16 of this Shareholders' Meeting, and under the conditions laid down in Article L.225-147 of the French Commercial Code, deliberating under the conditions as regards quorum and majority required for Extraordinary Shareholders' Meetings, and after reviewing the Executive Board's report and the Supervisory Board's report, the Shareholders' Meeting authorizes the Executive Board, for a period of 26 months as from this Shareholders' Meeting, to issue ordinary shares [on the basis of] the report by the appraiser(s) of capital contributions (*commissaires aux apports*) and within a limit of 10% of the bank's share capital, in order to remunerate contributions of capital securities or debt securities convertible, redeemable or otherwise exercisable for shares. This authorization shall also entail an authorization given to the Executive Board to amend the bylaws accordingly.

The authorization given in the eighteenth resolution of the Shareholders' Meeting of May 31, 2007 is cancelled.

### Sixteenth resolution

**Authorization granted to the Executive Board to proceed with a capital increase reserved for employees**

Deliberating under the conditions as regards quorum and majority required for Extraordinary Shareholders' Meetings, after reviewing the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' special report, in view of the foregoing resolutions allowing the Executive Board the possibility of increasing the capital, and pursuant to Articles L.225-129-6 and L.225-138 of the French Commercial Code, the Extraordinary Shareholders' Meeting authorizes the Executive Board to proceed, once or several times, with a capital increase in cash reserved for employees and, if applicable, for former employees, retirees or early retirees of the bank and of all or some of the companies and groupings affiliated with it within the meaning of Article L.225-180 of the French Commercial Code, members of a company or group savings plan, to be carried out in accordance with Article L.443-5 of the French Employment Code. This authorization shall entail the automatic waiver by shareholders of their preferential subscription rights to subscribe to any such capital increase.

The Shareholders' Meeting gives full powers to the Executive Board, with the possibility of delegation within the statutory limits, for the following purposes in particular:

**1°** Determining the amount of the issue;

**2°** Setting the subscription price of the new shares under the conditions laid down in Article L.443-5 of the French Employment Code;

**3°** Deciding on all the conditions and methods of the future capital increase(s) and in particular:

- determining the company or companies of which the employees and former employees may subscribe for shares;
- setting the conditions as regards length of service to be met by the subscribers and the time within which the shares to be issued must be paid up;
- deciding whether or not subscriptions may be made through the intermediary of a company mutual fund or directly in favor of the beneficiaries;
- determining the length of the subscription period, the cum-dividend date of the new shares and, generally, any other condition or process it shall consider necessary;
- allocating the costs of the increase in the capital to the additional paid-in capital account and drawing from such account the sums necessary to allocate one-tenth of the new capital to the legal reserve;
- lastly, carrying out all acts and formalities required due to the increase in the capital, noting the completion of the increase in the capital, requesting the listing of the shares issued for trading on a regulated market, amending the bylaws accordingly, and doing whatever may be necessary.

This capital increase shall be subject to the overall limit of one hundred and fifty million euros (150,000,000) applicable to capital increases carried out by the Executive Board pursuant to resolutions 11-16 of this Shareholders' Meeting.

This authorization is given for a period of 26 months as from this Shareholders' Meeting.

## C. Resolution tabled at both the Ordinary and Extraordinary Shareholders' Meeting

### Seventeenth resolution

**Powers**

The Shareholders' Meeting gives full powers to the bearer of a copy or excerpt of the minutes of this meeting to carry out all filings, publications and other formalities prescribed by law.

# Additional Information

## Capital markets

### General information about the capital

#### Amount and composition of capital

At December 31, 2008, CIC's capital amounted to €586,384,976 divided into 36,649,061 "A" series ordinary shares with a par value of €16 each, all fully paid up

As authorized by the May 26, 1999 Combined Ordinary and Extraordinary Shareholders' Meeting, the Executive Board converted the bank's capital into euros following its decision of June 19, 2001. At that time, in accordance with the authorization granted, the par value of each share was changed to €16 from FRF100, resulting in a capital increase of €26,435,111.72.

During 2003, Banque Fédérative du Crédit Mutuel transferred to CIC 705,000 shares in Fédébail, representing 94% of that company's capital. The consideration for this transfer – which was approved by the Extraordinary Shareholders' Meeting of May 15, 2003 – was granted through the issue of 199,330 new CIC shares with a par value of €16 to BFCM. Following this transaction, CIC's capital increased from €560,141,376 to €563,330,656.

Within the context of the restructuring of the group's capital markets business, CIC Banque CIAL contributed its capital markets business to CIC. This contribution was approved by the September 7, 2006 Extraordinary Shareholders' Meeting and 229,730 CIC shares created pursuant to a capital increase were allocated in consideration for the contribution. In accordance with the tax ruling issued within the scope of Article 115 of the French Tax Code, these shares were granted free of charge to CIC by CIC Banque CIAL at the end of the year. Accordingly, CIC now holds 229,730 of its own shares.

During 2007, Crédit Fécampois was merged into CIC (10th and 11th resolutions of the May 31, 2007 Combined Ordinary and Extraordinary Shareholders' Meeting). The shareholders of Crédit Fécampois other than CIC were granted CIC shares issued by means of an increase in the capital in consideration for the shares they contributed within the scope of this merger, with CIC waiving the right to receive its own shares. 5,850 new shares were issued corresponding to a share capital increase of €93,600.

Pursuant to the fourth resolution of the Combined Ordinary and Extraordinary Shareholders' Meeting of May 31, 2007, offering the option for payment of the dividend in shares, the share capital was increased by €6,526,912 by the creation of 407,932 new shares.

By voting for the fifth resolution, the Combined Ordinary and Extraordinary Shareholders' Meeting of May 22, 2008 offered the shareholders the option of payment of the dividend in shares and gave full powers to the Executive Board for this purpose. The Executive Board set the issue price of the shares at €161 per share, a price which corresponds to a par value of €16 and a share premium of €145. The option for payment in shares was exercised for 26,750,055 coupons, corresponding to the creation of 797,383 new shares and leading to a capital increase of €12,758,128. The increase in capital was carried out on June 26, 2008.

#### Authorized capital and expiration date of the authorization

Under its fifteenth to eighteenth resolutions, the May 31, 2007 Shareholders' Meeting authorized the Executive Board to increase the capital with or without preferential subscription rights or to make a public exchange offer. These authorizations are valid for a 26 month period. The overall limit set for all these capital increases was €150 million; in addition, if the Executive Board were to issue debt securities convertible, redeemable or otherwise exercisable for shares in the bank, the total nominal amount of such securities would in turn be capped at one billion six hundred million euros.

These authorizations were not used in 2007 or in 2008. They are valid until July 31, 2009. The Shareholders' Meeting called for May 12, 2009 will be asked to renew them.

#### Securities not carrying the right to a stake in equity

None.

#### Changes in control and changes in capital

The bylaws do not contain any provision that would have the effect of delaying, deferring or preventing a change in control.

The bylaws do not contain any provision that provides for stricter conditions than those provided for by law with regard to changes in capital.

## Changes in capital

| | 2004 | | 2005 | |
|---|---|---|---|---|
| | Number of shares | Amount in € | Number of shares | Amount in € |
| At January 1 | 35,208,166 | 563,330,656 | 35,208,166 | 563,330,656 |
| Capital increase in cash | | | | |
| o/w additional paid-in capital | | | | |
| Share contribution | | | | |
| Capital increase by capitalizing reserves | | | | |
| **TOTAL CAPITAL AT DECEMBER 31** | **35,208,166** | **563,330,656** | **35,208,166** | **563,330,656** |

| | 2006 | | 2007 | | 2008 | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount in € | Number of shares | Amount in € | **Number of shares** | **Amount in €** |
| At January 1 | 35,208,166 | 563,330,656 | 35,437,896 | 567,006,336 | 35,851,678 | 573,626,848 |
| Capital increase in cash | | | 407,932 | 112,997,164 | 797,383 | 128,373,663 |
| o/w additional paid-in capital | | | | (106,470,252) | | (115,620,535) |
| Share contribution | 229,730 | 3,675,680 | 5,850 | 93,600 | | |
| Capital increase by capitalizing reserves | | | | | | |
| **TOTAL CAPITAL AT DECEMBER 31** | **35,437,896** | **567,006,336** | **35,851,678** | **573,626,848** | **36,649,061** | **586,384,976** |

## Ownership structure at December 31, 2008

**(Shareholders holding more than 0.5% of the capital, or Supervisory Board members)**

| | Number of shares | % capital | Voting rights | % |
|---|---|---|---|---|
| Banque Fédérative du Crédit Mutuel | 26,223,303 | 71.55 | 26,223,303 | 72.03 |
| Ventadour Investissement | 7,407,901 | 20.21 | 7,407,901 | 20.35 |
| Caisse Centrale de Crédit Mutuel | 366,290 | 1.00 | 366,290 | 1.01 |
| Banca Popolare di Milano | 352,082 | 0.96 | 352,082 | 0.97 |
| Crédit Mutuel Nord Europe | 314,328 | 0.86 | 314,328 | 0.86 |
| Cie Financière du Crédit Mutuel | 263,585 | 0.72 | 263,585 | 0.72 |
| Crédit Mutuel Maine-Anjou, Basse-Normandie | 253,747 | 0.69 | 253,747 | 0.70 |
| Crédit Mutuel Océan | 253,723 | 0.69 | 253,723 | 0.70 |
| Crédit Mutuel du Centre | 209,100 | 0.57 | 209,100 | 0.57 |
| Crédit Mutuel Loire-Atlantique et Centre-Ouest | 128,942 | 0.35 | 128,942 | 0.35 |
| FCPE ACTICIC (employees and former employees) | 118,319 | 0.32 | 118,319 | 0.32 |
| Crédit Mutuel Normandie | 25,371 | 0.07 | 25,371 | 0.07 |
| Public, other shareholders | 490,520 | 1.35 | 490,520 | 1.35 |
| Treasury stock (own shares held and shares held in connection with the liquidity agreement) | 241,850 | 0.66 | - | - |
| **TOTAL** | **36,649,061** | **100** | **36,407,211** | **100** |

Details of CIC shares purchased and sold by the bank on the market are given on page 204.

The 241,850 shares held by CIC at December 31, 2008 ((including 229,741 own shares held and 12,109 held in connection with the liquidity agreement) are stripped of voting rights but do not have a material impact on the ownership structure or the allocation of voting rights between shareholders as set out above.

## Changes in ownership structure over the past three years

| | At Dec 31, 2006 | | At Dec. 31, 2007 | | At Dec. 31, 2008 | |
|---|---|---|---|---|---|---|
| | Number of shares | % | Number of shares | % | Number of shares | % |
| Banque Fédérative du Crédit Mutuel | 24,953,024 | 70.41 | 25,374,376 | 70.78 | 26,223,303 | 71.55 |
| Ventadour Investissement | 7,407,901 | 20.90 | 7,407,901 | 20.66 | 7,407,901 | 20.21 |
| Caisse Centrale de Crédit Mutuel | 350,088 | 0.99 | 355,686 | 0.99 | 366,290 | 1.00 |
| Banca Popolare di Milano | 352,082 | 0.99 | 352,082 | 0.98 | 352,082 | 0.96 |
| Crédit Mutuel du Nord | 300,425 | 0.85 | 300,425 | 0.84 | 314,328 | 0.86 |
| Cie Financière du Crédit Mutuel | 268,758 | 0.76 | 268,758 | 0.75 | 263,585 | 0.72 |
| Crédit Mutuel Maine-Anjou, Basse-Normandie | 242,523 | 0.68 | 246,401 | 0.69 | 253,747 | 0.69 |
| Crédit Mutuel Océan | 242,500 | 0.68 | 246,378 | 0.69 | 253,723 | 0.69 |
| Crédit Mutuel du Centre | 202,100 | 0.57 | 202,100 | 0.56 | 209,100 | 0.57 |
| FCPE ACTICIC (employees and former employees) | 185,548 | 0.52 | 159,225 | 0.44 | 118,319 | 0.32 |
| Crédit Mutuel Loire-Atlantique et Centre-Ouest | 123,240 | 0.35 | 123,240 | 0.35 | 128,942 | 0.35 |
| Crédit Mutuel Normandie | 24,250 | 0.07 | 24,637 | 0.07 | 25,371 | 0.07 |
| Public, other shareholders | 550,637 | 1.55 | 552,524 | 1.54 | 490,520 | 1.35 |
| Treasury stock (own shares held and shares held in connection with the liquidity agreement) | 234,820 | 0.66 | 235,975 | 0.66 | 241,850 | 0.66 |
| **TOTAL** | **35,437,896** | **100** | **35,851,678** | **100** | **36,649,061** | **100** |

Following the agreements entered into on September 11, 2001 between CIC, BFCM, GAN and Groupama, GAN's 23% stake in CIC was acquired by Ventadour Investissement, a wholly-owned BFCM subsidiary.

In accordance with its contractual commitments, each year BFCM acquires the shares sold by current and former employees of the CIC group who took part in the 1998 privatization. 463,394 CIC shares were sold in July 2003 following the expiration of the 5-year vesting period.

On February 8, 2006, pursuant to the strategic partnership agreement entered into with the CIC, Banca Popolare di Milano acquired 352,082 CIC shares that were sold to it by Ventadour Investissement.

## Controlling shareholders

At December 31, 2008, Banque Fédérative du Crédit Mutuel (BFCM), which is 94.6%-owned by Caisse Fédérale de Crédit Mutuel Centre Est Europe (CFCMCEE), held 91.8% of the capital of CIC, both directly (71.6%) and through its wholly-owned subsidiary, Ventadour Investissement. It therefore exercises control over CIC.

BFCM's business covers the following main areas:

- it acts as a holding company of the CM4-CIC group, owns a portfolio of interests in four main business segments: banking and financial services, insurance, real estate and technology;
- it performs financial management, treasury and refinancing services for the group;
- it also offers lending, financial engineering, fund flow management and securities dealing services to a customer base of major companies and institutional investors.

CM4 (Crédit Mutuel Centre Est Europe/Sud-Est/Ile-de-France/Savoie-Mont Blanc) pursues a four-pronged strategy providing for the simultaneous development of retail banking, bancassurance, e-banking and mutual banking services. The strategy is now being implemented jointly with CIC, by leveraging synergies and optimizing technical resources, while maintaining each network's specific identity, market approach and structure.

In 2008, the group continued its development strategy, strengthening its network and extending its activities and its area of action. It acquired the 18 branches in the French network of Banco Popular Español. It also strengthened its links with the other Crédit Mutuel groups. In January 2009, the Midi-Atlantique group joined the interfederal fund of which the Centre Est Europe, Ile-de-France, Sud-Est and Savoie-Mont Blanc federations were already members. Lastly, by increasing its capital holding in NRJ Mobile to 90%, it gave itself the means to fully exploit the synergies between mobile telephony, payment management and bancassurance.

At international level, the group moved to a new stage by acquiring Citibank Germany, a network with 339 branches, 6,092 employees and 3.4 million customers, and specializing in consumer credit. It signed an agreement to gain control of Cofidis in 2009. Cofidis is the consumer credit subsidiary of 3Suisses International, which has 11.5 million customers in nine European countries. It also increased its presence in Spain by creating an insurance company in partnership with the Royal Automobile Club of Catalonia and in North Africa, where it increased its holding in Banque Marocaine du Commerce Extérieur from 15.4% to 19.9% and created a joint IT subsidiary called Eurafric information, to assist its partners in the development of bancassurance activities in Morocco and Tunisia.

Crédit Mutuel Centre Est Europe (CMCEE) is the largest of the 18 Crédit Mutuel regional groups. Along with Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France and Crédit Mutuel Savoie-Mont Blanc, the BECM network, the Citibank network in Germany and the Banco Popular France network of which it is a partner, it has 1,666 local branches in its territory.

With consolidated balance sheet assets of €440.6 billion at December 31, 2008, the CM4-CIC group manages and holds €351.9 billion worth of customer savings, including €128.9 billion in deposits, €223 billion in bank-type savings products and €52.4 billion in insurance-type savings products. It moreover granted loans totaling €214.3 billion.

## Market for CIC shares

### CIC "A" series ordinary shares

CIC ordinary shares, or "A" series shares, have been listed on the Paris stock exchange since June 18, 1998.

CIC's bylaws do not contain any clauses restricting the sale of "A" series shares. However, shareholders that increase or reduce their interest by 0.5% or more of the bank's capital are required to disclose their new interest (Article 9 (6) of the bylaws, see page 49 of the chapter on "Corporate governance").

The May 22, 2008 Combined Ordinary and Extraordinary Shareholders' Meeting, in its seventh resolution, renewed the authorization for an investment service provider to trade on the stock exchange within the scope of a liquidity agreement. Within the scope of this agreement, in 2008, CIC:

- purchased 24,707 CIC "A" series shares at an average price per share of €144.98;
- sold 18,843 CIC "A" series shares at an average price per share of €151.39;

At December 31, 2008, CIC held 12,109 CIC "A" series shares with an average unit value of €100.

At the Combined Ordinary and Extraordinary Shareholders' Meeting called for May 12, 2009, shareholders will be asked to renew this authorization.

Pursuant to Article 6 (1) of the bylaws, the bank's capital is made up of a single class of shares, namely "A" series shares, with a par value of €16 each, all fully paid up.

Once 10% of capital has been allocated to the legal reserve, which is the case, the income for the fiscal year, plus any retained earnings brought forward from the prior year, can be distributed in full to the shareholders by the Shareholders' Meeting, subject to the application of the relevant rules of tax law (Article 30 of the bylaws).

The shares issued by the bank do not carry any special rights, liens or restrictions.

### Market data – CIC "A" series ordinary shares

| | Number of shares traded | Average monthly value (in € millions) | Share price | |
|---|---|---|---|---|
| | | | Low (in €) | High (in €) |
| **January 2007** | 45,375 | 12.983 | 268.00 | 315.00 |
| February 2007 | 48,929 | 14.182 | 291.00 | 330.00 |
| March 2007 | 15,792 | 4.805 | 293.51 | 323.50 |
| April 2007 | 44,37 | 13.276 | 280.60 | 308.99 |
| May 2007 | 27,528 | 8.579 | 302.10 | 322.80 |
| June 2007 | 123,659 | 36.469 | 288.76 | 308.50 |
| July 2007 | 22,849 | 6.738 | 278.70 | 300.00 |
| August 2007 | 29,495 | 7.938 | 255.50 | 294.59 |
| September 2007 | 9,367 | 2.341 | 238.00 | 278.88 |
| October 2007 | 6,502 | 1.660 | 246.99 | 263.00 |
| November 2007 | 13,097 | 3.044 | 215.62 | 253.00 |
| December 2007 | 152,17 | 36.045 | 230.11 | 250.00 |
| **January 2008** | 12,454 | 2. 774 | 205.30 | 249.99 |
| February 2008 | 12,445 | 2.544 | 190.00 | 214.00 |
| March 2008 | 6,664 | 1.284 | 182.10 | 210.00 |
| April 2008 | 7,093 | 1.339 | 178.60 | 199.99 |
| May 2008 | 6,051 | 1.090 | 173.70 | 190.00 |
| June 2008 | 9,96 | 1.584 | 146.00 | 177.84 |
| July 2008 | 10,203 | 1.390 | 127.00 | 151.98 |
| August 2008 | 13,621 | 1.747 | 122.50 | 137.99 |
| September 2008 | 10,87 | 1.245 | 100.00 | 125.00 |
| October 2008 | 50,026 | 5.286 | 99.50 | 113.00 |
| November 2008 | 24,379 | 2.782 | 104.00 | 124.25 |
| December 2008 | 44,692 | 4.649 | 97.00 | 110.00 |
| **January 2009** | 29,768 | 2.550 | 78.00 | 101.50 |
| February 2009 | 11,342 | 0.889 | 68.00 | 84.80 |
| March 2009 | 27,566 | 2.005 | 65.00 | 100.00 |

## Financial information

Over the last twelve months, the CIC group has not been the subject of any government, court or arbitration proceedings that could have or may recently have had a major impact on its financial situation or profitability.

There has been no major change in the bank's business or financial situation since December 31, 2008.

## Investments

The only investments made by the CIC group concerned financial investments (see the Executive Board's report on the consolidated financial statements, page 66 and Note 7a to the consolidated financial statements, page 112).

## Property, plant and equipment

The information on property, plant and equipment is set out in the notes to the financial statements (Note 16, page 120).

## Related party transactions and information on shareholdings

This information is contained in:

- Note 3 to the financial statements – scope of consolidation (pages 104-107);
- Note 40 to the financial statements – related party balance sheet items (page 136-137);
- the table "information regarding subsidiaries and shareholdings" (pages 170-171);
- the section entitled "business activities and results of subsidiaries and shareholdings" (pages 172-178).

## Dividends and dividend policy

### Outstanding shares and securities

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Number of "A" series shares | 35,208,166 | 35,208,166 | 35,208,166 | 35,621,937 | 36,649,061 |
| Net dividend on "A" series shares (in €) | 3.78 | 4.10 | 4.43 | 4.80 | 1.00 |
| **TOTAL DIVIDEND PAYOUT (IN € MILLIONS)** | **133** | **144.3** | **156** | **171** | **37** |
| Consolidated net income attributable to group (in € millions) | 532 | 578 | 1,274 | 1,139 | 170 |
| Payout ratio | 25.0% | 25.0% | 12.2% | 15.0% | 22% |

The share capital is divided into 36,649,061 shares, including 229,741 shares of treasury stock. The amount of the dividend allocated to treasury stock is recorded directly in the "retained earnings" account.

## Non-voting loan stock

The non-voting loan stock issued in 1985 by Compagnie Financière de Crédit Industriel et Commercial, which has since become Crédit Industriel et Commercial, entitles holders to an annual coupon made up of fixed and variable components.

Coupons are payable on May 28 of each year. This year's coupon is therefore payable on May 28, 2009. The coupon rate cannot be less than 85%, or more than 130%, of the sum of the annual monetary reference rate (TAM) plus the fixed-rate bond index (TMO), divided by 2.

- The fixed-rate bond index (TMO) is the arithmetic mean of the monthly average yields on the settlement dates for subscriptions of government-guaranteed bonds and equivalents. It is established by France's National Institute of Statistics and Economic Studies (INSEE) for the period from April 1 to March 31 prior to each maturity date.
- The annual monetary reference rate (TAM) is the compounded yield that would be earned on a monthly investment reinvested each month at the average monthly money market rate calculated by the French Banking Association (AFB) during the twelve months up to March.

Since January 1, 1999, this rate has been calculated by compounding the EONIA (Euro Overnight Index Average) instead of the average monthly money market rate.

The fixed component of the coupon is 40% of the annual monetary reference rate, as defined above. The variable component is 43% of the annual monetary reference rate, as defined above, multiplied by the "participation ratio" (PR).

The participation ratio used to calculate the variable component of the coupon due in May 2009 – PR 2009 – is equal to:

$$\text{2008 PR} \times \frac{\text{2008 income as defined in the issue contract}}{\text{2007 income as defined in the issue contract}}$$

The contract defines income as consolidated income adjusted for changes in shareholders' equity, changes in CIC group structure and changes in consolidation methods.

CIC group adjusted consolidated net income for 2008, as determined by applying the same accounting procedures and consolidation methods on a comparable group structure basis, amounted to €121,396 thousand as opposed to €1,127,597 thousand for 2007.

The 2009 PR is equal to:

$$\text{2008 PR} \times \frac{\text{€121,396 thousand}}{\text{€1,127,597 thousand}}$$

i.e. 27.495 x 0.10766 = 2.96.

### 2008 coupon

The coupon rate calculated from the income shown above, including both the fixed and variable components, came to 5.51%, which exceeds the cap provided for in the issue contract.

Consequently, under the terms of the issue contract, the coupon rate paid to holders of non-voting loan stock in May 2009 will be capped at 130% of the sum of the annual monetary reference rate (TAM) plus the fixed-rate bond index (TMO) divided by 2.

The coupon rate will be 4.992% on the basis of an annual monetary reference rate of 3.2947% and an average fixed-rate bond index of 4.3842%. This means that the gross coupon due in May 2009 will amount to €7.61 for each stock with a face value of €152.45

### Coupon payments since 2005 (year paid)

| | Coupon | TAM% | TMO% | Coupon rate % | Gross coupon |
|---|---|---|---|---|---|
| 2005 | 14.764 | 2.1058 | 4.2433 | 4.127 | €6.29 |
| 2006 | 14.667 | 2.2233 | 3.6233 | 3.798 | €5.79 |
| 2007 | 30.795 | 3.2286 | 4.1900 | 4.822 | €7.35 |
| 2008 | 27.495 | 4.1117 | 4.5792 | 5.648 | €8.61 |
| 2009 | 2.96 | 3.2947 | 4.3842 | 4.992 | €7.61 |

### Non-voting loan stock price movements since 2004

| | High € | Low € | Close € |
|---|---|---|---|
| 2004 | 175.00 | 145.00 | 172.00 |
| 2005 | 179.80 | 179.80 | 179.80 |
| 2006 | 185.00 | 175.00 | 183.50 |
| 2007 | 186.00 | 176.50 | 183.00 |
| 2008 | 182.00 | 150.00 | 156.00 |

On October 18, 1999, CIC non-voting loan stock with a face value of FRF 1,000 was converted into stock with a face value of €152.45.

# General information

## Legal information about CIC

*(see also "Corporate governance" section)*

### Name and registered office

The bank's name is:

**Crédit Industriel et Commercial**
abbreviated to: **CIC**

This abbreviation can be used on its own.

Its registered office is located at:
6, avenue de Provence, 75009 Paris

Telephone: +33 1 45 96 96 96

### Applicable legislation and legal form

Bank organized as a French *société anonyme* (corporation) governed by the Companies Act of July 24, 1966 (Act no. 66-537) and the Banking Act of January 24, 1984 (Act no. 84-46). The bank has a two-tier management structure, with a Supervisory Board and an Executive Board.

## Company governed by French law

### Incorporation date and expiration date

The bank was incorporated on May 7, 1859. Its term will expire on December 31, 2067, unless it is dissolved or its term is extended before that date.

### Purpose (summary of Article 5 of the bylaws)

The purpose of the bank in France and abroad is in particular:

- to carry out all banking operations and related operations;
- to provide all investment services and related services;
- insurance broking in all businesses;
- realtor activity;
- all professional training activities relating to the above matters;
- to acquire, hold and manage interests in all banking, financial, real estate, industrial and commercial companies in France and abroad.

### Registration number and APE business identifier code

542 016 381 Paris Trade and Companies Registry

Business identifier code: 651 C

## Legal documents relating to the bank

The bylaws, minutes of Shareholders' Meetings and reports can be consulted at the registered office located at 6, avenue de Provence, 75009 Paris (Corporate Secretary's office).

## Fiscal year

January 1 to December 31.

## Income appropriation (Article 30 of the bylaws)

Income for the year corresponds to total revenues less general operating expenses and other expenses of the bank, including depreciation, amortization and provisions.

At least 5% of net income for the year, less any losses brought forward from prior years, is credited to the legal reserve until such time as the legal reserve represents one-tenth of the bank's capital.

The balance remaining after all necessary allocations to the long-term capital gains reserves and adding any retained earnings brought forward from prior years, corresponds to income available for appropriation.

The Shareholders' Meeting may appropriate all or part of this amount to any revenue reserves or to retained earnings. Any balance remaining after these appropriations is distributed to shareholders pro rata to their interests in the bank's capital.

Dividends are paid on the date set by the Shareholders' Meeting or, failing that, on the date chosen by the Executive Board.

The Shareholders' Meeting may decide to offer each shareholder the option of receiving all or part of the dividend or any interim dividend either in cash or in the form of shares.

## Dependence

The CIC group is not dependent on any patents, licenses or industrial, commercial or financial supply agreements for the conduct of its business.

## Background

The bank was founded on May 7, 1859 under the name of "Société Générale de Crédit Industriel et Commercial".

Since its formation, it has overseen the establishment of regional banks in France's leading cities. It opened its first foreign branch in London, in 1895.

In 1918 and 1927, the bank acquired interests in several regional and local banks, including Banque Dupont, Banque Scalbert, Société Normande de Banque et de Dépôts, Crédit Havrais, Crédit Nantais, Crédit de l'Ouest and Banque Régionale de l'Ouest. It built up a group of affiliated banks, which was extended further during the economic crisis of the 1930s.

In 1968, the CIC group became a member of the Suez-Union des Mines group.

In 1982, most of the banks in the CIC and Compagnie Financière de Suez group were nationalized.

In 1984, after the French government had given the bank full ownership of Banque de l'Union Européenne and enough shares in the regional banks for it to control 51% of their share capital, the banking businesses were spun off into a subsidiary created for this purpose, named CIC Paris.

The bank became the parent company for the group and took the name Compagnie Financière de Crédit Industriel et Commercial.

In 1985, GAN acquired an interest in Compagnie Financière de CIC. GAN's interest then increased as the interests of the Suez group and the government decreased.

In 1987, the government transferred its remaining shares in the regional banks to Compagnie Financière de CIC, which has owned the entire capital of its banking subsidiaries since then.

In 1990, Compagnie Financière de CIC merged with Banque de l'Union Européenne to form Compagnie Financière de CIC et de l'Union Européenne, which operated under the business name of "Union Européenne de CIC".

On April 27, 1998, GAN sold a 67% interest in Compagnie Financière de CIC et de l'Union Européenne to Banque Fédérative du Crédit Mutuel (BFCM), in connection with the privatization of the CIC group launched by the government on August 1, 1996.

On December 31, 1999, Compagnie Financière de CIC et de l'Union Européenne merged with its wholly-owned subsidiary, Crédit Industriel et Commercial. The merger was backdated to January 1, 1999 for legal and accounting purposes and was carried out using the simplified procedure. The merged company took the name Crédit Industriel et Commercial and transferred its head office to 6, avenue de Provence, Paris.

Following the agreements signed on September 11, 2001, between CIC, BFCM, GAN and Groupama, GAN's 23% stake in CIC was acquired by Ventadour Investissement, a wholly-owned BFCM subsidiary.

# Person responsible for the registration document *(document de référence)* and Statutory Auditors

## Person responsible for the registration document

### Person in overall charge of the registration document

Mr. Michel Lucas, President of the Executive Board.

### Declaration by the person responsible for the registration document

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of my knowledge, in accordance with the facts and no omission likely to affect its import has been made.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the bank and the entities in the consolidation taken as a whole, and that the management report provided in the "Financial Information" section (pages 64-85 for the consolidated financial statements and pages 138-139 for the bank's financial statements) provides a true and fair view of the development and performance of the business, profit or loss and financial position of the bank and the entities in the consolidation taken as a whole as well as a description of the main risks and uncertainties that they face.

I obtained a statement from the Statutory Auditors at the end of their engagement, in which they state having verified the information relating to the financial position and the financial statements set out in this document, and having read the whole of the document.

The historical financial information presented in this document with respect to the year ended December 31, 2008 was covered in the reports prepared by the Statutory Auditors which are shown in pages 188 to 195. The latter contain observations.

Paris, April 27, 2009

Michel Lucas
President of the Executive Board

## Statutory Auditors

The Statutory Auditors, PricewaterhouseCoopers Audit and Ernst & Young et Autres, are members of the French Regional Institute of Accountants of Versailles.

### Principal Statutory Auditors

Name: PricewaterhouseCoopers Audit
Address: 63, rue de Villiers – 92 208 Neuilly-sur-Seine cedex
Represented by Jacques Lévi and Agnès Hussherr
First appointment began on: May 25, 1988
Length of current appointment: six years from May 11, 2006
This appointment expires at the close of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011.

Name: Ernst & Young et Autres
Address: 41, rue Ybry – 92 576 Neuilly-sur-Seine
Represented by Olivier Durand
First appointment began on: May 26, 1999
Length of current appointment: six years from May 19, 2005
This appointment expires at the close of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2010.

### Alternate Statutory Auditors

Étienne Boris, Pascal Macioce.

## Statutory Auditors' fees

| | PricewaterhouseCoopers Audit | | | | Ernst & Young et Autres | | | |
|---|---|---|---|---|---|---|---|---|
| *(Amounts in € millions)* | **2008** | | 2007 | | **2008** | | 2007 | |
| **Audit** | | | | | | | | |
| Statutory audit and contractual audits | | | | | | | | |
| - CIC | 0.67 | 21% | 0.57 | 22% | 0.37 | 18% | 0.57 | 22% |
| - Fully consolidated subsidiaries | 2.39 | 77% | 1.88 | 71% | 1.62 | 82% | 1.50 | 58% |
| Other engagements | | | | | | | | |
| - CIC | | | | | | | | |
| - Fully consolidated subsidiaries | 0.05 | 2% | 0.06 | 2% | | | 0.51 | 20% |
| **Sub-total** | **3.11** | **100%** | **2.51** | **95%** | **1.99** | **100%** | **2.58** | **100%** |
| **Other services performed by the networks for the fully consolidated subsidiaries** | | | | | | | | |
| - Legal and tax advisory services | | | 0.05 | 2% | | | | |
| - Other | | | 0.09 | 3% | | | | |
| **Sub-total** | | | **0.14** | **5%** | | | | |
| **TOTAL** | **3.11** | **100%** | **2.65** | **100%** | **1.99** | **100%** | **2.58** | **100%** |

# Cross-reference table

| Annex 1 of EU regulation no. 809/2004 | | Pages |
|---|---|---|
| 1 | Persons responsible | 208 |
| 2 | Statutory Auditors | 208 |
| 3 | Selected financial information | 5-6 |
| 4 | Risk factors | 72-85 |
| 5 | Information about the issuer | 205 / 206-207 |
| 6 | Principal activities | 5 / 7-30 / 67-69 / 206 |
| 7 | Organizational structure | 8-9 / 104-107 |
| 8 | Property, plant and equipment | 205 |
| 9 | Operating and financial review | 64-71 / 86-88 |
| 10 | Capital resources | 78-79 / 89-90 |
| 11 | Research and development, patents and licenses | na |
| 12 | Trend information | 70 |
| 13 | Profit forecasts or estimates | na |
| 14 | Administrative, management and supervisory bodies and senior management | 31-49 |
| 15 | Remuneration and benefits | 34 /38-39 / 71 / 137 |
| 16 | Board practices | 31-49 |
| 17 | Employees | 59 / 202-203 |
| 18 | Major shareholders | 202-204 |
| 19 | Related party transactions | 205 |
| 20 | Financial information concerning the issuer's assets and liabilities, financial position and profits and losses | 63-178 / 205-206 |
| 21 | Additional information | 134 / 201-204 / 206-207 |
| 22 | Material contracts | na |
| 23 | Third party information and statement by experts and declarations of interest | na |
| 24 | Documents available to the public | 62 / 209 |
| 25 | Information on holdings | 205 |

| Cross-reference table for the information required in the annual report | | Pages |
|---|---|---|
| 1 | Declaration by the person responsible for the registration document | 208 |
| 2 | Management reports | 64-85 / 138-139 |
| 3 | Financial statements | 86-137 / 140-169 |

In accordance with Article 28 of European regulation no. 809-2004 on prospectuses and Article 212-11 of the general regulations issued by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF), the following are incorporated by reference:

- the consolidated financial statements, management report and Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2007, presented on pages 64 to 125 and page 146 respectively of registration document (*document de référence*) D. 08-0362, filed with the *Autorité des marchés financiers* on April 30, 2008;
- the consolidated financial statements, management report and Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2006, presented on pages 56 to 119 and page 140 respectively of registration document (*document de référence*) D. 07-0417, filed with the *Autorité des marchés financiers* on May 4, 2007;

The chapters of registration documents D. 08-0362 and D. 07-0417 not referred to above are either not relevant for the investor, or are covered elsewhere in this registration document.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

**This registration document was filed with the *Autorité des marchés financiers* on April 27, 2009, pursuant to Article 212-13 of the AMF's General Regulations.**
**It may only be used in connection with a financial transaction if it is accompanied by a memorandum approved by the AMF.**

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**Published by**

CIC
External Relations Department

**Designed and produced by**

TroisQuatorze

**Photo credits**

Caroline Doutre

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CIC, a French limited company (Société anonyme) with an Executive Board and a Supervisory Board and share capital of €586,384,976
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