

CMCIC **COVERED BONDS**

Company accounts at 31 December 2010

- Balance sheet
- Profit and loss account
- Appendices

COMPANY ACCOUNTS**BALANCE SHEET**

ASSETS in million of Euros	Notes	2010 31 December	2009 31 December
Cash on hand, balances at central banks			
Government and similar securities			
Advances to credit establishments	2	15 558,2	14 525,4
Transactions with customer base			
Bonds and other fixed income instruments			
Shares and other variable income instruments			
Holdings and other securities held for the long term		0,0	
Holdings in associated companies			
Leasing and similar transactions			
Intangible assets			
Tangible assets			
Unpaid subscribed shares			
Own shares			
Other assets	3	0,5	1,1
Settlement accounts		0,0	
Total assets		15 558,7	14 526,5
Off balance sheet		2010	2 009
Commitments received			
Finance commitments			
Commitments received from credit establishments			
Guarantee commitments			
Commitments received from credit establishments	11	25 562,4	20 239,2
Commitments on securities			
Securities sold with buyback or write-back facility			
Other commitments received			

BALANCE SHEET

LIABILITIES in millions of Euros	Notes	2010 31 December	2009 31 December
Central banks			
Debts to credit establishments	5		0,7
Transactions with customer base			
Debts represented by a security	6	15 316,2	14 283,2
Other liabilities	3		
Settlement accounts	4	0,7	0,9
Provisions		0,0	
subordinated debts	7	120,4	120,3
Funds for general banking risks			
Shareholders' equity	8	121,4	121,5
- Subscribed shares		120,0	120,0
- Issue premium			
- Reserves		1,1	1,1
- Revaluation surplus			
- Regulated provisions			
- Balance carried forward		0,1	
- Income for the accounting period		0,2	0,4
Total liabilities		15 558,7	14 526,6

Off balance sheet**Commitments given****Finance commitments**

Commitments made to credit establishments

Commitments made to customers

Guarantee commitments

Order commitments to credit establishments

Order commitments to customers

Commitments on securities

Securities acquired with write-back facility

Other commitments given

PROFIT AND LOSS ACCOUNT

in millions of Euros	Notes	Financial year 2010	Financial year 2009
+ Interest and similar income	12	436,6	469,3
+ Interest and similar costs	12	(435,3)	(467,1)
+ Revenue from variable income instruments			
+ Commissions (income)			
+ Commissions (costs)			
+/- Income or losses on transactions for trading portfolios			
+/- Income or losses on transactions for investment and similar portfolios			
+ Other income from banking operations			
+ Other costs from banking operations			
= Net Banking Income		1,3	2,1
+ Manpower costs			
+ Other administrative costs		(1,1)	(1,2)
+ Allowances for depreciation			
= Operating costs		(1,1)	(1,2)
= Gross Operating Profit		0,2	0,9
+ Cost of risk			
= Operating profit		0,2	0,9
+/- Income or losses on fixed assets			
= Earnings before tax and extraordinary items (EBIT)		0,2	0,9
+/- Exceptional income			
+ Tax on profits	13		0,5
+/- Allowances/write-backs for FGFR			
+/- Allowances/write-backs for regulated provisions			
= Net Profit		0,2	0,4

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS AND PROFIT AND LOSS ACCOUNT

The notes in the appendix are presented in millions of euros.

Significant events during the financial year

CM-CIC COVERED BONDS is a 99.97%-owned subsidiary of the Crédit Mutuel Federative Bank.

In the year 2010, CM-CIC COVERED BONDS carried out four bond EMTN issues representing a total of €4.5bn million taking the total value of the issues to €15.2bn. Most of these issues mature within one to five years.

NOTE 1: Accounting principles, assessment and presentation methods

The accounts are prepared in accordance with regulation CRB 91-01 amended by regulations CRC 2000-03, CRC 2004-16, CRC 2005-04 and CRC 2007-06

Credits

Credits are entered in the balance sheet at their nominal value.

Assets and liabilities entered in foreign currencies

Assets and liabilities entered in a foreign currency other than the local currency are converted at the official exchange rate on the settlement date. Unrealised exchange income or losses resulting from these conversions are recognised in the profit & loss account with exchange differences made or incurred on transactions for the financial year.

Interest and commissions

Interest is recognised in the profit & loss account on a time-apportioned basis. Commissions are recorded according to the cashing criterion, with the exception of commissions relating to financial transactions, which are recorded at closure of the issue or when invoiced.

NOTE 2 - Advances to credit establishments

at 31 December 2010	31.12.2010		31.12.2009	
	Demand	Forward	Demand	Forward
Ordinary accounts		0,9		
Loans, reverse repurchased securities (*)		15 395,0		14 395,0
Securities received under repurchase agreements				
Associated advances		162,3		130,4
Bad debts				
Depreciation				
Total		15 558,2		14 525,4
Total of advances to credit establishments		15 558,2		
including participating capital loans				
including subordinated loans				

(*) Loans granted only have BFCM as counterparty

NOTE 3 - Other assets and liabilities

	31.12.2010		31.12.2009	
	Asset	Liability	Asset	Liability
Premiums on options				
Transaction settlement accounts on securities				
Debts represented by borrowed securities				
Deferred taxes				
Miscellaneous debtors and creditors	0,5			1,1
Associated credits and debts				
Depreciation				
Total	0,5			1,1

NOTE 4 - Settlement accounts

	31.12.2010		31.12.2009	
	Asset	Liability	Asset	Liability
Cash accounts				
Foreign currency and off balance sheet adjustment accounts				
Other settlement accounts		0,7		0,9

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

Total	0,7	0,9
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NOTE 5 - Debts to credit establishments

	31.12.2010		31.12.2009	
	Demand	Forward	Demand	Forward
Ordinary accounts				0,7
Time deposit accounts				
Reverse repurchase securities				
Securities given under repurchase agreements				
Associated debts				
Total				0,7
Total of debts to credit establishments				0,7

NOTE 6 - Debts represented by a security

	31.12.2010	31.12.2009
Medium-term notes		
Interbank certificates & tradable loan securities (*)		
Obligatory borrowings	15 155,0	14 155,0
Other debts represented by a security		
Associated debts	161,2	128,2
Total	15 316,2	14 283,2

(*) The non-depreciated balance corresponds to the difference between the sum initially received and the repayment price of debts represented by a security.

NOTE 7 - Mezzanine debts

	31.12.2009	Issues	Reimbursements	Other variations	31.12.2010
Mezzanine debts	60,0				60,0
Participating capital loans					
Open-ended mezzanine debts	60,0				60,0
Associated debts	0,3			0,1	0,4
Total	120,3			0,1	120,4

Principal mezzanine debts:

	OUTSTANDING LOANS	INTEREST RATE	DUE DATE	EARLY REPAYMENT TERMS
MEZZANINE LOAN DUE IN 2007	60,0	Euribor 3 months + 0.22		
OPEN-ENDED MEZZANINE LOAN 2007	60,0	Euribor 3 months + 0.66		
TOTAL	120,0			

All borrowings are in euros.

NOTE 8 - Shareholders' equity and FGBR

	Capital	Premiums	Reserves (*)	Carry forward	Result financial year	Total	FGBR
Balance on 1.1.2009	120,0			0,3	2,8	123,1	
Profit for the accounting period					0,4	0,4	
Allocation of income from the previous financial year			1,1	1,7	(2,8)		
Distribution of dividends				(2,0)		(2,0)	
Increase in share capital (*)						120,0	
Effect of revaluations							
Other variations							
Impact of merger							
Balance on 31.12.2010	120,0		1,1		0,4	121,5	
Balance on 1.1.2011	120,0		1,1		0,4	121,5	

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

Profit for the accounting period			0,2	0,2
Allocation of income from the previous financial year	0,4		(0,4)	
Distribution of dividends	(0,4)			(0,4)
Increase in share capital (*)				
Effect of revaluations				
Other variations				
Impact of merger				
Balance on 31.12.2010	120,0	1,1	0,2	121,3

Share capital at 31 December 2010 comprised 12,000,000 shares with a nominal value of 10 euros.

BFCM holds 99.97% of the equity in CMCIC COVERED BONDS at 31 December 2010

As a result, it is consolidated by full integration into the consolidated financial statements of the CM5CIC Group and by national consolidation of Crédit Mutuel,

Members at the shareholders' meeting will be asked to allocate the sum of €281,031.35 derived from the 2010 income of €194,964.07 and by carrying forward €86,067.28 as follows:

Allowance to the legal reserve
Carried forward

NOTE 9 - Breakdown of certain assets / liabilities based on their residual term

	< 3 months and demand	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Open- ended term	Associated debts advances	Total
ASSETS							
Advances to credit establishments	0,9	5 000,0	8 000,0	2 155,0	240,0	162,3	15 558,2
Advances to customers							
Bonds and other fixed income instruments							
LIABILITIES							
Debts to credit establishments							
Customer creditor accounts							
Debts represented by a security							
- Short-term securities							
- Interbank certificates and TCN							
- Obligatory borrowings		5 000,0	8 000,0	2 155,0		161,2	15 316,2
- Others							
Mezzanine debts				60,0	60,0	0,4	120,4

NOTE 10 - Exchange value in euros of assets & liabilities in foreign currencies

The exchange value in euros of assets and liabilities entered in foreign currencies at 31 December 2010 is €0m.

NOTE 11 - Guarantee commitments

The loans granted by CM CIC Covered Bonds to BFCM are secured by eligible home loans from the CM CIC branch network, according to article 431-7 of the Monetary Code.

The value of the guarantee on 31 December 2010 was €25,562.4m compared to €20,239.20m on 31 December 2009.

NOTE 12 – Income and costs on interest

	Financial Year 2010		Financial Year 2009	
	Products	Costs	Products	Costs
Credit establishments	436,6	0,6	469,3	1,1
Customers				
Leasing and rental				
Bonds and other fixed income instruments		434,7		466,0
Others				
Total	436,6	435,3	469,3	467,1
including costs on mezzanine debts				

NOTE 13 - Corporation tax

	Financial Year 2010	Financial Year 2009
Current tax - Amount for the financial year		0,5
Current tax - Settlement for previous financial years		
Current tax - Effect of tax integration		
Total		0,5
On current operations		0,5
On exceptional items		

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

Total

0,5

CM-CIC Covered Bonds is integrated into the BFCM tax group for taxation purposes

The sum recognised for 2009 corresponds to the sum that the company would have paid if it had been taxed as a sole entity.

There is no deficit carried forward.

Financial results for the last 5 financial years (in euros)

Nature of entries	2 007	2 008	2009	2010
1. Financial situation for the financial year				
Shareholders' equity	120 000 000	120 000 000	120 000 000	120 000 000
Total number of shares issued	12 000 000	12 000 000	12 000 000	12 000 000
'A' shares or ordinary shares	12 000 000	12 000 000	12 000 000	12 000 000
2. Total income from effective operations				
Banking income	75 247 416	322 953 692	469 355 125	436 676 817
Profit before taxes, employee profit-sharing and depreciation provisions and exceptional income	553 906	4 336 523	911 475	200 688
Tax on profits	187 526	1 581 259	468 225	5724
Employee profit-sharing for the financial year	-	-	-	-
Profit	366 380	2 754 364	443 250	194 964
Amounts of profits distributed	-	2 040 000	360 000	0
3. Income from operations reduced to one share				
Income after taxation and employee profit-sharing but before depreciation and provisions	0,03	0,23	0,04	0,02
Net profit	0,03	0,23	0,04	0,02
Dividend paid to each 'A' share	-	0,17	0,03	0,00
4. Employees				
Number of employees (average FTE staff)	-	-	-	-
Amount of payroll	-	-	-	-
Amount of sums paid in company benefits (Social Security, Employee Benefits, etc.)	-	-	-	-

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on financial information issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit conclusion on the company financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit conclusion on the company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the company financial statements.

AUDITORS' REPORT ON ANNUAL ACCOUNTS

Financial year ended on 31 December 2010

PricewaterhouseCoopers
Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
Joint stock company with
capital of €2,510,460

Auditors
Members of the
Regional Company of
Versailles

ERNST & YOUNG et Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
Simplified joint stock company
with variable capital

Auditors
Members of the
Regional Company of
Versailles

AUDITORS' REPORT ON ANNUAL ACCOUNTS

Financial year ending 31 December 2010

To the Shareholders
CM-CIC COVERED BONDS
6, rue de Ventadour
75001 Paris

Dear Sirs,

In fulfilment of the role given to us by your shareholders' general meeting, we hereby present our report relating to the financial year ending 31 December 2010, covering:

- examination of the annual accounts for CM-CIC Covered Bonds, as appended to this report;
- the justification for our assessments;
- specific verifications and information required by the law.

The annual accounts were closed by the board of directors. It is our role, based on our audit, to express an opinion on these accounts.

I - Opinion on the annual accounts

We carried out our audit according to professional accounting standards applicable in France; these standards require due diligence to provide reasonable assurance that the annual accounts do not contain significant anomalies. An audit consists of using sampling and other selective methods to verify items justifying the amounts and information given in the annual accounts. It also consists of assessing the accounting principles employed, the significant estimates selected and overall presentation of the accounts. We consider that the items we have collected are adequate and appropriate to form the basis of our opinion.

CM — CIC COVERED BONDS

Auditors' report on the annual accounts Financial year ended on 31 December 2010 - Page 2

We certify that, in respect to French accounting rules and principles, the annual accounts are fair and true and give a reliable picture of the income from operations during the past financial year as well as the financial situation and assets of the company at the end of this financial year.

- Justification for our assessments

By application of the provisions of article L.823-9 of the Commercial Code relating to justification of our assessments, we inform you that the assessment we have made related to the appropriate character of the accounting principles applied as well as the reasonable character of the significant estimates selected.

Thus the assessments made are consistent with our approach to auditing annual accounts, taken as a whole, and therefore contributed to forming our opinion expressed in the first part of this report.

III - Specific verifications and information

In accordance with professional accounting standards applicable in France, we also performed the specific verifications required under the law.

We have no observations to make regarding the honesty and consistency of the annual accounts with information given in the board of directors' management report and in documents addressed to shareholders regarding the financial situation and annual accounts. In respect to information supplied by applying the provisions of article L.225-102-1 of the Commercial Code concerning remuneration and benefits paid to company officers and undertakings granted in their favour, we have verified that they are consistent with the accounts or with data used to prepare these accounts and, as appropriate, with documents gathered by your company from companies controlling your company or controlled by it. Based on this work, we certify the accuracy and honesty of this information.

Drawn up in Neuilly-sur-Seine, 4 April 2011

Auditors

PricewaterhonseCoopers Audit



Agnès Hussherr

ERNST & YOUNG *et al.*



Isabelle Santenac