FINANCIAL STATEMENTS

Crédit Mutuel Arkéa

Contents

1 - PERSON RESPONSIBLE FOR THE FINANCIAL STATEMENTS

1.1 Person responsible for the information contained in the document

Ronan Le Moal,
Chief Executive Officer of Crédit Mutuel Arkéa.

1.2 Statement of the person responsible for the document

After having taken all reasonable measures, I hereby certify that to the best of my knowledge the information contained in this document is accurate and that there have been no omissions that would alter its meaning.

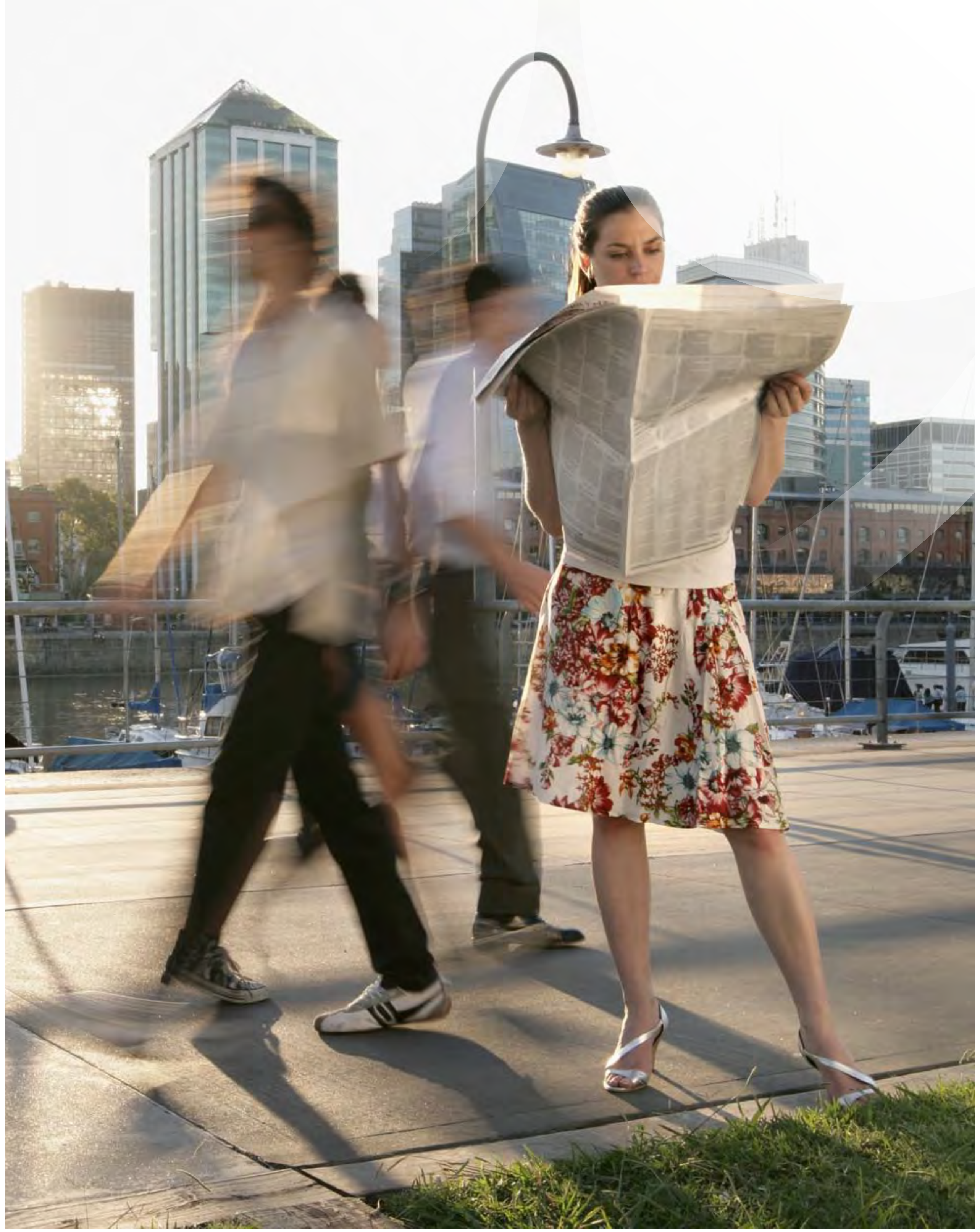
I certify that to the best of my knowledge the complete financial statements for the reporting period were prepared in accordance with generally accepted accounting principles and provide a true picture of the net worth, financial situation and results of the company and all companies included in its scope of consolidation and that the annual business activity report presents an accurate portrayal of major events that occurred during the year, their impact on the financial statements and the main transactions among affiliated parties.

The statutory auditors have issued reports on the historical financial information presented in this document.

Date: 04/29/2010

Ronan Le Moal,
Chief Executive Officer of Crédit Mutuel Arkéa

2 - STATUTORY AUDITORS



2.1 Statutory auditors for the period covered by the historical financial information

The company's 2009 consolidated financial statements were audited by:

Statutory auditor :
Mazars
61, rue Henri Regnault
Exaltis
92075 La Défense Cedex
France

Represented by Franck Boyer
Start of initial mandate: 1976
Expiration of current mandate: December 31, 2014

The decision to renew the mandate of Mazars represented by Franck Boyer was made on April 23, 2009 for a six-year period.

and

Deloitte & Associés
185, avenue Charles de Gaulle
BP 136
92524 Neuilly-sur-Seine Cedex
France

Represented by Jean-Marc Mickeler
Start of initial mandate: 2007
Expiration of current mandate: December 31, 2014

The decision to renew the mandate of Deloitte & Associés represented by Jean-Marc Mickeler was made on April 23, 2009 for a six-year period.

Alternate auditors :
Charles de Boisriou,
61, rue Henri Regnault
Exaltis
92075 La Défense Cedex
France

Start of initial mandate: 2009
Expiration of current mandate: December 31, 2014

The decision to appoint Charles de Boisriou was made on April 23, 2009 for a six-year period.

and

Société Beas
7-9, villa Houssay
92524 Neuilly-sur-Seine Cedex
France

Represented by Pascal Pincemin

Start of initial mandate: 2009

Expiration of current mandate: December 31, 2014

The decision to appoint Société Beas was made on April 23, 2009 for a six-year period.

The 2008 consolidated financial statements were audited by:

Statutory auditor :
Mazars
61, rue Henri Regnault
Exaltis
92075 La Défense Cedex
France

Represented by Franck Boyer
Start of initial mandate: 1976
Expiration of current mandate: December 31, 2014

and

Deloitte & Associés
185, avenue Charles de Gaulle
BP 136
92524 Neuilly-sur-Seine Cedex
France

Represented by Jean-Marc Mickeler
Start of initial mandate: 2007
Expiration of current mandate: December 31, 2014

Alternate auditors :
Manuela Baudouin-Revert
61, rue Henri Regnault
Exaltis
92075 La Défense Cedex
France

Start of initial mandate: 1997
Expiration of mandate: December 31, 2008

and

Pascal Pincemin
7-9 villa Houssay
92524 Neuilly-sur-Seine Cedex
France

Start of initial mandate: 2007
Expiration of current mandate: December 31, 2014

The 2007 consolidated financial statements were audited by :

Statutory auditor :
Mazars et Guérard
61, rue Henri Regnault
Exaltis
92075 La Défense Cedex
France

Represented by Franck Boyer
Start of initial mandate: 1976
Expiration of current mandate: December 31, 2014

and

Deloitte & Associés
185, avenue Charles de Gaulle
BP 136
92524 Neuilly-sur-Seine Cedex
France

Represented by Thierry Aubertin
Start of initial mandate: 2007
Expiration of current mandate: December 31, 2014

Alternate auditors:
Manuela Baudouin-Revert
61, rue Henri Regnault
Exaltis
92075 La Défense Cedex
France

Start of initial mandate: 1997
Expiration of mandate: December 31, 2008

and

Pascal Pincemin
7-9 villa Houssay
92524 Neuilly-sur-Seine Cedex
France

Start of initial mandate: 2007
Expiration of current mandate: December 31, 2014

The statutory auditors and alternate auditors are regulated by the French High Council of Statutory auditors (Haut Conseil du Commissariat aux Comptes) and duly authorized to exercise their functions as statutory auditors.

2.2 Resignation or dismissal of statutory auditors during the period covered by the historical financial information

The auditing firm Sterenn, acting as the statutory auditors, and Raphaël Lecompte, the alternate auditor, resigned during the 2007 Shareholders' General Meeting held to approve the 2006 financial statements. The auditing firm Deloitte & Associés and Pascal Pincemin took over their mandate for the remaining term, i.e. two years.

3 - COMPANY INFORMATION

3.1 Company history and trends

The major milestones in the history of Crédit Mutuel Arkéa:

• On September 24, 1960, Caisses Mutuelles de Dépôts et de Prêts (CMDP), a multi-purpose bank, created Caisse Fédérale Bretonne de Crédit Mutuel.

• February 1979, the final stage in the unification of Crédit Mutuel Bretagne: merger between Caisses Rurales et Urbaines du Finistère and Fédération Bretonne du Crédit Mutuel.

• June 20, 1979: the new entity is named "Caisse Fédérale du Crédit Mutuel de Bretagne."

• May 22, 1991: in order to satisfy the needs of a well-diversified banking and financial company with numerous subsidiaries, the Group adopted a new internal organization that led to:

> the transformation of Caisse Fédérale du Crédit Mutuel de Bretagne into Compagnie Financière du Crédit Mutuel de Bretagne. The company has two main functions:

• holding company for the subsidiaries, whose development it steers;

• investment and money market bank responsible for the Group's refinancing.

> the creation of a Caisse Fédérale, registered under the name of Caisse Fédérale de Crédit Mutuel de Bretagne, a retail bank, in accordance with Crédit Mutuel's by-laws and governance rules.

• In 1995, the license under which Caisse Fédérale du Crédit Mutuel de Bretagne steers the Caisses Locales, was extended to the Crédit Mutuel entities affiliated with the former Caisse Fédérale du Crédit Mutuel du Sud-Ouest. Caisse Fédérale du Crédit Mutuel de Bretagne became Caisse Interfédérale de Crédit Mutuel.

• May 11, 2001, the Crédit Mutuel de Bretagne - Crédit Mutuel du Sud-Ouest Group modified its legal and financial organization, which is structured around two distinct central units:

> on one side, a cooperative and mutual banking division that controls the entire Group under the license of Caisse Interfédérale de Crédit Mutuel and,

> on the other, a division consisting of the newly created Compagnie Financière du Crédit Mutuel.

• The former Compagnie Financière du Crédit Mutuel de Bretagne merged with Caisse Interfédérale de Crédit Mutuel. At the same time, the banking license of Caisse Interfédérale de Crédit Mutuel was extended to the entities previously affiliated with Caisse Fédérale du Crédit Mutuel Massif Central. The combined entity was registered under the name Crédit Mutuel Arkéa Group.

• In 2009, following the adoption of the "Horizons 2015" company project, it became necessary to streamline the Group's organization, which resulted in changes to the legal and financial structure, with the merger of Compagnie Financière du Crédit Mutuel and the parent company, Caisse Interfédérale de Crédit Mutuel. The new entity is registered under the name "Crédit Mutuel Arkéa".

• The merger and name change were approved by the Shareholders' Special Meeting of April 23, 2009.

• From a regulatory standpoint, the Group's consolidating parent company is Crédit Mutuel Arkéa, which consists of:

> a cooperative limited liability company (Société Anonyme Coopérative);

> local cooperative banks - Crédit Mutuel banks - (the local entities of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central);

> subsidiaries, whose activities cover all banking, finance and insurance areas.

3.1.1 Corporate purpose and company name

Corporate purpose and company name:
Crédit Mutuel Arkéa

3.1.2 Company's place of registration and registration number

Siren number : 775 577 018 Brest Corporate and Trade Register (RCS)
APE code : 651 D

3.1.3 Company's creation date and incorporation period

The company was created on September 24, 1960 for a period of 99 years, i.e. its registration expires on September 23, 2059.

3.1.4 Company's registered office and legal form, legislation governing its activities, country of origin, address and telephone number of its registered office

Registered office: 1 rue Louis Lichou, 29480 Le Relecq-Kerhuon

Telephone: +33 2 98 00 22 22

Fax: +33 2 98 30 52 10

Legal form: Variable capital credit cooperative with limited liability

Legislation: French incorporated company subject to the following laws:

• Law of September 10, 1947 on cooperatives;

• Law of July 24, 1897 on variable capital companies;

• Legislative and regulatory measures regarding the establishment of credit institutions and in particular the French Monetary and Financial Code;

• French Commercial Code;

• French Decree of October 16, 1958 and all regulations regarding Crédit Mutuel.

3.1.5 Recent event specific to the company regarding the assessment of its solvency

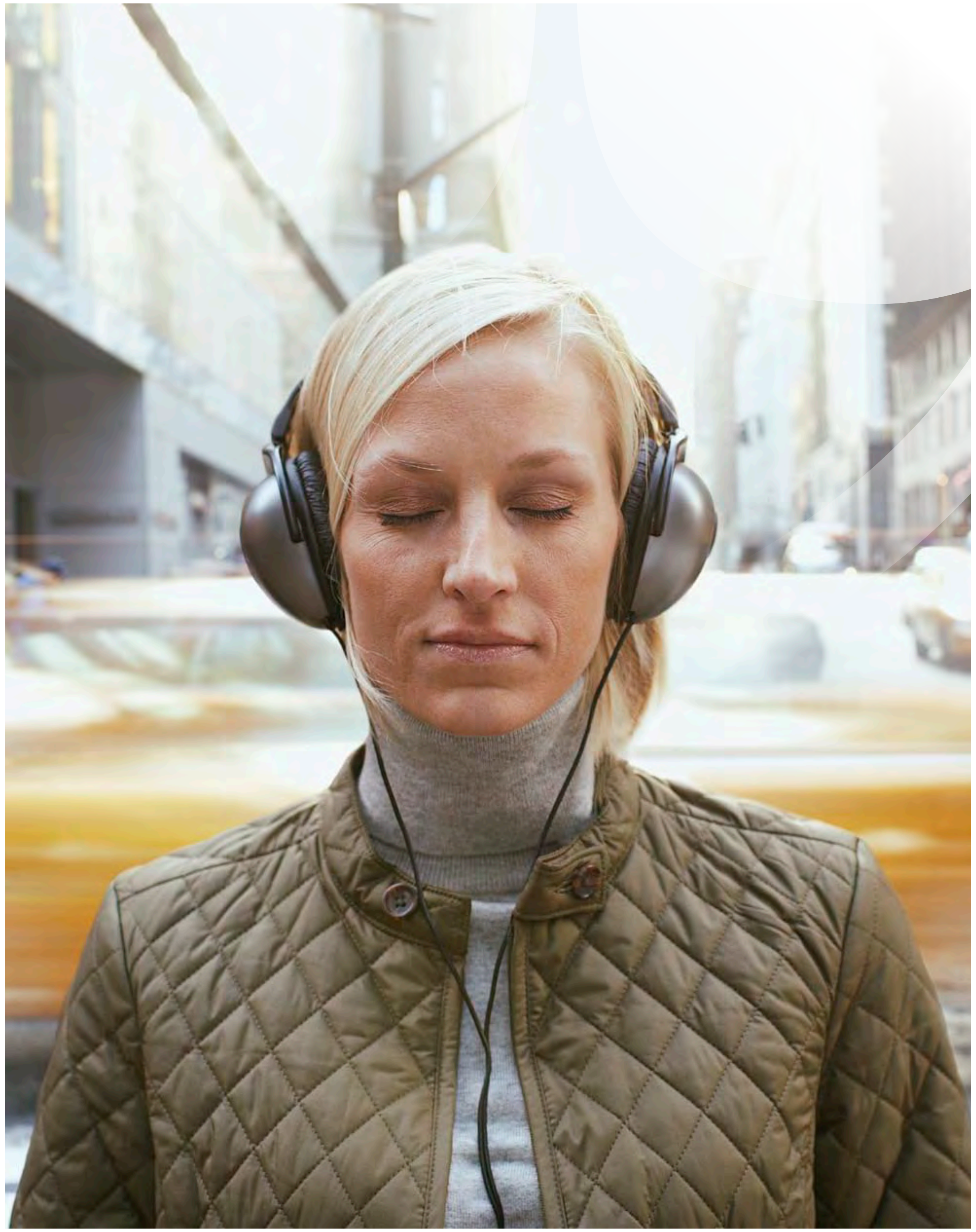
Based on the financial statements established at end-2009, the company had tier 1 capital of €2.95 billion. Including tier 2 capital, the company's total regulatory capital was €3.8 billion (up from €3.5 billion at end-2008).

This regulatory capital satisfies the regulatory requirements, with a 15.4% solvency ratio at end-2009 (compared with 12.7% at end-2008), including an 11.9% solvency ratio based solely on tier 1 capital.

In the second half of 2009, the 14% increase in share capital to €1.2 billion enabled the Group to pay down the super subordinated securities issued to Société de Prise de Participation de l'Etat (€164 million) without significantly affecting its solvency.

Crédit Mutuel Arkéa is rated A+/A-1 by Standard & Poor's.

4 - OVERVIEW OF BUSINESS ACTIVITY

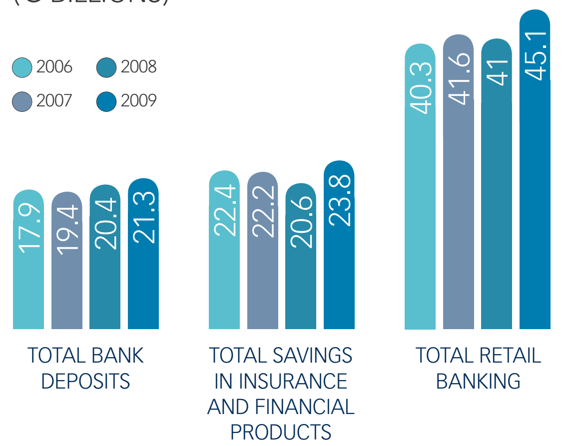


4.1 Main activities

4.1.1 Company's main activities

Banking sector

TOTAL RETAIL BANKING DEPOSITS (€ BILLIONS)



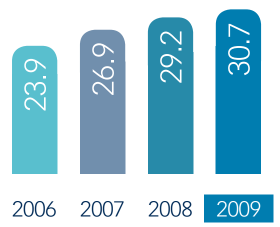
Savings

In 2009, the overall decline in interest rates paid on deposits as well as the lifting of restrictions on Livret Bleu distribution negatively affected bank savings deposits. This environment resulted in: a massive outflow of funds that had previously been deposited in term accounts in 2008; an overall decline in the appeal of deposit products; an incentive to use deposits for contributions to real estate purchases or early loan repayments. The banking activity's savings volume nevertheless increased by 4.4%, thanks mainly to the purchase of Cortal Consors Belgium portfolio by Fortuneo, which through its online banking activity, will consolidate the Group's banking deposits in the years ahead.

The volume of insurance and financial savings increased by 15.5% (€23.8 billion), benefiting from the recovery in life insurance and the performance of money market funds managed by Federal Finance, the Group's asset management subsidiary.

Lending

TOTAL OUTSTANDING LOANS – RETAIL BANKING DIVISION (€ BILLIONS)



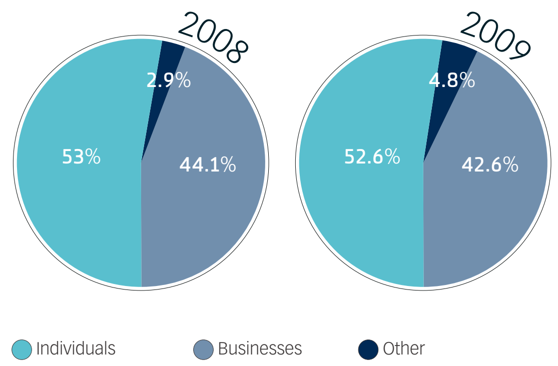
Loan volume net of provisions rose by 5.2% to reach €30.7 billion, demonstrating Crédit Mutuel Arkéa's role in the regional economy. Moreover, this growth was greater than the commitments made to the French state in 2008 during the national financial assistance plan for the banking sector.

Loan volume by type of financing grew as follows:

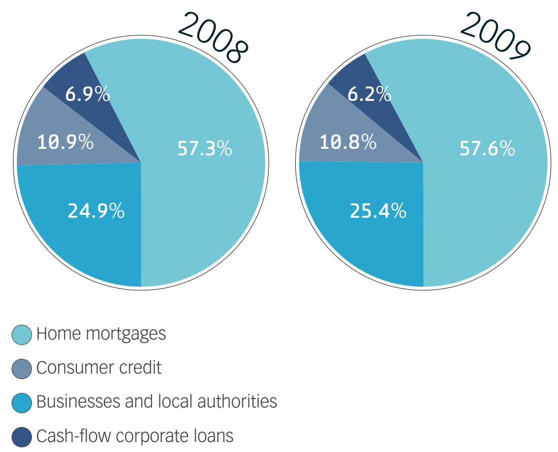
- Home mortgage: + 5.7% (€17.7 billion)
- Business and local authorities: +7.3% (€7.8 billion) +4.4% including cash-flow corporate loans (BCME/CAMEFI)
- Consumer credit: +4.2% (€3.3 billion)
- Cash advance: -5.4% (€1.9 billion), of which -9.6% for BCME and Camefi Banque and +5.3% for the others.

After a sharp decline in the first quarter relative to 2008 (-25% overall), new loan volume rebounded despite a sluggish economic climate to finish at a level near that of 2008 (-6%, €6.9 billion). New lending to local authorities totaled €270 million. This robust increase reflects the fruits of our investments in this area.

OUTSTANDING LOANS BY FAMILY

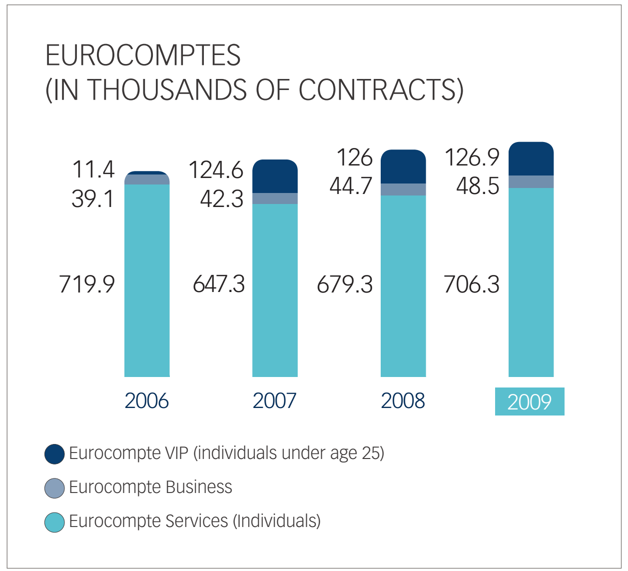


OUTSTANDING LOANS BY TYPE OF CONTRACT



Services

Eurocomptes



The Eurocomptes portfolio totaled 880,000 contracts, up 3.7% relative to 2008.

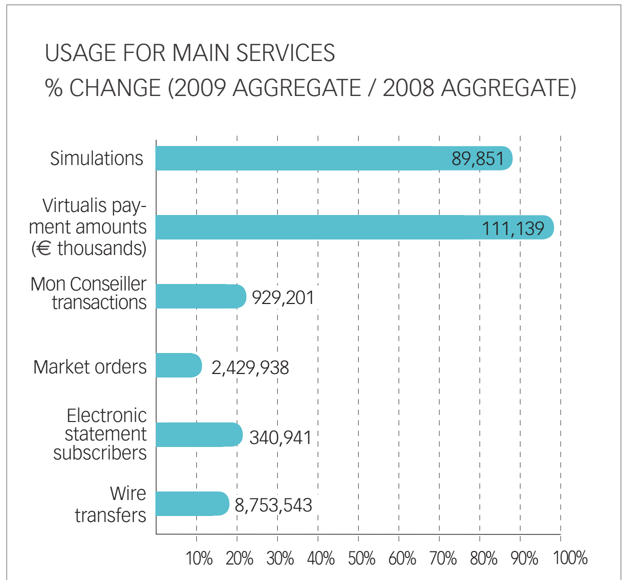
The penetration rate for the entire product line continued to rise, by 1.5 percentage points, to reach 61% (number of Eurocompte holders out of 100 clients).

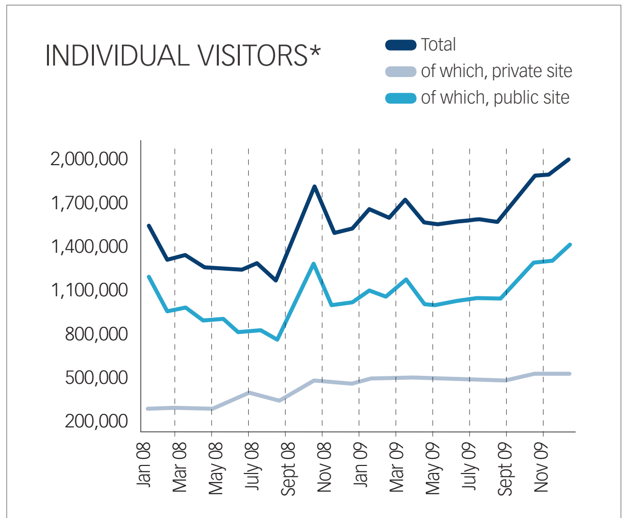
The Eurocompte is a bundle of services linked to a checking account that includes a monthly statement, account maintenance, a bank card, home checkbook delivery, reduced rate overdraft, unlimited online banking and various other options. Clients subscribing a Eurocompte benefit from significant cost savings compared with those who subscribe to services separately. The Eurocompte VIP is reserved for youths between the ages of 16 and 25.

Online banking

In carrying out its Horizons 2015 project, Crédit Mutuel Arkéa continues to invest in online banking. Fortuneo, a leader in online brokerage in France, has offered a complete line of banking services since November and continues to make inroads in Belgium, notably through the acquisition of Cortal Consors Belgium portfolio.

Crédit Mutuel's networks are capitalizing on their Internet platform (Domiweb) and continuously improve their online services, demonstrating technological innovative prowess by offering - before the other banks - an application for the Iphone® and on mobile phones with Internet access through the address m.cmb.fr.



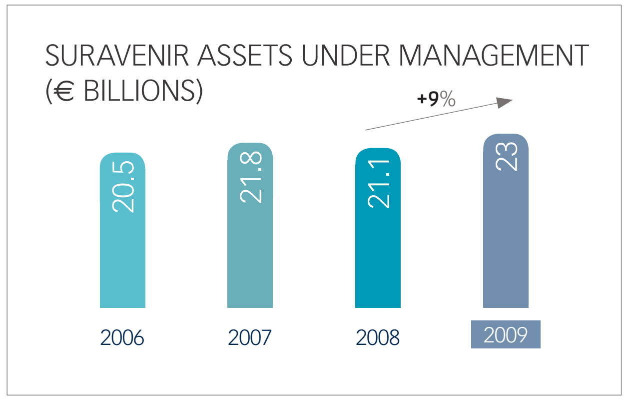


*Number of people visiting the Group sites (Fortuneo, Domi Financo, Assuravenue) at least once per month.

In the bank's multichannel distribution strategy, this offering complements the local savings bank network and telephone-based platforms.

Insurance and asset management

Life insurance

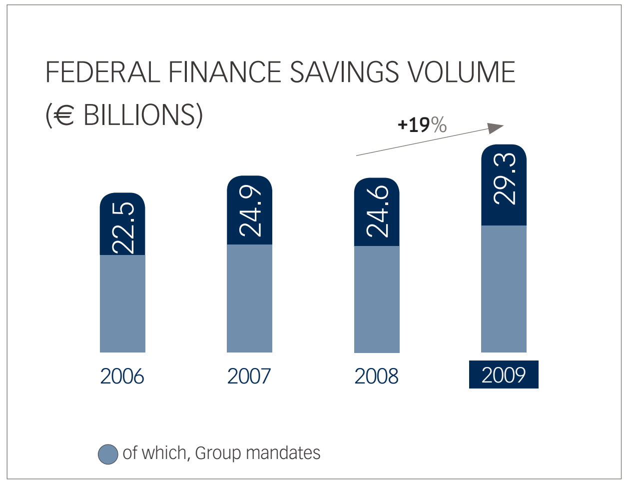


The recovery in the life insurance market is palpable.

Subscription volume returned to pre-crisis level (-2%/2007) and Suravenir's assets under management rose by 9%. Volume generated by third party distributors accounted for 23% of the total in 2009.

The relative share of equity type live insurance products declined to 17% from 20% in 2008. The Patrimoine Options product, whose annual subscription target was €120 million, continued to grow to reach €260 million.

Asset management



Among its institutional mandates, Federal Finance administers the investment mandates of Group companies, notably Suravenir.

Federal Finance's assets under management rose significantly by 19% relative to 2008 to reach €29.3 billion.

All business lines benefited:

- Employee savings: +19.9% (+ €31 million).
- Discretionary management: +15.0% (+ €34 million)
- Institutional: +16.4% (+ €3.1 billion)
- Fund management: +27.3% (+ €1.5 billion)

The valuation and inflow effects were very positive on the year. The outperformance relative to the market was pronounced in the area of net inflows, +24.4% compared with +1.7%, and was highly concentrated on money market funds.

Total mutual fund assets under management rose by 34% on the year to €7.8 billion. Specifically, retail assets under management increased by 15% while those of business and institutional investors (excluding employee savings) rose by 57%, thereby becoming the largest source of assets under management at 53% of the overall total.

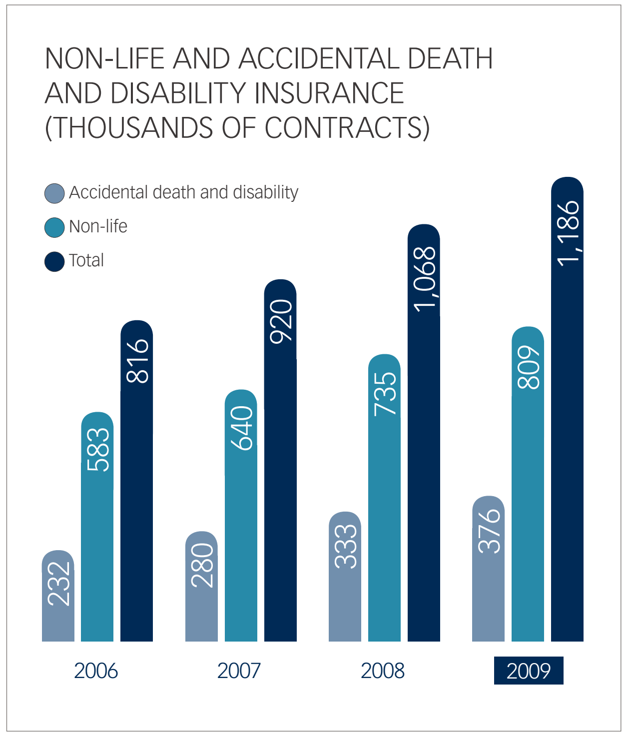
The volume of employee savings continued to post a satisfactory 20% gain to reach €243.6 million.

The growth in assets under management contributed through internal mandates was 14.1%, up from 4.9% in 2008, driven by the inflows of euro-denominated assets at Suravenir (assets under management: +11.2%) and new Fortuneo mandates (Fortuneo Belgium integrated in the amount of €457 million). Half of this increase was generated through new inflows while the other half consisted of the revaluation effect and the integration of new mandates.

Non-life and accidental death and disability insurance

The policies distributed in the Group are developed by the three specialized subsidiaries: Suravenir, Suravenir Assurances and Novelia. The Group has also developed Assuravenue, a web site dedicated to online sales of non-life insurance.

Overall, the portfolio of non-life and accidental death and disability insurance recorded 11% growth in 2009, driven by effective sales campaigns by the Group's distributors and dynamic market penetration outside of the sales areas of the mutual federations. The volume of new business through



these third-party distributors increased by a factor of 3.4.

2009 was marked by weather-related claims at the beginning of the year and an increase in the number of small claims (24% increase in new claims at Suravenir Assurances)

4 .1.2 New products and/or activities

Crédit Mutuel Arkéa bonds

Crédit Mutuel Arkéa's €100 million bond issue in October 2009 was a major success in the CMB, CMSO and CMMC networks, demonstrating the trust of our clients in the Group's sound financial position

Launch of Fortuneo Bank

The online bank is a major strategic axis developed as part of the Horizons 2015 company project.

Fortuneo, which was already France's second-largest online brokerage, launched a comprehensive range of banking services in December 2009. At the same time, Fortuneo Belgium acquired Cortal Consors Belgium portolio, and online banking is also available in Belgium. For the year, Fortuneo's balance sheet recorded a threefold increase in size.

A new refinancing tool

Up until 2007, Crédit Mutuel Arkéa refinanced its medium- and long-term loans primarily through:

- The Euro Medium Term Note (EMTN) program: bonds without any specific guarantee;
- The assignment of loans to Caisse de Refinancement de l'Habitat and the European Investment Bank.

Crédit Mutuel Arkéa's Board of Directors therefore decided to diversify its refinancing in order to satisfy its increased needs as well as to optimize its costs through the creation of a dedicated "tool": covered bonds.

The creation of the Crédit Mutuel Arkéa subsidiary "Crédit Mutuel Arkéa Covered Bonds" was thus finalized on December 5, 2008.

4.1.3 Main markets

Crédit Mutuel Arkéa's sites

The Group's mutual and cooperative division, which consists of the three federations ("Bretagne", "Sud-Ouest" and "Massif Central") covers 11 French départements. These sites located in both urban and rural areas provide a balanced coverage area.

The Group's network, which is already very dense, will continue to expand in Brittany (Bretagne – more than 400 points of sale, including 229 local savings banks), in the southwest (Sud-Ouest – 85 local savings banks and points of sale) and in the Massif Central (32 local savings banks and points of sale). These new points of sale enable the Group to extend its influence and strengthen its local ties. They also reflect the Group's commitment to keep pace with demographic, social and economic changes at the local and regional levels.

Several subsidiaries also have their own front office networks:

- BCME and Camefi Banque offer their services to companies across nearly three-fourths of the country (18 regional offices and branches, with new openings planned);
- BPE, a private bank, is present in all the major French cities (32 branches and wealth management regional offices);
- Financo, a point-of-sale credit specialist, covers all of France through its 17 branches;
- The online bank Fortuneo also supports its client relations through five branches located in the major metropolitan regions.

These local ties are also evidenced by decision-making centers at the regional level, in proximity to clients. As a regional locomotive, the Group thus supports the economic growth of its regions in its role as the financial partner of economic agents and on a more direct level as an employer.

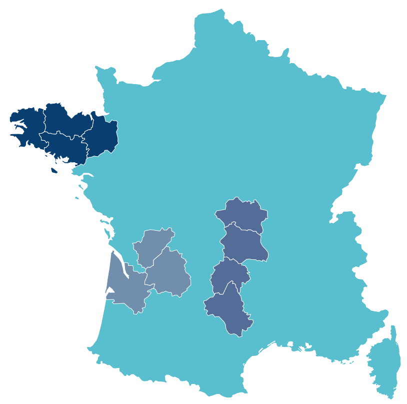
While it may seem contradictory, the local sales relationship increasingly relies on a remote client relationship to take new modes of consumption into account. Very early on, Crédit Mutuel Arkéa took the decision to develop complementary distribution channels alongside its points of sale in order to present clients with other entry points. Individuals and companies can do business any place any time: from the most commonplace (viewing accounts, looking up transactions, ordering checkbooks, online payments, etc.) to the more sophisticated (securities purchases and sales in the financial markets, subscription of certain products or services, etc.).

LOCATIONS OF CRÉDIT MUTUEL ARKÉA FEDERATIONS

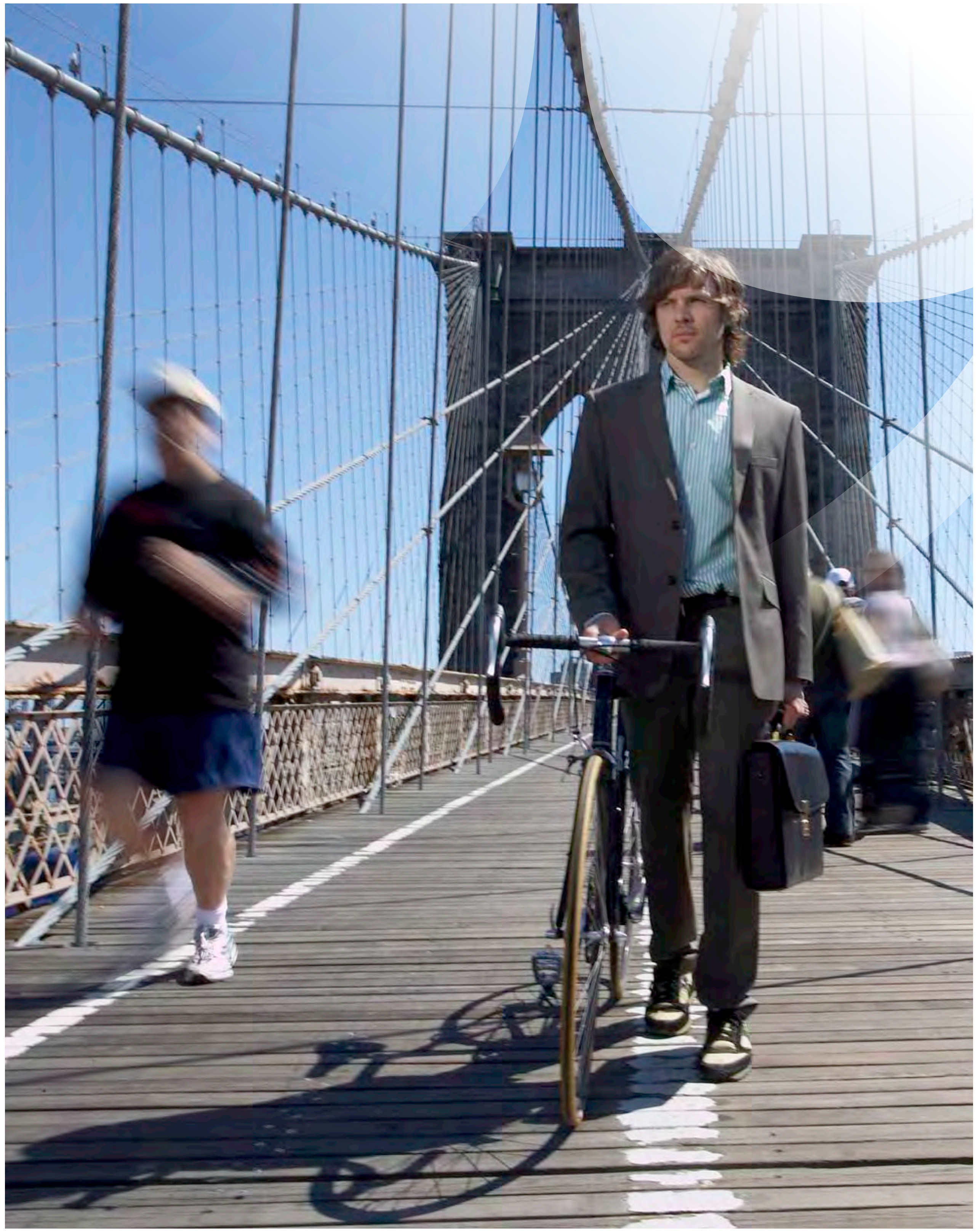
Fédération du Crédit Mutuel de Bretagne
Côtes-d'Armor (22) - Finistère (29) - Ille-et-Vilaine (35) - Morbihan (56)

Fédération du Crédit Mutuel du Sud-Ouest
Charente (16) - Dordogne (24) - Gironde (33)

Fédération du Crédit Mutuel Massif Central
Allier (03) - Aveyron (12) - Cantal (15) - Puy-de-Dôme (63)



5 - COMPANY ORGANIZATION



5.1. Description of the Group and company's positioning within the Group

Until April, 2009, Caisse Interfédérale de Crédit Mutuel (CICM), a variable capital cooperative with limited liability (Société anonyme coopérative à capital variable), was the Group's consolidating parent company.

On 23, April 2009 CICM and Compagnie Financière du Crédit Mutuel, the Group's holding company and investment bank, merged. The assets and liabilities of the investment bank were transferred to CICM.

The above-mentioned merger was approved by the Shareholders' Special Meeting held April 23, 2009, at which time CICM was renamed "Crédit Mutuel Arkéa".

Crédit Mutuel Arkéa is part of the mutual and cooperative banking sector.

Crédit Mutuel Arkéa Group

Crédit Mutuel Arkéa is a universal bank, open to all, which does business in the lending, savings, insurance and services sectors.

The Group's basic unit is the local savings bank ("Caisse locale"). Each local savings bank covers a limited geographic area, and its capital is held by customer shareholders in the form of shares. Crédit Mutuel Arkéa's capital is held by the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations. Crédit Mutuel Arkéa ensures that the Group's main financial ratios comply with the regulatory limits set by the banking authorities.

From a regulatory standpoint, Crédit Mutuel Arkéa is the Group's consolidating parent company. It is licensed as such by the banking and financial authorities.

The credit institution, whose financial statements are hereafter referred to as the consolidated financial statements, consists of the cooperative companies (local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations), the legal entity Crédit Mutuel Arkéa and its affiliates.

The Crédit Mutuel Arkéa Group's structure

In this organization, Crédit Mutuel Arkéa is the Group's lead company. It has received a general license for the local savings banks of the three federations. The local savings banks do not receive individual licenses.

Crédit Mutuel Arkéa also provides access to the financial markets for all Group entities.

Crédit Mutuel Arkéa's federations are members of Confédération Nationale du Crédit Mutuel (CNCM), which represents Crédit Mutuel's various regional groups.

5.2. Company ownership ties and intra-Group financial solidarity

Intra-Group financial solidarity

Crédit Mutuel Arkéa's solidarity mechanism is an interfederal one in accordance with Article R.515-1 of the French Monetary and Financial Code, independent of statutory provisions regarding the collective responsibility of Crédit Mutuel Arkéa shareholders (up to 10 times the amount of class A shares and 1 times the amount of class B shares subscribed by the shareholder).

This article stipulates that the French Credit Institutions and Investment Firms Committee (CECEI) may with respect to mutual and cooperative companies, issue a collective license to a savings bank for it and all affiliated savings banks "when the liquidity and solvency of the local savings banks are guaranteed through this affiliation." Crédit Mutuel Arkéa has received a collective license for itself and all member local savings banks. The CECEI felt that the liquidity and solvency of the local savings banks is guaranteed through this affiliation.

The solidarity mechanism is established through the financial by-laws contained in each of the general operating by-laws of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations, and essentially consists of the creation of the Federal Solidarity Fund, which performs the compensatory earnings transfers among the member local savings banks and which is funded through contributions from and subsidies to the local savings banks.

The Federal Fund

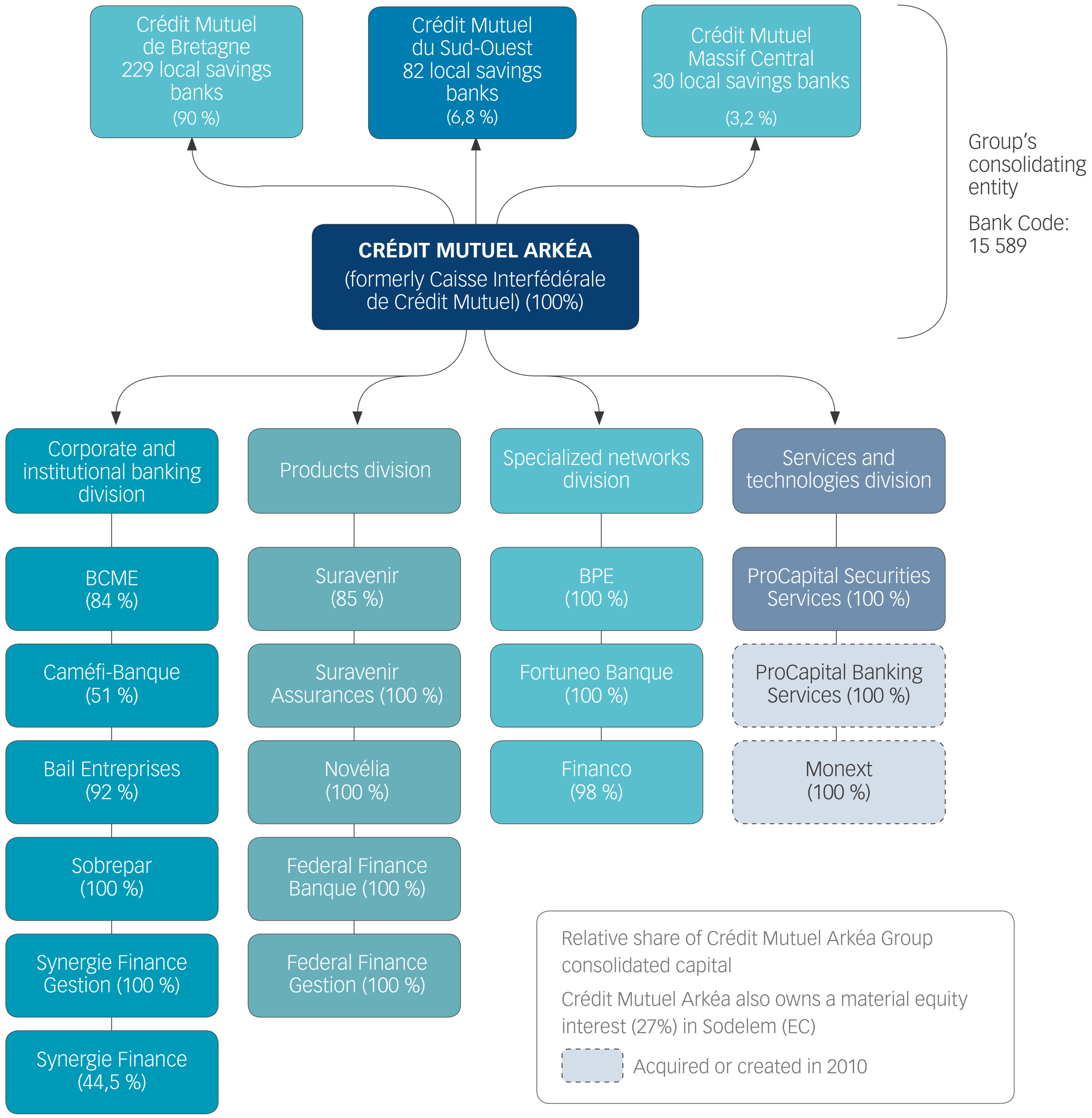
In accordance with the Confédération Nationale du Crédit Mutuel's general-interest decision No. 2-1982, a Federal Fund was created in the accounts of the federations. This Fund comprises the Federal Solidarity Fund and the Federal Reserve Fund.

- The Federal Solidarity Fund performs compensatory earnings transfers among member local savings banks through contributions and subsidies.

  Contributions to the Federal Solidarity Fund are called from local savings banks showing a surplus, with the amount pro rated to their available earnings after allocations to the legal reserve and Part B special reserve, the payment of interest provided for in the by-laws and the payment of the corresponding tax.

  All local savings banks that have recorded net deficits for three consecutive years are subjected to a special audit. A turnaround plan is established by the corresponding federation and Crédit Mutuel Arkéa. If the deficit has not been eliminated at the conclusion of the turnaround period established in the plan, the corresponding federation in conjunction with Crédit Mutuel Arkéa will decide on the local savings bank's future.

- The Federal Reserve Fund may act on behalf of the local savings banks whose net financial position is negative or which show a deficit, as well as those that have experienced an extraordinary loss.



Each year, the federation determines the level of contribution to this Fund.

In the event that this Fund needs to allocate an amount that exceeds its net interest income, a contribution may be called from each local savings bank and from Crédit Mutuel Arkéa, prorated to the amount of their outstanding non-financial customer loans as of December 31 of the previous year.

The federation administers the Federal Reserve Fund. The requests it receives for financial support are reviewed by the management committee of the Loan Loss Sharing Fund.

Crédit Mutuel Arkéa may also provide advances, subsidies and loans to local savings banks experiencing financial difficulties.

This mechanism is only binding on member local savings banks, the federation and Crédit Mutuel Arkéa; no commitments are created for the local savings banks with respect to third parties.

In other words, Crédit Mutuel Arkéa members have no joint and several liability toward third parties. A local savings bank's creditors may only approach that particular bank and not any other local savings bank or Crédit Mutuel Arkéa indiscriminately.

This solidarity mechanism also does not apply to creditors of Crédit Mutuel Arkéa, who may not approach the local savings banks, either jointly or separately, to seek payment of their claims.

A decentralized organization

The local savings banks

At the lowest level, the Crédit Mutuel base consists of the

local savings banks, which are variable capital cooperative companies. These are credit institutions under the banking law, whose capital is held by customer shareholders, who are both shareholders and customers.

Legally independent, the local savings banks collect deposits, issue loans and offer the complete range of financial services.

Each local savings bank has a Board of Directors, made up of volunteer members elected by the customer shareholders in the General Meeting according to the principle of "one person one vote."

Regional level

Crédit Mutuel Arkéa consists of three regional federations: Bretagne, Sud-Ouest and Massif Central.

Each local savings bank is a member of a federation, which has the status of an association governed by the law of January 1, 1901. Each federation, a strategic planning and control body, represents Crédit Mutuel Arkéa in its respective region.

From a regulatory, technical and financial standpoint, the bank known as "Crédit Mutuel Arkéa" has received a collective license in its capacity as the credit institution serving all the local savings banks of the three federations. The local savings banks and the federations are automatically shareholders of Crédit Mutuel Arkéa.

Crédit Mutuel Arkéa is responsible for the Crédit Mutuel Arkéa Group's solvency and liquidity as well as compliance with banking and financial regulations within the Group.

Crédit Mutuel Arkéa therefore performs financial functions on behalf of the local savings banks. These functions include cash management as well as technical, legal and IT services, either directly or indirectly through insurance, leasing, corporate banking, investment banking, asset management and private banking subsidiaries.

The Confédération Nationale and Caisse Centrale

These make up the third level of the Crédit Mutuel organization.

The Confédération Nationale – which has the legal status of an association – is the central body of the network according to the banking law of 1984. The 19 federations and Caisse Centrale du Crédit Mutuel are affiliated with it. The Confédération Nationale represents Crédit Mutuel with respect to the governmental authorities.

The Confédération Nationale defends and promotes its interests. Given its responsibility for the proper operation of its affiliated establishments, it controls the regional Groups. As the entity responsible for ensuring cohesion within the network, it coordinates the network's development and offers jointly-used services.

The Caisse Centrale, a national financial entity, supports the cash management of the regional groups and organizes Crédit Mutuel's financial solidarity. Its capital is held by all the Caisses Fédérales.

Operations

Crédit Mutuel's decentralized organization, with decision-making centers located in the regions, promotes an entrepreneurial spirit, responsibility and solidarity. The local savings banks' membership in federations and in the regional federal savings banks creates a strong sense of joint purpose; the federations and federal and interfederal savings banks thus make up regional groups, i.e. full-fledged credit institutions according to banking regulations.

These regional groups cooperate freely to streamline resources and costs through technical partnerships, notably IT and financial partnerships, such as through the interfederal savings banks shared by several federations as well as insurance, leasing, factoring, corporate banking, investment banking, asset management and private banking subsidiaries.

The regional groups' membership in Crédit Mutuel's Confederation and Caisse Centrale ensures cohesion and national solidarity. The Confederation, which is the Group's central unit, authorizes the appointment of the federations' chief executive officers and regional heads of internal audit, takes all necessary measures to ensure the Group's smooth operation and is responsible in particular for the Group's internal control.

Control committees at the confederation and federal levels review the internal audit reports and report directly to the boards of directors. The Board of Directors of the National Confederation consists of representatives of all the federations, elected by the General Meeting at the confederation level.

The Chairman and Deputy Chairman are elected directly by the General Assembly at the confederation level for five-year terms. Through the directors they elect, the shareholders are therefore represented at the institution's three levels.

6 - RISK FACTORS

6.1 Summary presentation of risks

Crédit Mutuel Arkéa exercises nearly all of its activities in the banking, finance and insurance areas. The main functions serving these activities (development, production, distribution, management) are assumed directly by the entities of Crédit Mutuel Arkéa.

The Group's main risk exposures involve credit risk and financial risk, including market risk. These risks are followed by operational risks, and in particular by information technology risk given the high degree of electronic processing involved in the processes.

6.2 Detailed presentation of risks

6.2.1 Credit risk

6.2.1.1 Assessment

Risk selection system

Crédit Mutuel Arkéa participates in the development and maintenance of the internal rating system applied throughout Crédit Mutuel and used for the granting of customer loans and counterparty benchmarking for financial market transactions.

• *Customer loans*

The various loan-approval procedures for the Group's entities use internal ratings as their fundamental parameter by adjusting lending authorizations or even ruling out any possibility of financing.

The procedures that incorporate internal ratings were disseminated to all of the Group's entities in 2006. They call for detailed reviews of the creditworthiness of the borrowers and their capacity to repay the loans they are seeking.

In the case of individuals, the customary verifications are systematically requested: inclusion on the French National Database on Household Credit Repayment Incidents (FICP), suspension of banking privilege, existence of payment incidents or overdue payments.

Regarding financing for businesses and companies, the customary procedure involves completing the file with external elements such as: Banque de France rating, Banque de France risk centralization, Banque de France overdue payments, existence of bankruptcy proceedings and any court rulings regarding officers and directors.

Loan issuance is governed by procedures specific to each lending entity within the Group, and these procedures are themselves derived from "framework procedures" set by the parent company. As a last resort, the Group's Credit Committee rules on loan requests that exceed the limits specific to each network or subsidiary, while always respecting the limits set by Crédit Mutuel Arkéa's Board of Directors.

• *Credit risk on market counterparties*

Crédit Mutuel Arkéa's credit risk on market counterparties is controlled through compliance with internal procedures that are consistent with applicable regulations. The Group's lending activities in the capital markets are circumscribed by a limit system that applies to all Group entities doing business in the capital markets, whether for their own account or that of third parties (Suravenir, Federal Finance Gestion).

> The Board of Directors of Crédit Mutuel Arkéa, acting on the recommendation of the Risk Committee, establishes a grid of overall limits based on the internal ratings of the counterparties and the Group's shareholders' equity.

Within the context of this limits grid, Crédit Mutuel Arkéa sets limits on each counterparty based on its fundamentals: shareholders' equity, indebtedness and credit ratings. In accordance with the rules of the new Basel II ratio, the internal ratings play a central role in the process for investment in financial instruments issued by the various counterparties. They are used to determine the commitment ceiling for each of these counterparties.

The Middle Office is responsible for the analysis, monitoring and first-level control of the Group's credit risk on market counterparties. It consists of a team of credit analysts who issue informed opinions on the credit quality of the counterparties.

Credit limit overruns are monitored daily by the Middle Office and reported to Executive Management, the Permanent Controller of the Back / Middle Offices and the Risk Management department.

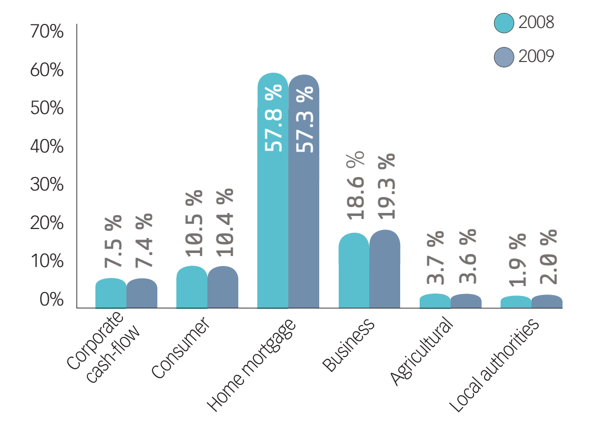
The Permanent Control function performs a second-level control. In addition, the Risk Management department is responsible for consolidating the Group's outstandings and controlling them.

Assessment indicators

• *Credit risk on customer loans*

Outstanding loans

BY TYPE OF LOAN (GROSS OUTSTANDINGS)



Crédit Mutuel Arkéa manages the diversified gross outstanding customer loans: €31.6 billion at end-2009, up 5.54% from €29.9 billion the previous year.

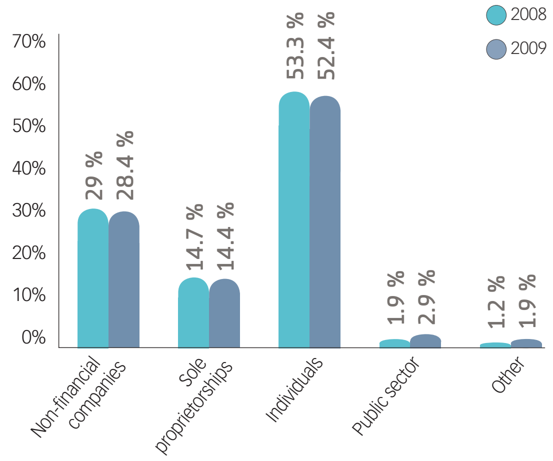
These loans are mainly to sectors with moderate risk and for which the individual loan amounts are generally limited: home mortgage loans account for more than half of these outstandings. The Group's predominantly regional orientation also favors excellent knowledge of its commitments and limited exposure to international defaults

Diversification of outstanding loans

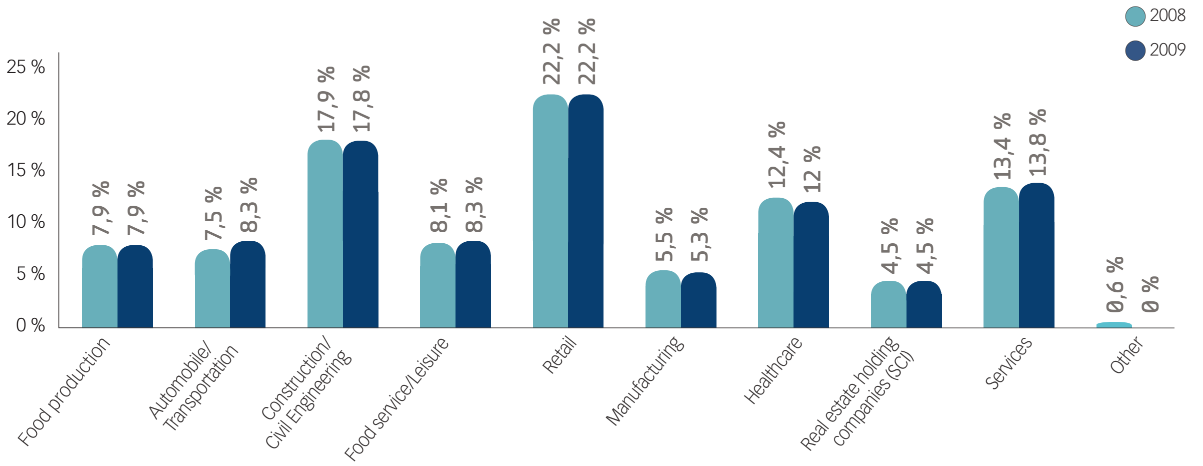
The diversification of outstanding customer loans is satisfactory from a risk standpoint, whether measured by:

- counterparty type: individuals account for more than half of all commitments;
- business sector;
- or by single counterparty.

GROSS OUTSTANDINGS BY TYPE OF COUNTERPARTY



BUSINESS LOANS BY SECTOR

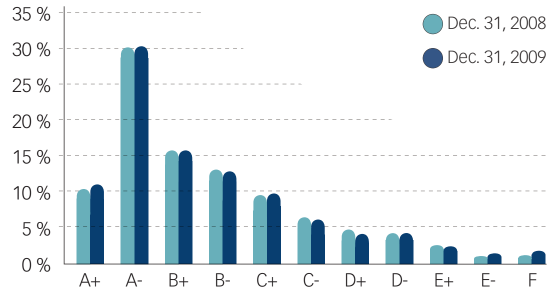


The predominant business sectors are retail, construction and engineering, services and healthcare, while the largest single outstanding loan carried by Crédit Mutuel Arkéa for a single counterparty* represented less than 1.4% of shareholders' equity as of December 31, 2009.

** counterparty in the sense of "Group risk", comprising all related legal entities such that if one were to have financial difficulties, the others would also be likely to experience payment difficulties. The "Group risk" is based for the most part on ownership ties. Any legal entity over which the leader of the Group exercises 20% control or more is included.*

RISK FACTORS

BREAKDOWN OF TOTAL CRÉDIT MUTUEL ARKÉA OUTSTANDINGS BY RATING CATEGORY AS OF DECEMBER 31, 2009



80% of the commitments are rated between A+ and C+.

Outstanding doubtful and disputed loans

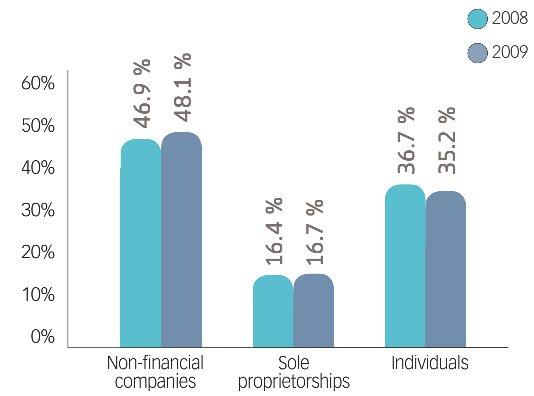
The volume of doubtful and disputed loans (including doubtful lease and similar outstandings) totaled €1,151.5 million (including interest), up 25.8% from €915.1 million in 2008

The rate of doubtful and disputed outstandings relative to overall outstandings rose from 3.06% in 2008 to 3.66% in 2009, an increase driven primarily by loans to businesses.

Non-performing loans accounted for 55% of the total doubtful and disputed loans.

	2008		2009	
MARKETS	Loans (€m)	%	Loans (€m)	%
Individuals	336.1	36.73%	405.7	35.23%
Companies	429.2	46.90%	553.7	48.09%
Individual entrepreneurs	149.8	16.37%	192.1	16.68%
TOTAL	915.1	100%	1,151.5	100%

BREAKDOWN OF DOUBTFUL AND DISPUTED OUTSTANDINGS BY COUNTERPARTY TYPE



Provisioning

Risk provisioning on amounts due from customers is based on rules applied automatically for doubtful outstandings from individual borrowers in the Crédit Mutuel networks as well as for doubtful and disputed outstandings from individuals at Financo. The provisioning is determined on the basis of a case-by-case assessment of the prospective recovery rate for all of the Group's other doubtful and disputed outstandings.

The provision rate on doubtful and disputed outstandings (principal + interest) declined slightly to 53.9%, with a provision rate of 52.3% in respect of companies and 55.8% in respect of individuals. The loss coverage level indicated by provision reversals (90%) also demonstrates the sound provisioning policy.

The provisioning rate for outstandings rated E+ was 11.96% as of December 31, 2009, compared with 9.65% the previous year. This increase reflects the conservative provisioning measures adopted in light of the deterioration in the economic environment.

Cost of risk (net provision allocations + losses not covered by provisions)

The cost of risk on customer loans totaled €179.2 million, including the collective provision, compared with €99.9 million in 2008. The collective provision related to loans rated E+ accounted for €29.7 million of the cost of risk (the 2008 allocation totaled €43.2 million). The increase in the cost of risk can be attributed to provision allocations on a sharply increasing volume of doubtful and disputed outstandings (+26.4%).

The cost of risk on doubtful and disputed outstandings increased the most on the business loan portfolio. The entities in this market alone accounted for €53 million of the increase in the cost of risk in 2009.

This cost of risk reflects the deterioration in the economic environment, which has been felt since the second half of 2008 in the business loan market.

Relative to gross outstanding customer outstandings, the cost of risk increased sharply to reach 0.57%, up from 0.33% in 2008. Consisting mainly of provision allocations, it reflects the conservative approach used to evaluate the loan portfolio.

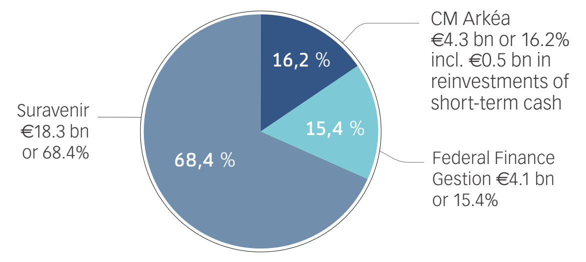
Recognition of the cost of risk in rate setting

The cost of risk for lending is taken into account when setting financial terms for the customer, using a dual approach based on the Basel II regulation.

The average or "expected" cost of risk is incorporated into the loan breakeven rate, while the exceptional or "unexpected" cost of risk is taken into account in the estimate of the economic capital set aside for each credit transaction under the Basel II regulation.

• *Credit risk on market counterparties*

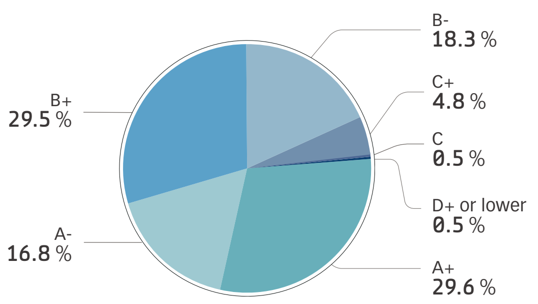
The Group's bond and money market portfolio totaled €26.8 billion as of December 31, 2009, and broke down among the Group's various entities as follows:



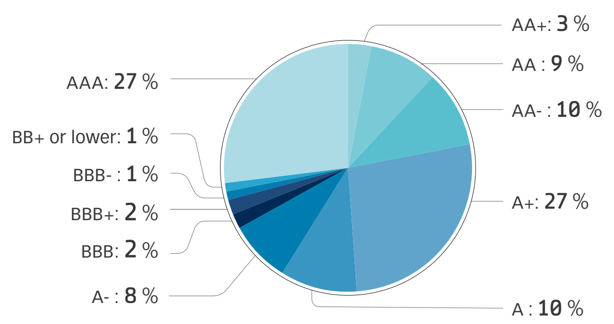
The credit risk on market counterparties to which the Group has direct exposure corresponds exclusively to Crédit Mutuel Arkéa's proprietary portfolio, a total of €4.3 billion. The portfolios of Suravenir and Federal Finance Gestion in effect correspond to investments made on behalf of customers.

The concentration of commitments on the highest-rated counterparties reflects a deliberately conservative approach and active risk management, since 75.9% of total outstandings are to counterparties rated A+ to B+. Only 0.5% of the portfolio is in the speculative category [D+, D- and E+].

BREAKDOWN BY INTERNAL RATING



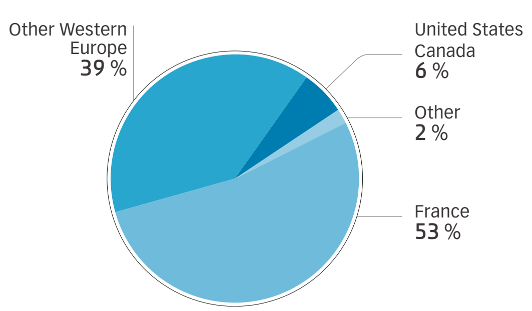
BREAKDOWN BY EXTERNAL RATING



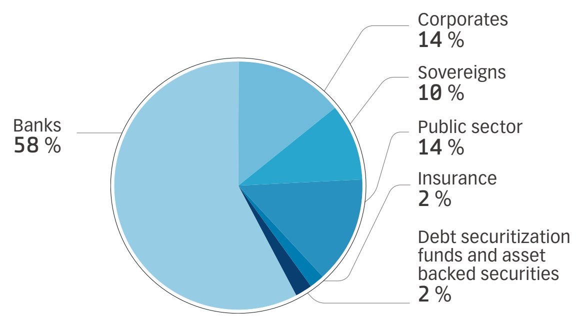
From a geographic standpoint, the counterparties are located primarily in Western Europe (92.2% of commitments) and France in particular (53.6%). The share of counterparties based in the United States and Canada fell from 8% to 6% in 2009.

Crédit Mutuel Arkéa invested in the banking sector (58% of outstandings). Some 72% of banking counterparties have the highest internal ratings [A+ B+]. Of the banking counterparties, 49% consist of French banks.

BREAKDOWN BY GEOGRAPHIC REGION



BREAKDOWN BY COUNTERPARTY TYPE



• *Stress testing*

The decree of February 20, 2007 related to capital adequacy requirements for credit institutions and investment firms (corresponding to the transposition of European directives 2006/48/EC and 2006/49/EC of June 14, 2006 (Capital Requirements Directive - CRD)) stipulates that institutions subject to the directive must carry out "a credit risk stress test to assess the effect of certain specific conditions on its total capital requirements for credit risk."

The stress simulation methodological principles and assumptions are currently being determined for Crédit Mutuel on a nationwide basis. The preparation of these principles and assumptions, which apply to Crédit Mutuel Arkéa, is part of the efforts being carried out in response to the second pillar of Basel II.

Pending the completion of this work, Crédit Mutuel Arkéa is conducting stress simulations that involve assessing the impact on capital requirements from a one notch downgrade in internal credit ratings (without E+ ratings dropping to E-) or 25% or 50% increases in default rates. These simulations apply only to the "banking" and "retail customer" portfolios, for which internal credit ratings are authorized by the Banking Commission.

The results were as follows:

ASSUMPTION	Variation in capital requirement
Rating downgraded one notch	+9,1%
Default rate +100%	+9,5%
Default rate +50%	+5,2%
Default rate +25%	+2,7%

6.2.1.1 Monitoring

Procedures

• *The limits system at Crédit Mutuel Arkéa*

The individual limits are first set using an internal rating system for the counterparties. Reviewed at least once a year, these ratings were updated for 2009 at the Crédit Mutuel Arkéa Board of Directors meetings on December 19, 2008 and October 16, 2009.

Down significantly relative to 2008, the limits apply to banking activities (lending and proprietary trading) and activities on behalf of third parties (fund management and life insurance). They are set based on four counterparty categories:

- sovereigns, public sector, secured debt and French legal covered bonds,
- banks (senior and subordinated debt) and insurance companies;
- large corporates, real estate holding and management companies and listed state, regional and local authorities;
- small- and medium-sized businesses, unlisted state, regional and local authorities and specialized financing.

For the commercial lending business, this limits system is applied across the entire decision-making chain in order to create a loan authorization system that is based on the customer's overall internal rating, existing outstanding loans and the nature of the loan request.

Regarding proprietary credit activities in the capital markets, Crédit Mutuel Arkéa then has an individual limit system by counterparty (or group of "affiliated beneficiaries" pursuant to Regulation 93-05 of the French Banking and Financial Regulations Committee (CRBF). These individual limits in terms of both the amounts and residual term periods are determined primarily on the basis of the Group's shareholders' equity and the counterparty's fundamentals (shareholders' equity, indebtedness and ratings). They are based on informed recommendations of the Middle Office department, which is responsible for the analysis, monitoring and first-level control of credit risks on the Group's capital markets transactions.

In the event of a request to exceed the limits before the next limits update, the decision is made by the Board of Directors of Crédit Mutuel Arkéa.

• *Monitoring of customer outstandings*

Various software applications are provided to the distributors to secure the granting of loans and risk monitoring on customer loans:

Monitoring of doubtful outstandings

This application automatically forces managers of loans and advances identified as sensitive to provide an explanation of any with doubtful or overdue status. This information is then automatically routed to the various levels of management, who provide any additional comments. These explanations are reviewed in detail by the risk management units and are stored for later retrieval.

Internal ratings downgrades

Ratings downgrades of more than three categories are notified upon occurrence to the portfolio managers in the networks.

Interfederal risk

The internal notification within Crédit Mutuel of payment defaults by common business customers is effective. A payment default results automatically in the assignment of an E+ rating and the classification in doubtful loans (E-) after at most one month, barring any favorable information.

Granting and monitoring of lending decisions

When a loan request is made, the requisite level of authorization is automatically indicated and archived, which enables the ex post control of compliance with authorizations.

Collateral requirements

Crédit Mutuel Arkéa's collateral policy includes several categories of collateral reflecting the Group's commitment in this area, beyond the regulatory requirements. The IT system integrates these internal rules and thereby complements the system for securing the loan issuance process by orienting and facilitating the taking of collateral and by automatically generating the contracts and related correspondence.

Reporting

• *Customer credit risk*

A scorecard for customer credit risk is established monthly and sent to the members of Crédit Mutuel Arkéa's Executive Management. The main indicators are calculated by market and by Group entity.

The Group's Commitments Committee meets approximately once every quarter, or more if necessary, to review the main sensitive, doubtful or disputed credits, which are also systematically reviewed by the appropriate units in each Group entity.

The Group's credit risk system is also presented to the Group Risk Committee, which meets quarterly.

Finally, a summary is provided at each Crédit Mutuel Arkéa Board of Directors meeting, as well as an update on compliance with credit limits. More detailed information is also provided twice a year to the Audit Committee.

• *Credit risk on market counterparties*

A scorecard of risks on capital market transactions is established monthly and sent to Crédit Mutuel Arkéa's Executive Management. It includes a status update on credit risk limit compliance.

The credit risk situation related to capital markets transactions is regularly reviewed by the Group's Counterparties Committee.

Compliance with credit limits is reviewed at each Crédit Mutuel Arkéa Board of Directors meeting.

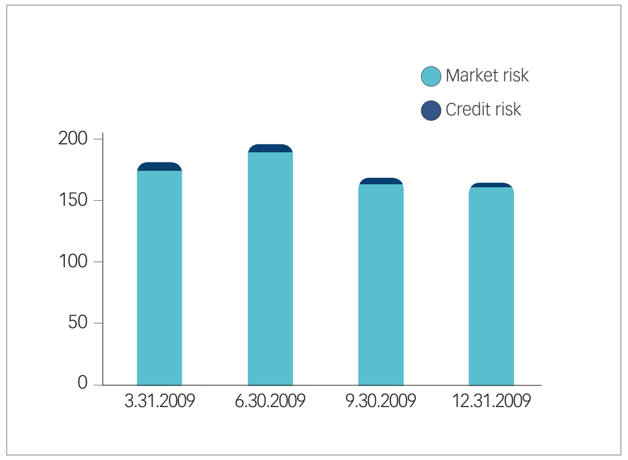
6.2.2 Market risks

6.2.2.1 Assessment

The risks borne by the trading desk are assessed through indicators adapted to each risk category (exposure, earnings, capital requirement, value at risk).

For proprietary trading portfolios, the regulatory capital requirements totaled €164.9 million as of December 31, 2009 and as in 2008 consisted almost exclusively of credit risks in the amount of €161.3 million. The market risk on the trading portfolio, assessed using the standard method, totaled €3.6 million, of which €2.8 million related to interest rate risk.

Basel II capital requirements as of 12/31/09 (€ millions)	164.9
Credit risk	*161.3*
Market risk	*3.6*
of which. specific interest rate risk	*0.8*
of which. general interest rate risk	*2.8*
of which. specific equity risk	*0.0*
of which. general equity risk	*0.0*
of which. currency risk	*0.0*

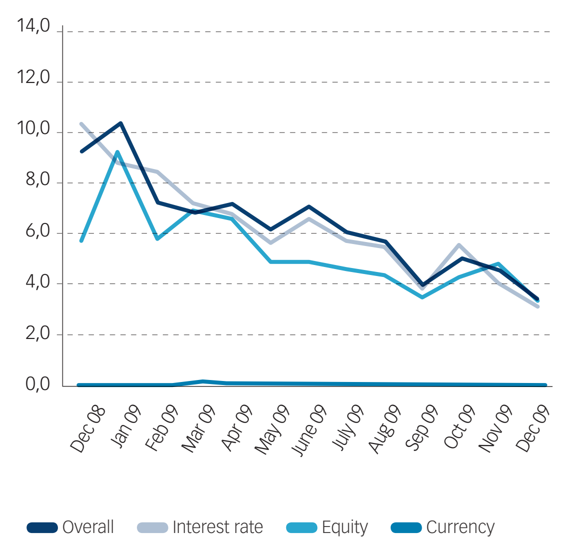


As part of a deliberate strategy to reduce risk by cutting back positions in the best interests of the Group, Crédit Mutuel Arkéa set as its target in 2009 to reduce the capital requirements on its proprietary trading in an amount up to 120% of the "natural" reduction achieved through ageing of the portfolio. This goal was not entirely met because of the deterioration of the average rating of banking counterparties during the year, the sudden downgrade of a Spanish asset-backed security at year-end and the unexpected increase in the value of interest rate hedging swaps.

By way of example, the general market risk is subjected to a second assessment using an internal analytical model, calibrated with a confidence interval of 99% and a horizon of 10 working days. This model has not been audited by the statutory auditors.

	2008	2009
Value at Risk (€ millions)	9.3	3.6
Interest rate risk	10.3	3.2
Equity risk	5.9	3.6
Currency risk	0.1	0.0
Diversification benefit	-7.0	-3.2

CAPITAL MARKETS VAR 10D-99% (€ MILLIONS)



The ongoing reductions in exposures and overall decrease in market volatility in 2009 had the effect of significantly reducing the VaR during the year.

In addition, a sensitivity measure that is configured for a longer risk horizon and historical basis and that integrates the spread risk produced the following potential impacts on earnings or shareholders' equity:

SENSITIVITY ANALYSIS (€ MILLIONS)		12.31.2009
Interest rate risk	Uniform increase of 57 bp over one month	-0.3
Equity risk	17% decrease in prices over one month	-18.9
Currency risk	8% unfavorable exchange rate trend over one month	0.0
Spread risk	149 bp increase in credit spreads on euro-denominated financials (171 bp for subordinated redeemable securities (TSR)) and 393 bp in credit spreads for U.S. financials over six months	-70.6
	216 bp increase in credit spreads on corporates over six months	-2.3
	412 bp increase in spreads on asset-backed securities over six months	-28.0

The scenarios applied are based on a historical analysis of changes in risk factors representative of the Group's proprietary trading positions. The historical basis varies depending on the risk factors and includes at least one significant crisis. The selected time horizon takes into account the liquidity of the respective markets. Finally, the calculations are made using a confidence interval of 99%.

To assess the regulatory capital requirement for market risk, Crédit Mutuel chose not to use internal models. Crédit Mutuel Arkéa is therefore not subject to the requirements of Article 349 of the February 20, 2007 decree regarding capital adequacy requirements for credit institutions and investment firms (corresponding to the transposition of European directives 2006/48/EC and 2006/49/EC of June 14, 2006 (Capital Requirements Directive - CRD)). Nevertheless, it has carried out simulations based on stress tests in the fixed income, equity, currency and credit markets, in accordance with the requirements of Article 27 of CRBF Regulation 97-02. The impacts on the main risk factors are used on the basis of observations of prior crises.

Crisis scenarios (annual changes) € millions		12.31.2009
Interest rate risk	Uniform increase of 319 bp	-2,2
Equity risk	52% price decline	-58,5
Currency risk	29% unfavorable exchange rate trend	-0,2
Spread risk	199 bp increase in credit spreads on euro financials (+261 bp for subordinated redeemable securities (TSR)) and 566 bp increase in spreads on U.S. financials	-96,9
	253 bp increase in credit spreads on corporates	-2,6
	725 bp increase in spreads on asset-backed securities	-46,3

6.2.2.2 Monitoring

Crédit Mutuel Arkéa's Board of Directors, acting on the recommendation of the Chief Executive Officer and following a meeting of the Group Risk Committee, sets the overall framework for the level of involvement in capital markets activities each year (Board of Directors meeting of December 19, 2008 for the 2009 fiscal year). The detailed limits framework is then determined by the executive body after a meeting of the Group Risk Committee (meetings of February 4, 2009 and July 21, 2009 for updating).

The limits system applies to:

- activities;
- asset classes;
- types of investments (authorized instruments);
- risk categories (interest rate, spread, volatility risks);
- IFRS accounting and Basel II prudential allocation portfolios.

As part of the efforts to strengthen its control and secure its market activities, Crédit Mutuel Arkéa has developed an internal manual, which is regularly updated, and compliance with which is necessary in order to engage in any transaction. This approach led to the adoption of a "Market Activities Charter" and a compliance review of trading desk activities based on the manual.

The Crisis Monitoring Committee established in 2007 continued to meet during the first nine months of 2009.

The detailed results of market activities are determined monthly after reconciling management data from the Front and Middle Offices with accounting data from the Back Office. The findings of this reconciliation are written up in a report. The market activity results are reported monthly to the Board of Directors of Crédit Mutuel Arkéa.

The control functions related to market risk monitoring are performed primarily by the Middle Office and the Permanent Control division.

The Middle Office, which is part of the Back and Middle Office department and independent of the Front Office supervised by the Head of Financial Markets, values the market positions and verifies compliance with limits.

First-level permanent control is performed by the operating staff, while the second-level control is performed by both the permanent controllers assigned to each operating department – in this case the Back and Middle Office and Financial Markets departments – and by the Permanent Control division.

Within Crédit Mutuel Arkéa, the Risk Management division is responsible for consolidating the Group's market risks, analyzing them, validating the main monitoring methodologies and calculating the capital requirements for the market activities (Basel II and VaR). In addition, the Group Internal Audit and Periodic Control division plays a role through targeted audits defined in the annual periodic control plan.

6.2.2.3 Reporting

• *To the executive body*

The main relevant indicators of value limits and management goals are included in the Group market risk scorecard. This scorecard is prepared monthly and transmitted to the executive body of Crédit Mutuel Arkéa by the Risk Management division. This departmentdivision also provides regular updates on the risk situation to the Group Risk Committee.

• *To the deliberative body*

Information on market activities is reported monthly to Crédit Mutuel Arkéa's Board of Directors. It includes a presentation of risk exposures, results and risk indicators as well as a status update on compliance with limits set by the Board itself.

6.2.3 Asset and liability management (ALM) risks

6.2.3.1 Organization

The ALM function measures and enables the supervision of balance sheet and off-balance sheet financial ratios over a medium- to long-term horizon. The function's main goal is to manage liquidity risk and interest rate risk (since currency risk is minimal) as well as capital allocation within the Group.

The function is exercised within Crédit Mutuel Arkéa by an ALM department that is part of Crédit Mutuel Arkéa's Finance division, positioned at the Group level, and by the ALM entities or correspondents in the respective subsidiaries' finance divisions. The insurance activity risks are managed at the level of the insurance companies, under the control of the Group ALM for liquidity and interest rate risk.

The indicators generated by the Group ALM department are submitted:

- to the ALM Committee, which provides strategic supervision and controls the Group's exposure. This committee meets at least twice annually;
- to the Treasury Committees of the Group and the subsidiaries, which are responsible for managing the respective banking entities' operational ALM in accordance with the guidelines identified by the Group's ALM Committee. The Group Treasury Committee meets monthly.

The ALM limits are set annually by the Board of Directors, following a review by the ALM Committee.

6.2.3.2 Interest rate risk on the banking and insurance portfolio

Interest rate risk involves the risk of changes in interest rates affecting present and future results. It is caused by a difference in rates or of benchmark indices between the sources and applications of funds.

Assessment

Banking portfolio

Interest rate risk is assessed, monitored and managed for the consolidated banking scope and for each entity within that scope. All balance sheet and off-balance sheet positions, notably financial instruments (swaps, etc.) and forward-start transactions, are integrated into the risk assessment.

Several indicators, calculated quarterly, make it possible to assess interest rate risk on a static basis:

- Embedded interest rate gaps, corresponding to balance sheet and off-balance sheet items whose cash flows are deemed certain;
- The impact of options risks (caps/floors), measuring the gain/loss in terms of interest margins;
- Interest margin sensitivity, calculated on the basis of embedded interest rate gaps and options risks; expressing the gain or cost of a +1%, +2% and –2% change in interest rates relative to net banking income (NBI);
- Net present value sensitivity, an indicator included in the Basel II regulation, expressed as a percentage of capital, measuring the change in the balance sheet's net present value for a +/-2% change in interest rates. The regulation set a maximum exposure limit of 20% to interest rate risk.

Insurance portfolio :

For life insurance, the risk may arise in a scenario involving either rising or falling interest rates:

- when interest rates rise suddenly, massive redemptions may result in capital losses on fixed-rate bond investments;
- when interest rates decline, the yield on the assets may be insufficient to cover the customer's guaranteed minimum rate.

The simulations performed for a sharp rate increase demonstrate that the characteristics of our euro commitments, our financial management policy and provisions cover this risk entirely.

As for a decrease in rates, the average guaranteed rates on liabilities are largely covered by the yields on assets.

Results

Banking portfolio

As of December 31, 2009, at the banking Group level:

- The interest rate sensitivity for a 1% increase in rates was a cost of €17 million in year one, €15 million in year two and €13 million in year three, or between 1.2% and 1.6% of Net Banking Income. These levels are consistent with the Group's policy;

• Net present value sensitivity (+/-2%) reaches a maximum of 5% for a 2% increase, which is within the Group limits.

Insurance portfolio

Insurance business sensitivity analysis

Change in fixed-income assets (€ thousands)						
	(-300 bp)	(-200 bp)	(-100 bp)	0 bp	200 bp	400 bp
Deferred policyholder bonuses	2,744,826	1,985,398	1,182,339	419,209	-919,091	-2,049,960
Shareholders' equity	218,343	158,910	96,704	33,565	-73,997	-165,838
Net income	8,533	6,174	3,709	1,302	-2,859	-6,384

Change in diversification assets (€ thousands)				
Net income	-40%	-30%	-20%	-10%
Deferred policyholder bonuses	-636,753	-477,564	-318,376	-159,188
Shareholders' equity	-55,977	-41,983	-27,989	-13,994
Net income	-82,349	-61,762	-41,175	-20,587

The above table is based on estimates included in a third-quarter regulatory disclosure prepared for Suravenir as of December 31, 2009.

The first part of the table presents the sensitivity of the bond and other fixed-income portfolios based on assumed rate changes on 10-year Treasuries (in absolute terms, from - 300 basis points to + 400 basis points).

The second part of the table presents the impacts of changes in the realizable value of the equity and similar portfolios.

These projections take into account the allocation rate for deferred policyholder bonuses (95.08%).

6.2.3.3 Liquidity risk

Liquidity risk arises from maturity differences between the sources and applications of funds. At the most extreme case, liquidity risk may result in the company being unable to honor its commitments.

The Group has historically been very vigilant in managing this risk.

In addition to assessing liquidity risk (see below), the Group has endeavored to minimize it in recent years by developing a refinancing diversification policy: short-term refinancing programs (CDN, BMTN), Euro Medium Term Note program and also by securitizing receivables through Caisse de Refinancement de l'Habitat (CRH), the European Investment Bank (EIB) and Société de Financement de l'Economie Française (SFEF). At the same time, the Group worked actively on finding the best solutions for satisfying liquidity requirements. Therefore, in late 2008, it created a unit to issue French legal covered bonds whose financing is guaranteed by the securitization of mortgage loans. In 2009, the Group issued bonds aimed at retail customers through Suravenir (life insurance subsidiary).

In 2009, despite a difficult environment in the first half, the Group continued its prudent fund-raising policy in order to comply with regulatory requirements and the limits set by Crédit Mutuel Arkéa's Board of Directors.

Assessment

The Group assesses, monitors and manages liquidity for the consolidated banking scope and each entity within that scope.

The liquidity risk assessment is based on three elements:

• Liquidity ratios (regulatory and non-regulatory);

• Refinancing amount limits;

• Liquidity gaps.

Liquidity ratios comprise the one-month liquidity ratio and the ratio of long-term capital to long-term assets (capital ratio).

The one-month liquidity ratio is a regulatory ratio that measures available liquidity for the month relative to liabilities with the same maturity. This ratio must exceed 100%.

The capital ratio is a former regulatory ratio that measures capital resources of more than five years with assets of the same maturity. The regulatory level was set at 60%.

Given its conservative liquidity risk management policy, the Group has adopted internal limits that are more stringent than the regulatory limits.

Note: for 2010, the Group has maintained a conservative approach to 5-year liquidity; since the capital ratio is no

longer included in the regulations, it has been replaced by a coverage limit on five-year assets by five-year liabilities based on liquidity gaps (confederal method).

Refinancing amount limits have also been defined. The goal is to circumscribe access to markets and limit liquidity risk on short-term market refinancing.

The liquidity gaps, which are calculated quarterly, include all balance sheet and off-balance sheet items that affect the Group's liquidity. They are established quarterly on the basis of static scenarios (without assumed new production), although dynamic scenarios are also used in order to estimate the refinancing needs at different maturities.

The static gaps are produced using both a standard and a stress scenario. In the latter scenario, which assumes the depletion of sight assets, the Group has established a goal of backing credits for maturities of up to five years, at a level essentially between 100% and 75% depending on the maturity.

Results

Based on all known elements as of December 31, 2009, the Group was in compliance with all of its liquidity limits. In particular:

• The liquidity ratio's minimum level remained continuously above the regulatory requirement in 2009, with a year-end level of 153%. The capital ratio also remained continuously above the former regulatory level,

• The refinancing limits were not exceeded

• The goal of backing credits (up to five years), which is premised on a liquidity gap in a stress scenario, was achieved at end-September.

6.2.3.3 Currency risk

Currency risk can be defined as the risk of a change in the exchange rate between two currencies, which in the absence of proper hedging could result in a loss.

The Group's currency exposure is very limited and immaterial. In fact, as it never represents more than 2% of the Group's capital, it is not subject to a regulatory capital requirement under Article 293-2 of the February 20, 2007 decree on capital requirements applicable to credit institutions and investment firms (corresponding to the transposition of European directives 2006/48/EC and 2006/49/EC of June 14, 2006 (Capital Requirements Directive - CRD)).

6.2.4 Equity and other variable income securities risk

The net carrying amount of the Group's equity and other variable income securities portfolio was €7.2 billion as of December 31, 2009 (compared with €5.4 billion the previous year – see Notes 2a, 2b and 4 of the Notes to the consolidated financial statements). This amount included €4.2 billion in equities and other variable income securities representative of equity type life insurance policies issued by the Group's life insurance company and for which the risk is borne entirely by the policyholders. The corresponding amount for 2008 was €3.4 billion.

The balance of €3 billion as of December 31, 2009 (€2 billion the previous year) includes €2.2 billion in investments from Suravenir's overall assets, €0.2 billion from Suravenir's proprietary account, €0.2 billion in money market investments (money market funds) by Fortuneo and €0.1 billion in investments by the Group's private equity firms. These equities and other variable income securities are held for investment purposes, as the Group does not have any equities or other variable income securities held for trading (note 2b of the Notes to the consolidated financial statements).

In addition, the Group had an investment securities portfolio with a net carrying amount of €230.4 million as of December 31, 2009 (€364.8 million the previous year). These securities are held for the medium and long term in order to generate a capital gain, promote the development of long-term professional relationships or exercise influence over the issuing companies.

6.2.5 Process to assess internal capital adequacy

6.2.5.1 Organization

Crédit Mutuel Arkéa's ALM department is responsible for the Group's capital allocation (see "Asset and liability management risks – Organization"). The allocation is based on compliance with solvency ratios, which measure the Group's capital relative to the risks assumed on its commitments (mainly credit risk, but also market and operational risks).

The Risk Management division assesses these risks and determines the related capital adequacy requirements. The methodologies applied are consistent with those jointly defined by the Crédit Mutuel plan.

Capital is allocated within the Group by activity. The banking activity is divided among the Crédit Mutuel federations and the subsidiaries. The allocation of activities among the respective subsidiaries is designed to increase their specialization, thereby bundling activities that target certain customer groups and strengthening the Group's impact in a given market.

Each subsidiary must comply with its own solvency ratio. The Group's ALM department monitors the banking activity's consolidated solvency ratio (Basel II) as well as the aggregate solvency ratio for the banking and insurance activities.

6.2.5.2 Assessment

The accounting department calculates the banking and Group solvency ratios on the reporting date in accordance with applicable standards. The Insurance activity's solvency ratio is calculated and monitored by the Group's insurance companies.

Based on regulatory statements and projected capital adequacy requirements calculated by the Risk Management division, the Group ALM department determines the banking and Group solvency ratio projections for the upcoming years in order to anticipate capital needs or to propose optimization measures.

As part of the preparatory work for the application of the second pillar of the Basel II regulations, the Risk Management division has, since 2009, participated in the Crédit Mutuel project to establish rules for calculating economic capital. The adoption of these rules will further complement the internal capital management system.

6.2.5.3 Results

As of December 31, 2009, the Group's indicators show that all regulatory limits have been more than satisfied.

Thus the banking solvency ratio (Basel II) was 15.4%, well above the 8% limit, and the Tier 1 ratio was 11.9%.

Suravenir's solvency margin (excluding unrealized capital gains or losses) was 127.2% as of December 31, 2009, above the minimum requirement of 100%.

6.2.6 Operational risk

The concept of operational risk covers all risks identified under Basel II and CRBF 97-02 regulations.

Crédit Mutuel Arkéa participates in the projects undertaken at the national level. In that respect, the sharing of competencies between third-party experts and Crédit Mutuel's statisticians in 2009 was made possible through special funding earmarked for this project by Crédit Mutuel Arkéa. This initiative has enabled the Group to maintain the requisite level of competency and responsiveness to model operational risks and quantify the corresponding capital requirements. Crédit Mutuel Arkéa also participates in the annual review of expert opinion models, which are designed to reflect the reality of the business lines as closely as possible.

Crédit Mutuel Arkéa helps to determine the capital requirements at the Crédit Mutuel level by supplying the risk indicators for "severe" risks and the loss distribution for "high-frequency" risks.

In 2009, Crédit Mutuel's national system was audited by the French Banking Commission in order to assess its eligibility for the "Advanced Measurement Approach (AMA)" for operational risk. The Banking Commission's previous audit in 2007 had provided Crédit Mutuel Arkéa with specific points requiring further action. In 2009, these points were closely monitored by the Banking Commission. The findings of this audit will be released in the first quarter of 2010.

The simulation and preparation for crisis management is addressed through business continuity plans.

6.2.6.1 Assessment

Risk assessment system

The assessment of Crédit Mutuel Arkéa's operational risk is based on a dual system:

- a risk self-assessment, performed by operational risk management correspondents working at the Group's various entities and backed by the expertise of operational staff in these units;
- disclosures by operations staff of incidents following the occurrence of a demonstrated operational risk.

• *Operational risk self-assessment:*

The operational risk self-assessment is based on an internal process known under the French acronym PRDC, which describes the four components: process, risk, risk management system and second-level permanent control. Its implementation is based on four manuals:

- **the processes manual** is designed to model the company's activities using increasingly detailed descriptions. Each process is described in terms of its human, technical and logistics resources, as this description is particularly useful for risk analysis;
- **the operational risk manual** is a risk mapping iteration at two levels of Basel II. It incorporates a third level of risk category description derived from CNCM;
- **the operational risk management systems manual**, which is designed to mitigate risks or their impacts and is classified by type (procedures, applications, training, warnings, insurance, etc.);
- **the Group entities manual**, the Group's organizational chart.

After assessing each individual risk using the processes and risk manuals and taking into account the impact of the applicable risk management system, a self-assessment is performed for the individual risk. This self-assessment is based on a scale with four levels of frequency and severity. The levels of severity relate to the NBI or operating expenses of the respective entities.

The approach covers all Crédit Mutuel Arkéa's activities. The processes and related risks of the support activities have also been modeled. Given the high degree of computerization achieved, the effectiveness of the risk management systems is closely examined.

This PRDC approach is currently being improved and streamlined. The roll-out of the revised approach within the Group is expected to begin in the second quarter of 2010 and take some 18 months to complete.

• *Reporting of incidents:*

Incident reports are recorded in a dedicated application by the Group's various participants. This application cross-references the incidents with the risk and processes manuals as well as the Group's organizational chart. It records the incidents that have given rise to an expense or loss as well as those resulting in an opportunity cost.

Assessment indicators

After all the risks have been compiled, the risk self-assessment makes it possible to generate an operational risk map at the level of the Crédit Mutuel Arkéa Group.

The gathering of incident reports also makes it possible to analyze the loss rate at all times by Group entity and risk category according to Basel II.

In 2009, 779 incidents (in excess of €1,000) were reported, a 30% increase. This increase is more indicative of the progress made in the reporting of incidents than of an increase in the number of losses. The Group also plans to implement quality control initiatives, continue developing its accounting reconciliation processes and address previous incidents that are still pending. The nominal value of the incidents increased by 7% in 2009 to reach €11.8 million. Of this total, 40% involved actual losses while 60% are provisions.

The high level of provisions is due mainly to an external fraud case that affected the credit-issuance process in two Crédit Mutuel Arkéa distribution networks (€3.2 million in provisions).

6.2.6.2 Monitoring

Procedures

The operational risk monitoring system is based on:

- the aforementioned updating procedures for the manuals;
- the risk self-assessment procedure;
- the analysis of observed incidents: causes and corrective measures;
- the results of the second-level permanent controls.

The Operational Risk unit, which is part of the Risk Management division, is responsible for the functional operation of this system. It drives changes in the Group's operational risk management system in accordance with regulatory requirements, management needs and the expectations of the executive and deliberative bodies. It manages the use of the system, consolidates the results and monitors changes in operational risk for the entire Group.

In order to carry out its mission, and as the functional head of the operational risk network, the Operational Risk unit is supported by the operational risk correspondents reporting directly to the management of each central division or subsidiary.

Business continuity

The overall Business Continuity Plan is designed to minimize the impacts of a major loss on Crédit Mutuel's essential or important activities (see aforementioned processes manual). The plan focuses foremost on activities directly affecting customers and relations with the banking and financial centers.

The Group's Business Continuity Plan is based on the following three plans:

- Crisis Management Plan;
- Business Line Activity Continuity Plan;
- Activity Recovery Plan.

The Crisis Management Plan addresses organizational aspects in the event of an incident by defining the roles and responsibilities of the participants in the various crisis units:

- Crisis Decision-Making Unit;
- Operational Crisis Unit;
- Crisis Exit Unit.

The Business Line Activity Continuity Plan addresses the continuity of essential or major activities in the event of an incident. An incident refers to any situation where the interruption of an essential or major process has reached its maximum allowable duration or will do so according to an analysis of the situation.

Each Business Line Activity Continuity Plan defines the roles and responsibilities of the person responsible for its implementation on the one hand and the employees needed and sufficient to ensure the execution of the essential operational processes while working at less than full capacity on the other.

A Business Line Activity Continuity Plan is designed to address five scenarios involving the effects of an incident:

1 – unavailability of the offices;

2 – unavailability of the IT systems;

3 – unavailability of a portion of the employees;

4 – unavailability of telecommunications and power;

5 – unavailability of key suppliers.

In consists of three phases:

- the emergency phase with the rescue plan;
- the continuity phase per se, with the circumvention of the incident's effects on the ordinary operation of the affected process;
- the crisis exit phase with the return-to-normal plan.

Each Business Line Activity Continuity Plan is also revised annually regarding its scope, new participants, new constraints, new activities and adjustments in response to the test results. In 2009, each of the 20 plans adopted by Crédit Mutuel Arkéa was tested on one or more occasions on the priority scenario of the unavailability of the offices.

The Activity Recovery Plan addresses the organizational aspects involving resources (human, IT, real estate, telephony, mail, etc.) and the processes supporting operational processes in the event of an incident. In addition to the above-mentioned tests of the Business Line Activity Continuity Plans, a test of the IT activities recovery was performed to address the scenario of the IT systems' unavailability.

The Operational Risk unit, which is part of the Risk Management division, is responsible for the overall coherence of all Business Line Activity Continuity Plans.

The Group also prepared to deal with a pandemic of the H1N1 virus in accordance with the measures taken by the governmental authorities. The crisis management system was activated. The Crisis Decision-Making and Operational Crisis units steered the Group's prevention and preparation initiatives. These efforts were a key event in 2009, even though the preparation stage was never reached and the forecast crisis never occurred.

Reporting

Operational risk is subject to quarterly reporting prepared by the Risk Management division and disseminated mainly to:

- the Group Risk Committee;
- Crédit Mutuel Arkéa's Board of Directors.

This reporting includes four main topics:

- an incident report: multi-year change in the incident rate in terms of both number and value, a breakdown of incidents for the year by Group unit or entity and by type of risk, and a breakdown of losses by amount type;
- a Business Continuity Plan report: annual update of essential activities addressed by a Business Continuity Plan, results of annual Business Continuity Plan reviews and test results with a presentation of action plans;
- operational risk mapping resulting from risk self-assessment;
- a report on the operational risk correspondents' activity and business function-related management.

6.2.7 Other risks

6.2.7.1 Intermediation risk of investment service providers

Several Group companies are authorized to act as investment service providers.

Two portfolio management companies are also consolidated at the Group level.

Crédit Mutuel Arkéa is exposed to intermediation risk through its proprietary activities and custodian activities on behalf of institutional customers.

The Group's other companies, which do not have proprietary activities, do not have this exposure, with the exception of transactions involving deferred settlement services, which are executed in accordance with applicable regulations.

Assessment

In 2009, Crédit Mutuel Arkéa adapted its certification procedure for intermediaries, which is designed to manage risks related to order execution quality (placing of orders on the market, execution price, settlement and delivery).

Intermediaries are classified in four separate categories: equity markets, futures markets, money markets and bond markets.

Only those intermediaries in the first two categories undergo a certification process. Intermediaries in the latter two do not require such certification, since they are involved in over-the-counter transactions only.

The certification process for equity and futures market intermediaries can be summarized as follows:

- request for certification from the managers or traders;

- study at the Middle Office department level;
- review by the Counterparties Committee, which meets quarterly;

The risk assessment takes into account factors related to the order-giver's financial situation and the nature of the services offered (research quality and independence, financial instruments traded, etc.). The ex-post control on dispersion of volumes processed and the feedback from the operational units on execution conditions (and any incidents) provide objective criteria for the selection of intermediaries. A rating application has been developed in-house that includes qualitative criteria to consolidate all of the data for selecting intermediaries.

The complete list of certified intermediaries is reviewed at least once each year.

An intermediary must receive separate certification for each market (equity or futures) in which it participates.

The establishment of a relationship with a new intermediary in the equity markets and futures markets is subject to the signing of a legally approved agreement (framework agreement for the intermediaries in the futures markets).

Monitoring

Crédit Mutuel Arkéa's Middle Office is responsible for the continuous monitoring of intermediaries. The Permanent Control division performs a second-level control.

Any change in owners or specific deterioration in the risk results in a review of the certification.

A procedure has been implemented designed to momentarily suspend any transaction with an intermediary for which a major dispute exists regarding securities transactions in suspense. In the event of persistent discrepancies, a definitive cessation of the business relationship will be considered.

The 2009 status report on the intermediation activity made it possible to review the activity developed with 38 different intermediaries (35 in 2008).

The Counterparties Committee is kept informed on a regular basis

6.2.7.2 Settlement risk

Assessment

The Group has a limits system that covers market risks in the broader sense.

This system includes the selection of counterparties, intermediaries, investment management companies, custodians and the definition of authorized financial instruments and transactions.

This limits system appears to be satisfactory based on the risks. No specific limit related to settlement risk has been imposed, since this risk already appears to be well under control through:

- the use of financial market settlement-delivery applications (central custodian platforms);
- the implementation by the Back Office settlement unit of a settlement-delivery procedure that specifically defines the controls to be performed on transactions (see below).
- strict compliance with the Group's IT systems security policies.

Monitoring

The first-level permanent control of settlement-delivery activities is performed on a daily basis by the Back Office.

For securities sales, the first-level control consists of verifying the existence of inventoried securities in the account referenced in the trade. The various cases of discrepancies (custodian error, account error, repo security) and the response to these discrepancies are defined.

A processing system for transactions in suspense has been implemented. Moreover, the process is integrated into an "incidents" system for material discrepancies or dysfunctions.

As mentioned previously (see intermediation risk), the procedures specify that all material suspense account items with an intermediary involving a settlement-delivery transaction results in special monitoring or even a freeze in the business relationship.

6.2.7.3 Legal risk

Legal risk corresponds to the risk of any legal dispute with a counterparty resulting from any ambiguity, omission or deficiency susceptible of being attributed to the company in the performance of its business transactions.

Currently, no dispute is likely to have a material impact on the Group's financial situation (see Section 11, paragraph 11.6).

7 - BUSINESS TRENDS

7.1 Statement on the company's outlook since the date of its most recent audited and published financial statements

No significant deterioration has affected the company's outlook since 04/29/2010, the publication date for the most recent financial statements audited as of December 31, 2009.

7.2 Trends or events susceptible of having an impact on the company's results for the current year

Economic environment

Since late 2009, several factors suggest that the worst of the economic and financial crisis and recession are coming to an end thanks to the actions of the central banks and governments.

Although economic growth is robust in the emerging market countries (China, Brazil, etc.), the recovery will nevertheless remain very fragile in developed countries unless the improvements to the economy include a decrease in unemployment, which may not happen in Europe overall or in France before 2011. It is also difficult to assess the impact that the cessation of economic assistance and budgetary stimulus measures will have on economic activity, or the effects of the exceptional measures taken by the central banks during the crisis.

Crédit Mutuel Arkéa: a business model focused on the long term

The Group is still in control of its destiny and has withstood the economic and financial crisis relatively well. In fact, one clear indication is that the Group continues to create jobs in order to pursue its development. The Group's sales performance also remains well positioned relative to the competition, with market share gains in lending and a stabilization in bank savings.

Crédit Mutuel Arkéa's development depends on the diversity of its business activities and integration of the value-added chain (production and distribution). Its development is currently guided by the "Horizons 2015" strategic project, which focuses the Group's actions in 15 key areas:

1- Recognize and reward the status of customer shareholders

2- Position the local savings banks and branches as go-to sources for financial advisory and other services

3- Create a Corporate and Institutional banking division that can satisfy all the financial needs of companies and entrepreneurs

4- Invest in our local regions, thanks to closer relations with local authorities and participants in the social housing sector

5- Offer online sales of the most comprehensive line of bankinsurance products and services

6- Make Fortuneo an online bankinsurance leader in France

7- Expand the line of individual and collective insurance and accidental death and disability products

8- Expand our partnership(s) with one or more large retail chains

9- Forge partnership(s) with an accidental death and disability institution(s) or a mutual insurance company (companies)

10- Train and inform directors so that they may fully exercise their mandates

11- Combine the Group's top-level legal entities

12- Establish an organization based on functional administrative divisions and including a strategic marketing / development research unit

13- Ensure that our technological innovation capacity serves the interests of our commercial development and partnerships

14- Emphasize our strengths as a proven technical partner for the banking and insurance companies sector

15- Recruit and retain the best talent and create dynamic career tracks

2009 was marked by the start of several projects, in particular the launch of the Corporate and institutional banking division and the online bank Fortuneo, as well as increased third-party business activity. Crédit Mutuel Arkéa is also actively pursuing acquisition opportunities. In November 2009, it announced the acquisition of Monext, which will be integrated within the Group during 2010.

The acquisition of Monext, which specializes in electronic payment transactions, will enable Crédit Mutuel Arkéa to accelerate the development of its services to banks and companies. With 400 employees and revenue of €60 million, Monext is among the leaders in a rapidly growing market.

In 2010, we will concentrate our development efforts on the following strategic priorities

- develop online banking with Fortuneo;
- roll out the Corporate and institutional banking division;
- finalize agreements in the B to B area;
- further enhance the satisfaction of third-parties, customer shareholders and internal customers;
- research potential future changes in distribution for the Crédit Mutuel networks.

8 - BOARDS OF DIRECTORS AND EXECUTIVE MANAGEMENT

8.1 Name, address and function at the company of officers and directors, Chairman's Report on the conditions for preparing and organizing the work of the Board of Directors and on internal control procedures, corporate governance charter.

8.1.1 Mandates of directors and officers of Crédit Mutuel Arkéa, as of December 31, 2009

Jean-Pierre DENIS, Chairman

- Chairman of the Board of Directors of Fédération du Crédit Mutuel de Bretagne (association)
- Director of Caisse de Crédit Mutuel de Pont-Croix
- Director of Compagnie Financière du Crédit Mutuel until April 23, 2009
- Director of Confédération Nationale du Crédit Mutuel (association)
- Director of S.A. Altrad
- Director of Oséo Bretagne
- Director and General Treasurer of Ligue Nationale de Football Professionnel
- Director of PPR
- Director of Soprol
- Director of Caisse Interfédérale Sud Europe Méditerranée until May 2009

Jean-François DEVAUX, Vice Chairman

- Chairman of Fédération du Crédit Mutuel Massif Central
- Director of Caisse Régionale du Crédit Mutuel Massif Central
- Director of Caisse de Crédit Mutuel de Clermont-Galaxie
- Director of Compagnie Financière du Crédit Mutuel until April 23, 2009
- Chairman of Banque Privée Européenne
- Representative of Crédit Mutuel Arkéa on the Board of Directors of Suravenir Assurances
- Member of the Supervisory Board of Infolis
- Director of Confédération Nationale du Crédit Mutuel
- Director of Association de Prévoyance Collective et d'Assurance Santé
- Director of Société Clermontoise de Télévision

Christian TOUZALIN, Vice Chairman

- Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Chairman of Caisse Régionale du Crédit Mutuel du Sud-Ouest
- Director of Caisse de Crédit Mutuel d'Angoulême Ma Campagne
- Director of Compagnie Financière du Crédit Mutuel until April 23, 2009
- Chairman of Suravenir Assurances
- Chairman of the Supervisory Board of Infolis
- Director of Confédération Nationale du Crédit Mutuel
- Director of SLEC (Société d'Exploitation du Câble du Grand Angoulême)
- Director of AGIR (Association pour la Gestion Indépendante des Réseaux)
- Chief Executive Officer of STGA (Société de Transport du Grand Angoulême)

Jean-Pierre CORLAY, director

- Vice Chairman of Caisse de Crédit Mutuel de Quimper Centre
- Chairman of the Supervisory Board of Suravenir
- Representative of Crédit Mutuel Arkéa on the Supervisory Board of Fortuneo
- Representative of Suravenir on the Board of Directors of Novélia

Christian DAVID, director

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Guidel
- Director of Suravenir Assurances

Jean-Louis DUSSOUCHAUD, director

- Vice Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Director of Caisse Régionale du Crédit Mutuel du Sud-Ouest
- Chairman of Caisse de Crédit Mutuel de Pessac Centre
- Chairman of Novélia

Jacques ENJALBERT, director

- Chairman of Caisse de Crédit Mutuel de Morlaix
- Chairman of the Supervisory Board of ProCapital
- Member of the Supervisory Board of BCME
- Director of Sobrepar
- Permanent representative of Sobrepar on the Board of Directors of Synergie Finance

Daniel GICQUEL, director

- Vice Chairman of Caisse de Crédit Mutuel de Redon
- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Director of Synergie Finance
- Director of Sobrepar
- Director of Banque Privée Européenne

Alain GILLOUARD, director
- Chairman of Caisse de Crédit Mutuel de Rennes Sainte Anne Saint Martin
- Director of Banque Privée Européenne
- Director of CEOI-BIE

Michel GOURTAY, director
- Director of Caisse de Crédit Mutuel du Relecq-Kerhuon
- Member of the Supervisory Board of BCME

Marie-Thérèse GROUSSARD, director
- Vice Chairman of Caisse de Crédit Mutuel de Fougères
- Member of the Supervisory Board of Suravenir

Paul GUEGUEN, director
- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Vice Chairman of Caisse de Crédit Mutuel Haut Blavet

Auguste JACQ, director
- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Loctudy
- Chairman of Créavenir Bretagne
- Director of Europim
- Director of Crédit Mutuel Arkéa Covered Bonds
- Director of Confédération Nationale du Crédit Mutuel

Albert LE GUYADER, director
- Director of Caisse de Crédit Mutuel de Lorient-Porte des Indes
- Chairman of the Supervisory Board of Foncière Investissement
- Vice Chairman of the Supervisory Board of BCME
- Vice Chairman of the Supervisory Board of Sodelem
- Member of the Supervisory Board of Camefi Banque

Hugues LEROY, director
- Director of Fédération du Crédit Mutuel de Bretagne
- Vice Chairman of Caisse de Crédit Mutuel de Rennes Sainte Anne Saint Martin
- Chairman of the Supervisory Board of Fortuneo
- Vice Chairman of the Supervisory Board of ProCapital
- Member of the Supervisory Board of Crédit Mutuel IT Group until June 3, 2009

Claudette LETOUX, director
- Director of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Matignon
- Vice Chairman of Créavenir Bretagne
- Director of Financo
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Financo until April 22, 2009

Christian PERON, director
- Chairman of Caisse de Crédit Mutuel de Bannalec
- Director of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Bretagne de Crédit Mutuel Agricole
- Representative of Caisse de Bretagne de Crédit Mutuel Agricole at Suravenir
- Vice Chairman of Confédération Nationale du Crédit Mutuel
- Chairman of Crédit Mutuel Agricole et Rural
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of BCME until April 22, 2009

Ronan LE MOAL, Chief Executive Officer
- Permanent representative of CBCMA on the Board of Directors of Caisse Centrale du Crédit Mutuel
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Crédit Mutuel Cartes de Paiements
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Crédit Mutuel Paiements Electroniques
- Director of Confédération Nationale du Crédit Mutuel

BOARDS OF DIRECTORS AND EXECUTIVE MANAGEMENT

8.1.2. Chairman's report on the conditions for preparing and organizing the work of the Board of Directors and on internal control procedures

"With this report," states Jean-Pierre Denis, "it is my duty as Chairman to inform you of the conditions for preparing and organizing the work of the Board of Directors as well as of the internal control procedures implemented."

Organization and preparation of the work of the Board of Directors

The organization of the Board of Directors

The Board of Directors consists of 17 members, elected by the member local savings banks at the Annual General Meeting, with the following representation:
- 14 members representing the local savings banks affiliated with Fédération du Crédit Mutuel de Bretagne,
- 2 members representing the local savings banks affiliated with Fédération du Crédit Mutuel du Sud-Ouest,
- 1 member representing the local savings banks affiliated with Fédération du Crédit Mutuel Massif Central.

Two representatives from the Central Works Council (Consultative staff representative Committee) participate in the meetings of the Board of Directors.

The Board of Directors is chaired by Jean-Pierre Denis, the Chairman of Fédération du Crédit Mutuel de Bretagne and a local savings bank director.

A set of by-laws adopted by the General Meeting defines the duties of the directors both at the local (Crédit Mutuel local savings banks) and regional (federations) levels. These by-laws set forth the commitments incumbent upon each person who seeks to become a candidate for membership of the Board of Directors of Group companies:
- regular attendance at meetings,
- training in the proper exercise of functions,
- independence and a lack of any conflicts of interest,
- personal and financial relations with the Group,
- maintenance of confidentiality regarding the deliberations.

The age limit for directors is set by the by-laws at 65 for a first-time election and 70 for a renewal. Board terms are for three years, renewable.

In accordance with the French law on the New Economic Regulations, the duties of the Chairman of the Board of Directors and the Chief Executive Officer have been separated, since this approach is most consistent with the company's mutual and cooperative nature.

Preparation and organization of the work

The Board of Directors met 11 times in 2009.

The directors had an 89% attendance rate at Board of Directors meetings.

The Board of Directors meetings focused primarily on:
- setting the Group's overall direction for 2010;
- reviewing the progress made on the "Horizons 2015" strategic project;
- monitoring the activity and results of the Group and its primary components through a report presented at each meeting by the Chairman and Executive Management;
- approving the Group's parent company and consolidated financial statements;
- adapting the prudential framework and applicable limits throughout all Group components;
- decision-making with respect to company acquisitions, purchases of equity interests and, more generally, all acquisition transactions;
- the regular review of changes in the Group's risks (credit risk, market risk, operational risk, legal risk) and changes in capital ratios (liquidity ratio, ratio of long-term capital to long-term assets, capital adequacy ratio, major risks ratio);
- the review of the annual report on the internal control of the company and the Group submitted to the French Banking Commission, Confédération Nationale and the statutory auditors;
- regulatory changes to strengthen internal controls (permanent control, periodic control and compliance);
- summary reports on the work and recommendations of the specialized committees and on major projects (acquisitions, Group accounts, etc.). The control audits performed by the Confédération National and the Banking Commission in this context were addressed in a presentation. The periodic control plan for 2010, which was approved by the Audit Committee, was also confirmed.
- monitoring the work related to the implementation of the Basel II systems and the developments and results of the fight against money laundering and terrorism financing;
- setting the conditions under which the financial by-laws governing financial relations between the Group and its member local banks apply;
- monitoring the latest external economic, banking and financial news as well as current internal matters; the Board was also kept informed as to the various partnerships entered into;
- monitoring certain work initiatives carried out by the Committee and the Board of Directors of Confédération Nationale du Crédit Mutuel.

These initiatives and deliberations made it possible to orient the Group's activity and perform the necessary controls and reviews.

Limitations on the Chief Executive Officer's authority

The Board of Directors has not set any limit on the authority of the Chief Executive Officer.

The internal control procedures

The internal control organization

The governance of the internal control function is carried out in accordance with the principles of Crédit Mutuel Arkéa's Corporate Governance Charter adopted by the Board of Directors on September 12, 2008.

The internal control organization is described in the Group's Internal Control Charter. Updates to this charter are approved by the Group's Permanent Control Committee and the Audit Committee.

The Group's executive body is responsible for determining the actual business orientations (French Monetary and Financial Code Article 511-13). It therefore implements the internal control support systems while ensuring that they are adapted to the various risks to which the Group is exposed. It notifies the Group's deliberative body of progress made in the implementation and status of the systems as well as the degree of risk management they enable.

The Group's deliberative body periodically reviews the quality of the systems deployed and the degree of control over risks to which the Group is exposed, based on information provided to it by the Chairman of the Audit Committee and the Head of Group Internal Audit and Periodic Control (in particular information required as part of the annual report on internal control, CRBF regulation 97-02 amended Article 42).

The Group's deliberative body is informed by Crédit Mutuel Arkéa's Risk Management Division of the assessment and monitoring of risks to which the Group is exposed (in particular information required as part of the annual report on risk assessment and monitoring, CRBF regulation 97-02 amended Article 43).

The Audit Committee is charged with assisting the deliberative body with its risk management duties. Its missions, objectives and operating rules are formally established in an Audit Committee Charter, which is updated by the Head of Group Internal Audit and Periodic Control and approved by the deliberative body.

Regarding the accounting recognition of transactions, the Financial Statements Committee analyzes and controls the aggregate and consolidated financial statements before their presentation to the deliberative body.

The deliberative bodies of Crédit Mutuel Arkéa's subsidiaries approve the application of the Charter's principles as well as their adaptation to their respective entities and assign their implementation to the executive bodies concerned.

Permanent control

The organization of the "permanent control of compliance, security and approval of completed transactions and compliance with other due diligence related to the monitoring of all types of transaction-related risks" (see Article 6a of CRBF regulation 97-02) is based on the following distinction made between the first- and second-level permanent controls:

First-level permanent control

- This control is carried out at the "operational" level, during the actual process itself, either by the operator concerned or by a designated third party.
- All controls are considered first-level controls if they are performed prior to the completion of the process.

Second-level permanent control

- It is positioned at the level of the control function. It does not interfere with the exercise of the process being controlled (see above paragraph).
- The control of a transaction (i.e. the occurrence of a process) is considered a second-level control if it is performed following the normal completion of the transaction involved and by a different person than the one who performed the transaction, in order to uphold the "four eyes principle."

With this distinction in mind, the organization of Crédit Mutuel Arkéa's permanent control is based on the following principles:

- the permanent control organization covers all risks for all Group business lines, regardless of the legal organization of the activities generating these risks;
- final responsibility for compliance with regulatory requirements in the area of permanent control falls on the executive body of each entity and on Crédit Mutuel Arkéa for Group as a whole;
- each entity organizes its own permanent control system and reports directly to Crédit Mutuel Arkéa;
- the participants responsible for the second-level permanent control of a process do not participate in the execution of this process in order to ensure the total separation of first- and second-level permanent controls;
- the quality of permanent control is factored into the assessment of the governance or management of an activity.

This organization is therefore present throughout the Group's entire pyramid structure, since the entire permanent control system is placed under Crédit Mutuel Arkéa's governance.

It is intended to enable the Group's entities to steer risk-taking while managing the potential impacts with reasonable assurance.

A Permanent Control unit, which is part of the Permanent Control Division (PCD), is responsible for coordinating the heads of permanent control and compliance at the Group's entities (subsidiaries and central divisions). The number of staff members was increased to six in 2009.

The Permanent Control Committee

This committee is chaired by the Chief Executive Officer of Crédit Mutuel Arkéa. It is charged with ensuring compliance with rules governing risk-taking and verifying that the permanent control systems, including those with respect to compliance, are appropriate to the Group's activities and risks.

To that end, the committee reviews all major changes in the permanent control system, including with respect to compliance control, and takes stock of risks borne by the Group on the basis of the work of the Permanent Control division. It met six times in 2009.

In order to improve the separation between permanent control and risk management activities, a Risk Committee has been established, which enables the Permanent Control committee members to focus all of their efforts on permanent control and the Group's compliance control.

The compliance control system

The staffing of the Compliance unit, which is part of the Permanent Control division, was increased to six members in 2009. These staff members focus exclusively on the compliance function, including the fight against money-laundering.

A framework procedure for the prior approval of new products, complemented by procedures specific to the trading desk activities, has been applied since 2007. In 2009, this procedure was further complemented by compliance measures with respect to market activities on behalf of third parties.

The compliance control procedures were complemented in 2009 through a procedure addressing investigations into problem areas involving compliance, whose guiding principles were approved by the Permanent Control Committee on October 22, 2008.

This procedure was the subject of an informational presentation to the Arkade joint central works council (UES) in December 2008 and to the works councils of entities not part of the Arkade joint central works council in early 2009. This procedure applies throughout the Group.

The Compliance unit also participated in the work initiated by Confédération Nationale du Crédit Mutuel regarding the various aspects of compliance control.

Periodic control

Responsibility for the Group's periodic control activity is assigned to Crédit Mutuel Arkéa's Group Internal Audit and Periodic Control division (known under the French acronym DIGCP - Direction de l'Inspection Générale et du Contrôle Périodique), which either exercises its functions directly in the Crédit Mutuel Arkéa entities and divisions, or through delegation agreements duly established with each of Crédit Mutuel's three local savings banks networks and each of the Group's subsidiaries. The Group Internal Audit and Periodic Control division therefore performs its controls for the entire scope of Crédit Mutuel Arkéa in accordance with the terms, conditions and methods stipulated in CRBF regulation 97-02 of February 21, 1997 regarding the internal control of credit institutions and investment firms.

The DIGCP's mission is to provide independent and objective assurance as well as advisory services aimed at creating value-added and improving the level of control over Group transactions. Using a systematic and methodical approach, the division helps the Group achieve its objectives by assessing its risk management, control and corporate governance processes and by offering suggestions to strengthen their effectiveness.

The DIGCP's goal is to support the Group's managers in the performance of their duties. To that end, internal audits provide them with analyses, assessments, recommendations, opinions and information regarding the activities under review.

The DIGCP must determine whether the organization's overall risk management, control and corporate governance processes, which are designed and represented by management, are appropriate and are functioning in such a way as to ensure that:

- risks are identified and managed adequately;
- the various corporate governance participants interact as often as necessary;
- all material financial, management and operational information is accurate, reliable and delivered in a timely fashion;
- the employees' actions are consistent with all applicable rules, standards, procedures, laws and regulations;
- resources are acquired in an economic manner, used efficiently and protected adequately;
- programs, plans and objectives are completed;
- the quality and continuous improvement of the organization's internal control processes are supported;
- significant legislative and regulatory matters that affect the organization are identified and addressed in an appropriate manner.

The DIGCP has developed a set of procedures in the areas of periodic control of business line and network risks. These procedures are divided into two categories: production process and support process. The "production process" incorporates several sub-areas: planning, completion, communication and reports, monitoring of recommendations.

BOARDS OF DIRECTORS AND EXECUTIVE MANAGEMENT

The "support process" category comprises the following sub-areas: organization and management, human resources and information technology. These procedures are updated regularly, most recently in 2009.

In order to successfully complete its missions, the DIGCP uses a risk map that constitutes one of the main sources for developing the periodic control plan and whose specific points are determined on the basis of the following items:

- key points identified by the Banking Commission during its reviews and in its annual report,
- requests from the Audit Committee,
- interviews carried out with all members of the Group's Executive Committee in order to gather their risk assessments as they apply to their respective areas of responsibility,
- the use of feedback from previous audits conducted by the Business Line Periodic Control department,
- requests from Confédération Nationale de Crédit Mutuel concerning the exercise of periodic control, which separate the control actions between the confederal and federal systems.

The periodic control plan makes a distinction between the specific control plan applied to the local savings bank networks and branches of the subsidiaries and the plan involving the Group's companies and subsidiaries.

The periodic control audit plan thus established is approved by the deliberative body's Audit Committee and confirmed by Crédit Mutuel Arkéa's Board of Directors. It includes annual reviews of major risks involving credit, capital markets, accounting processes, information technology and operations. A cross-referencing of audits performed in the past three years and the types of risks defined by CRBF regulation 97-02 has been performed, making it possible to assess the coverage level for each of these risks.

Thus during the establishment of the 2010 periodic control plan, a cross-referencing between the audit areas retained and the risk categories generated by the DIGCP's risk mapping was performed in order to assess the coverage of major risks. This approach was also used in 2009 to serve as the basis for developing the multi-year audit plan. This plan covers the main risk areas identified in the DIGCP's risk map as well as Crédit Mutuel Arkéa's development priorities.

In accordance with applicable regulations, the DIGCP also uses a remote, sample-based control system as a complement to its permanent control systems. More generally, it contributes to internal and external fraud prevention and detection through appropriate means. In this area, the DIGCP is specifically responsible for controlling the accounts of employees and directors, here again in accordance with applicable regulations.

The Periodic Control Committee

Chaired by Crédit Mutuel Arkéa's Chief Executive Officer, this committee reviews the methods used in the exercise of periodic control. It participates in defining the annual periodic control plan.

It takes stock of the findings of control and audit reports, approves the recommendations contained in these reports and monitors their implementation.

The committee's members include:

- The Chief Executive Officer (who serves as the committee chairman);
- Two division heads: For the 2008-2010 period:
  - > Head of the Specialized Networks division;
  - > Head of the Products division;
- One of the three Crédit Mutuel Arkéa local savings bank network division: for the 2008-2010 period
  - > Chief Executive Officer of CMB federation;
- The Head of Group Internal Audit and Periodic Control division;

The committee invites the following people to participate:

- The Head of the Risks and Resources division;
- The Head of the Business Line Periodic Control unit (secretary).

The meetings are held at least three times annually. In 2009, the Periodic Control Committee met 11 times. Nine meetings are scheduled for 2010.

The Audit Committee

The Audit Committee consists of:

- a Chairman;
- 3 to 4 members of the Board of Directors of Crédit Mutuel Arkéa.

The Audit Committee helps the Board of Directors perform its duties with respect to controlling Crédit Mutuel Arkéa's risks in accordance with amended CRBF regulation 97-02.

It mission is consistent with the implementation of the EU 8th Directive regarding legal controls of financial statements, which stipulates that the Audit Committee is responsible for monitoring the effectiveness of the company's internal control, internal audit and risk management systems.

Its role consists of assessing the quality of internal control, in particular the coherence of the risk assessment, monitoring and management systems, and when necessary to suggest complementary actions in that regard.

The Audit Committee monitors the proper functioning of Crédit Mutuel Arkéa's management bodies, the control of all Crédit Mutuel Arkéa entities and the compliance with applicable legislative and regulatory measures governing the exercise of regulated activities. It also monitors all risks (credit risk, market risk, overall interest rate risk, liquidity risk, operational risk, etc.).

Crédit Mutuel Arkéa's Executive Management provides the Audit Committee with all relevant information and reports on:

- risk trends;
- the quality and scope of controls;
- major changes in the company's risk exposure.

The Audit Committee:

- approves the annual periodic control plan;
- receives reports prepared by the Group Internal Audit and Periodic Control division;
- reviews the annual internal control report;
- takes stock of reports prepared by the regulatory authorities, the CNCM Internal Audit department and the statutory auditors;
- submits reports on its work to Crédit Mutuel Arkéa's Board of Directors.

The Audit Committee remains in direct contact with the Head of Group Internal Audit and Periodic Control in order to ensure a satisfactory level of independence and communication. For that purpose, the committee may at any time freely contact the Head of Group Internal Audit and Periodic Control if it is deemed necessary.

The committee is informed of the reports and findings of the statutory auditors and regulatory authorities.

The Audit Committee met 12 times in 2009, and 10 meetings are scheduled for 2010.

Internal control procedures with respect to the preparation and processing of accounting information

The Finance division is responsible for preparing the Group's accounting and financial information.

This division defines the accounting policies and methods and implements the consolidation process as well as the control and analysis procedures. It is also responsible for preparing the financial statements and submitting the regulatory disclosures of the Group entities, as well as implementing the account reconciliation process with the management units of the Group, subsidiaries and local savings banks.

It coordinates management control, aimed at securing the accounting and financial data, notably through the budgetary control and results analysis functions.

These processes, which are performed in accordance with the Finance division's own procedures, are then verified independently by the statutory auditors.

A Financial Statements Committee further enhances the control system. This committee helps Crédit Mutuel Arkéa's Board of Directors assess financial information and verify its accuracy. It reviews the financial statements of the Group and its constituent entities prior to their presentation to the Board and approves the accounting policies applied for reporting periods as well as the scope of consolidation. This committee met four times in 2009.

8.1.3 Corporate Governance Charter

On September 12, 2008, Crédit Mutuel Arkéa adopted a new Corporate Governance Charter. This charter reflects the Group's unique characteristics based on its cooperative and mutual business model. It is addressed to both the elected representatives, who are the driving force of the cooperative movement, as well as the employees, who make it work on a daily basis.

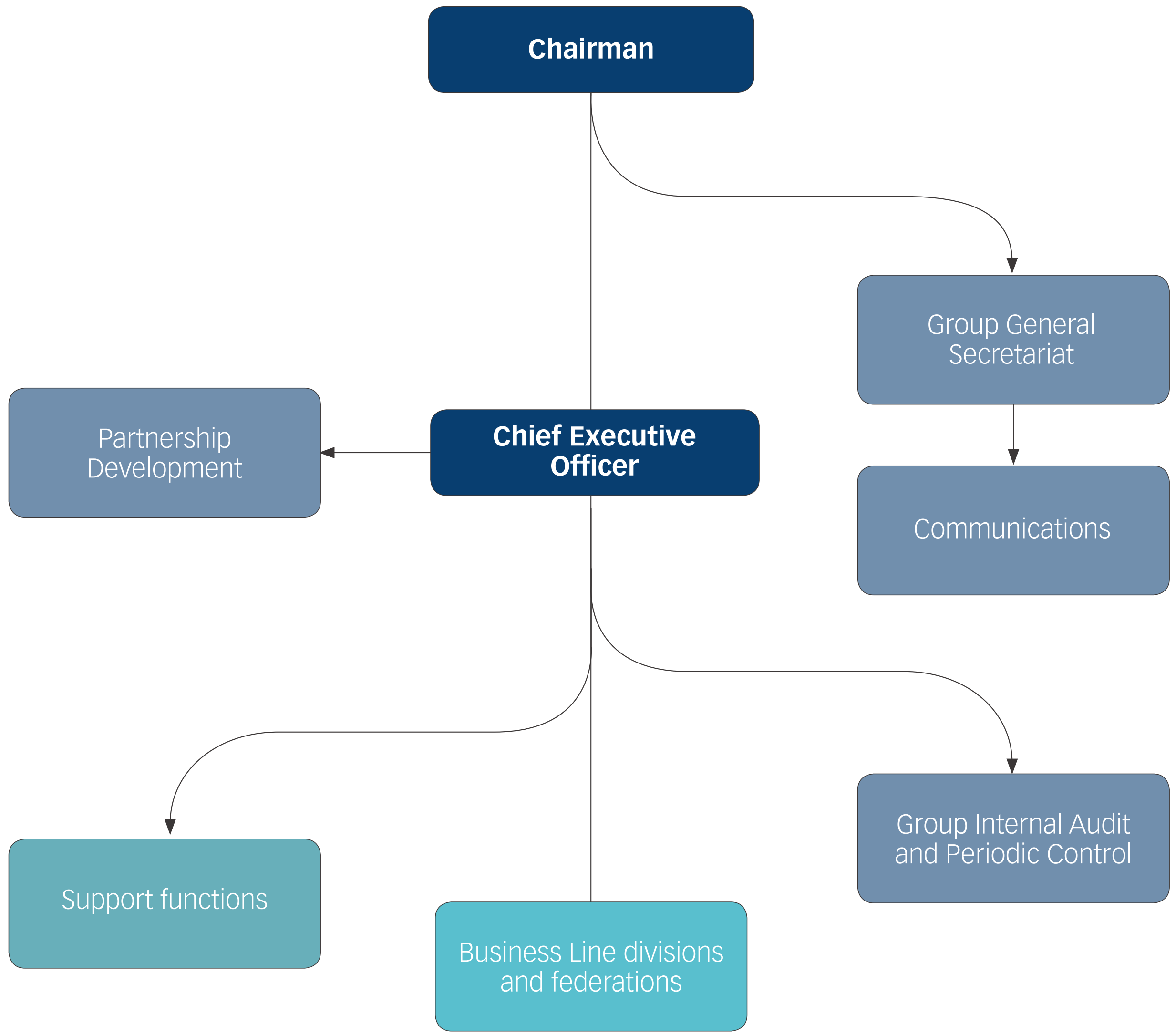
The Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations, backed by their respective local savings bank networks, are the essential, direct and natural link with the customer shareholders and other customers.

The Corporate banking division, which is embodied by BCME, offers a full range of expertise with respect to company financing and development as well as asset management services for company directors and officers.

The Specialized Networks division develops the retail banking and insurance sales activities through specialized distribution channels and targeted market segments.

The Products division focuses on strengthening the Group's presence in the area of banking, financial and insurance products through an innovative and competitive product line.

The Services and Technology division focuses on providing services to the Group entities (information and payments technologies) and on expanding the range of payments and securities services.



8.1.4 Executive management bodies and their work

The general purpose of Crédit Mutuel Arkéa's ***Executive Committee*** is to support the Group's Chief Executive Officer in the Group's strategic governance and the development of its performance.

This committee's role consists of:

- making recommendations with respect to the Group's strategic orientations to Crédit Mutuel Arkéa's Board of Directors;
- directing the implementation of the strategy defined by the Board of Directors and allocating the necessary resources for its establishment;
- determining the objectives for the Group's entities and monitoring their realization;
- reviewing issues involving the Group's organization and matters of general interest.

Crédit Mutuel Arkéa's ***Executive Management Committee*** performs the following tasks:

- ensures the coordination of projects and initiatives by the Group's various entities;
- weighs the relative merits of and renders final decisions with respect to issues involving Group-level activities.

The Executive Committee meets three times a month. As of December 31, 2009 it included the following members:

Ronan LE MOAL
Chief Executive Officer of Crédit Mutuel Arkéa
Dominique ANDRO
Associate Executive Officer - Head of the Specialized Networks division
Gérard BAYOL
Associate Executive Officer - Head of the Corporate and Institutional banking division
Fabrice BAZARD
Associate Executive Officer - Head of the Services and Technology division
Humbert de FRESNOYE
Associate Executive Officer - Head of the Products division
Hervé CROSNIER
Deputy Executive Officer - Head of the Development Support division

The Executive Management Committee is comprised of the members of the Executive Committee and, once a month, the following people:

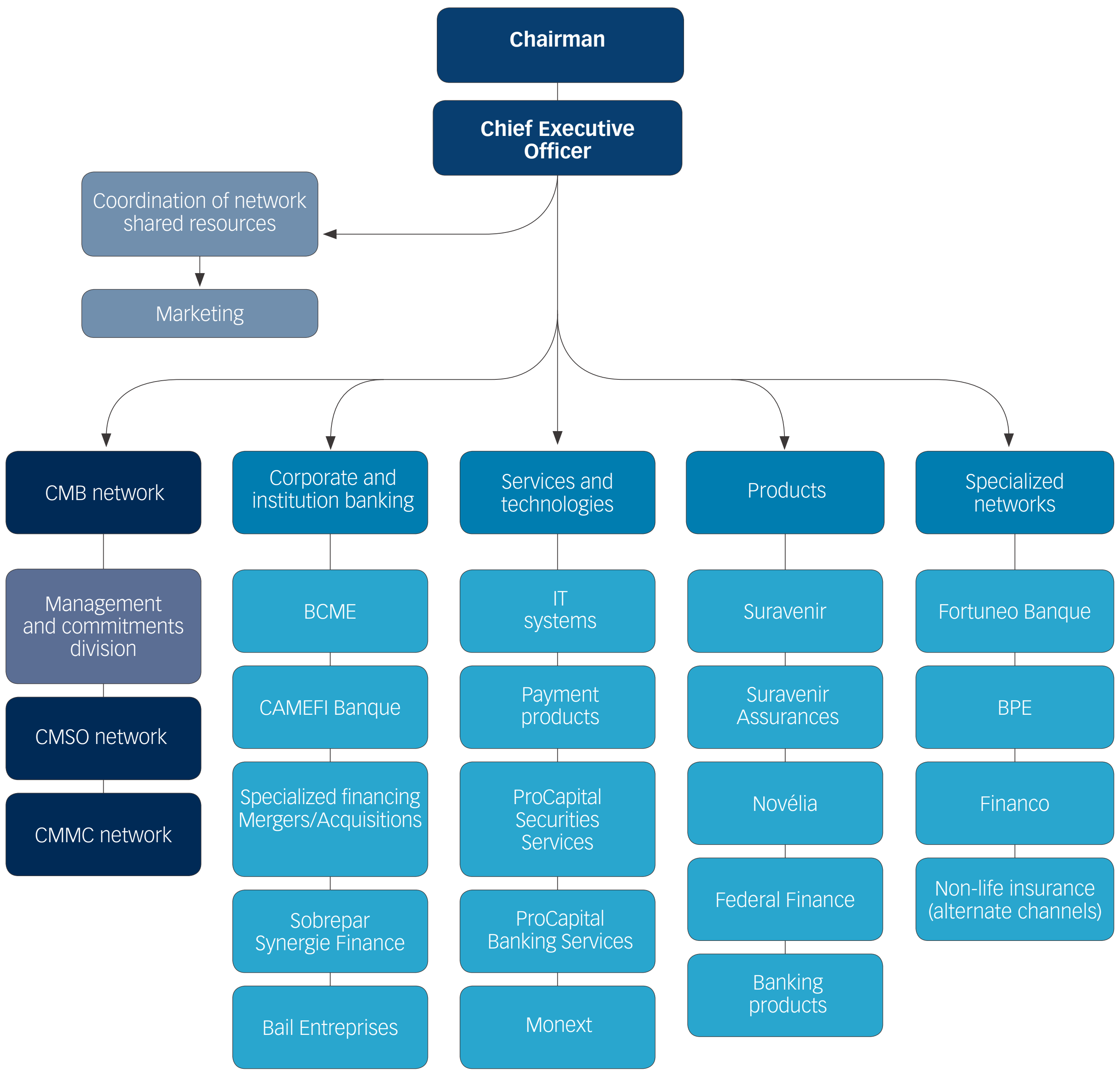
Philippe MOREL*
Chief Executive Officer of Fédération du Crédit Mutuel de Bretagne
Jean-Pierre LE TENNIER**
Chief Executive Officer of Fédération du Crédit Mutuel du Sud-Ouest
Jean-Marc JAY**
Chief Executive Officer of Fédération du Crédit Mutuel Massif Central
Marc PARADIS
Chief Financial Officer
Jean-Luc LE PACHE
Head of the Risks/Resources division
Marie-Antoinette TANGUY
Head of Human Resources and Training

The Head of Group Internal Audit and Periodic Control also participates in the meetings of the Executive Management Committee and of the Executive Committee.

* Philippe MOREL is no longer Chief Executive Officer of Fédération du Crédit Mutuel de Bretagne since April 9, 2010.

**Jean-Pierre Le TENNNIER has been Chef Executive Officer of Fédération du Crédit Mutuel de Bretagne since April 9, 2010.

** Jean-Marc JAY has been Chef Executive Officer of Fédération du Crédit Mutuel du Sud-Ouest since April 9, 2010.



Employment contracts, special retirement provisions, severance benefits and non-compete clauses

- The employment contracts of Jean-Pierre Denis and of Ronan le Moal were suspended when they assumed their new functions as of September 12, 2008.
- Special retirement provisions: The Chairman of the Board of Directors and the Chief Executive Officer receive collective accidental death and disability and supplementary retirement benefits based on the same terms applicable to employees.
- Non-compete clauses: there are no indemnities in this respect.

8.2 Conflicts of interest among officers and directors

There are no conflicts of interest between the company and the members of Crédit Mutuel Arkéa's Board of Directors and Executive Management Committee.

8.3 Compensation

Crédit Mutuel Arkéa is a variable capital credit cooperative with limited liability (société anonyme coopérative de crédit à capital variable), with a Board of Directors, and, in accordance with its by-laws, is 99.99%-owned by the 343 local and regional savings banks of Crédit Mutuel, entities affiliated with the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations.

As of the date of this document, the securities representing the share capital of Crédit Mutuel Arkéa were not listed on a regulated market. However, Crédit Mutuel Arkéa publishes this information in accordance with the AFEP / MEDEF Recommendations (dated October 2008) and the AMF Recommendations (dated December 22, 2008), to the extent that Crédit Mutuel Arkéa's debt securities are listed on a regulated market (Euronext Paris).

The compensation received by the current officers and directors of Crédit Mutuel Arkéa is listed in each of the following tables for the period beginning with the date on which they began to exercise their current mandates. The date of September 12, 2008, which applies to the Chairman of the Board of Directors and the Chief Executive Officer, corresponds to a change in the Group's organizational structure and governance.

COMPENSATION €

	Fixed compensation		Variable compensation (1)		Extraordinary compensation		Attendance fees (2)		In-kind benefits (3)		Total (4)	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Jean-Pierre Denis Chairman Start date of term: Sept. 12, 2008 End date of term(5): 2012	128,053	399,220	NA	NA	NA	NA			2,821	7,820	130,874	407,040
Ronan Le Moal Chief Executive Officer Start date of term: Sept. 12, 2008	105,815	312,461	NA	NA	NA	NA			1,449	7,525	107,264	319,986

(1) The company's officers and directors received no variable compensation.

(2) The General Meeting of Crédit Mutuel Arkéa sets aside an annual amount, which serves as a basis for determining the attendance fees paid to each director present at a Board of Directors (or committee) meeting. For the current year, this annual amount was set at €30,396. It is split among the directors by attributing €82 to each director for attendance at a meeting of the Board of Directors or any committee.

(3) Company vehicle, exclusively.

(4) Total compensation paid to the company officer or director in connection with his duties during the year.

(5) The Chairman's mandate is the only one with a defined term

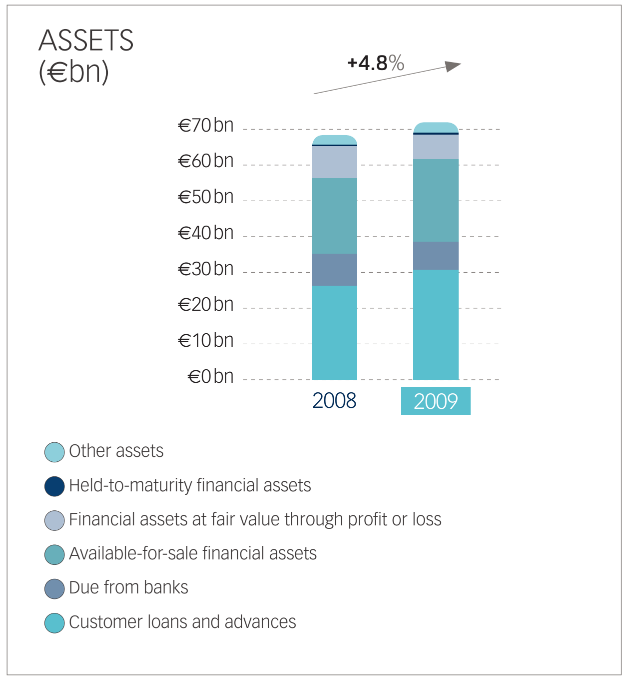
9 - FINANCIAL INFORMATION REGARDING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL SITUATION AND EARNINGS

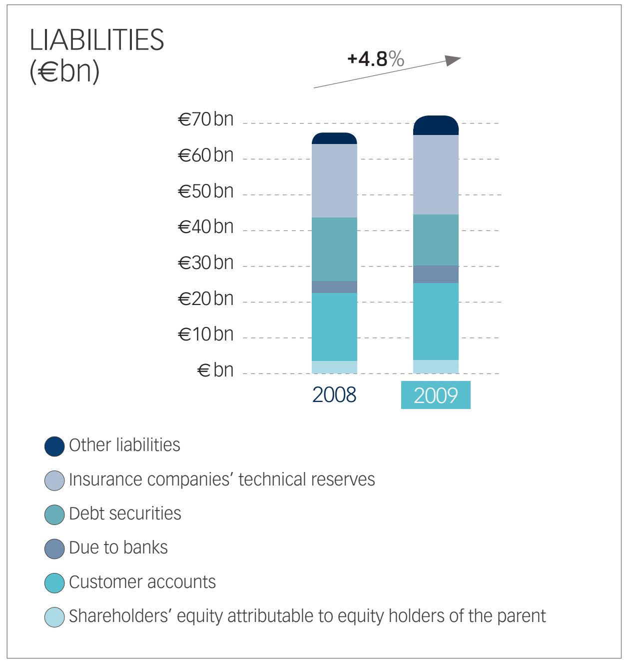
9.1 Historical financial information

Balance sheet

Consolidated financial statements as of December 31, 2009

Balance sheet structure





In 2009, Crédit Mutuel Arkéa had total assets of €72 billion, up 4.8% from the previous year. This increase reflects rising insurance asset valuations, increased customer lending and, consistent with the Group's market risk reduction strategy, a decrease in the portfolio of assets sensitive to changes in fair value. Meanwhile, liabilities were marked by an increase in insurance technical reserves, an increase in customer deposits and shareholders' equity thanks to strong deposit inflows and share subscriptions by customer shareholders as well as a drop in market refinancing.

On the assets side, loans and advances to customers rose by 5.1% (€1.5 billion) to €30.9 billion, which was greater than the 4% commitment made to the French state. The increase was largely due to new home mortgage loan production in the mutual and BPE networks (+ €0.9 billion) and new medium- and long-term loan production for businesses and local authorities (+ €0.6 billion). However, the Group recorded a €0.1 billion decrease in short-term lending to companies and real estate development as a result of the economic environment:

- the build-up of commodity inventories by food production companies in late 2008 did not carry over to 2009;
- the French law on the Modernization of the Economy (LME) resulted in a decrease in loans and advances to customers;
- the impact of the crisis, which led to a decrease in inventories in 2009;
- real estate development: a more favorable second half in terms of projects, prefinanced and presold properties.

Fair value financial assets through profit and loss increased by 22.8% to €7.5 billion. This increase was driven primarily by the increased equity market valuations of the underlyings of customers' equity type life insurance policies (other than euro-denominated funds).

Available-for-sale assets totaled €22.9 billion, up from €20.9 billion in 2008. They consist primarily of securities in the general asset portfolios of insurance companies (+ €4.2 billion) and the trading desk's proprietary portfolios of debt instruments and securitizations (- €2.1 billion).

Outstanding loans and receivables with credit institutions fell by 9.8% to €7.6 billion as a result of a decrease in short-term refinancing in the markets.

Liabilities were marked by a €2.5 billion increase in technical reserves on insurance contracts and a €1.3 billion decrease in the Group's market refinancing. The resources for the Group's refinancing came primarily through interbank loans, which accounted for the €1.6 billion increase in liabilities to credit institutions relative to 2008, and in particular to Société de Financement de l'Economie Française (SFEF), which provides financial resources at preferential rates. The Group therefore reduced its short-term refinancing, which resulted in a €2.8 billion decrease in debt securities in issue.

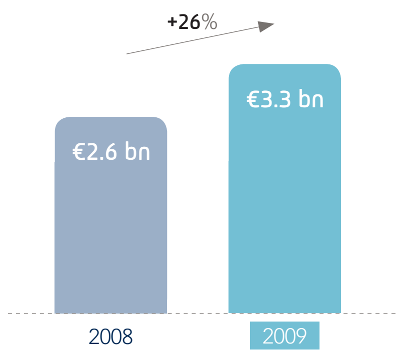
Liabilities to customers, i.e. retail bank deposits, rose by 5.1% to €21.1 billion. This increase was due primarily to the overall increase in liquid deposits (€560 million) and Fortuneo's acquisition of Cortal Consort Belgium portfolio (€480 million in passbook savings).

Shareholders' equity attributable to equity holders of the parent

Shareholders' equity before appropriation of net income totaled €3.3 billion, up 26%. Deferred unrealized losses totaled €73 million in 2009, compared with €269 million in 2008, following the reversal of provisions for temporary impairment of debt instrument and securitization portfolios. The Group's share capital, which consists of the shares held by customer shareholders of the credit institution, increased by 43% to €1.204 billion following the strong customer share subscriptions during the year.

The dividend payout, which corresponds to the distribution of net income within the cooperative banking entity, is expected to total €35.4 million.

SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (€bn)



Crédit Mutuel Arkéa's return on equity

The Group's financial performance is measured by its return on equity (ROE), the ratio of net income for the year relative to shareholders' equity at the beginning of the year after distribution of dividends. The ROE totaled 5.9% as of December 31, 2009, up from 1.1% the previous year.

Regulatory ratios

Capital adequacy ratio

As of December 31, 2009, capital requirements were covered up to 193% (including the additional capital requirement related to floor levels), compared with the required 100% standard. This coverage consists overwhelmingly of Tier 1 capital, which accounts for nearly 77% of the Group's total capital.

Major risks concentration ratio

This ratio is calculated quarterly. Crédit Mutuel Arkéa ensures at all times that:

- the total amount of risk exposure with respect to a single beneficiary does not exceed 25% of the Group's net capital;
- the total amount of risk exposure to beneficiaries whose risk exceeds 10% of net consolidated capital does not exceed eight times the consolidated capital.

Liquidity ratio

The Group's one-month regulatory liquidity ratio was 153% as of December 31, 2009, well above the required level of 100%.

Long-term capital and long-term assets ratio (this regulatory ratio was abandoned in June 2007)

This ratio, which has been tracked for internal purposes since June 2007, measures the coverage of applications of capital exceeding five-year maturities by long-term sources of funds with a residual maturity of more than five years. As of December 31, 2009, this ratio was 68%, above the former required minimum of 60%.

Aggregate financial statements as of December 31, 2009

Balance sheet structure

As of December 31, 2009, the aggregate financial statements showed total assets of €44.3 billion, down by only a slight 1.2% from €44.8 billion in 2008.

On the asset side, loans and advances to customers increased by 5.5% while bonds and other fixed-income securities fell by 25.7%, largely in response to the strategy of reducing the outstandings with exposure to capital market risks.

On the liabilities side, debt securities in issue decreased by 15.7% and liabilities to credit institutions rose by 34.0%. The banking institution raised additional funding from Société de Financement de l'Economie Française, Caisse de Refinancement de l'Habitat and the European Investment Bank.

Shareholders' equity of the banking institution

Shareholders' equity totaling €2.9 billion consists of stated capital (share capital, reserves, etc.) and the fund for general banking risks. Variable capital increased by 42.8% to €1,204 million through sharp increases in class B and class C share subscriptions. It consists almost entirely of the stated capital of the local savings banks. As in any cooperative, the stated capital of the banking institution is widely held by customer shareholders.

The Fund for General Banking Risks rose from €142 million at end-December 2008 to €192 million following a €50 million provision allocation. The fund includes amounts allocated to cover general risks and the federal fund, established by the local savings bank network to be used in the event of financial difficulties.

Income statement

Consolidated financial statements as of December 31, 2009

Net income attributable to equity holders of the parent increased from €30.7 million in 2008 to €154 million last year. Following the financial crisis in 2008, last year was one of transition, as the level of activity recovered in the second half (stock market, life insurance and home mortgages). The increase in provision allocations on customer loans reflected the deterioration brought about by the economic crisis.

Crédit Mutuel Arkéa continued its policy of reducing the volume of its financial assets susceptible to impairment. In 2009, the volume of such assets fell by 35%, of which 24% by virtue of reaching maturity and 11% through disposals and hedging. The relative share of these assets further declined to €3.4 billion, or 4.7% of total Group assets, compared with 6% the previous year. The proprietary portfolio consists mainly of bank assets swaps.

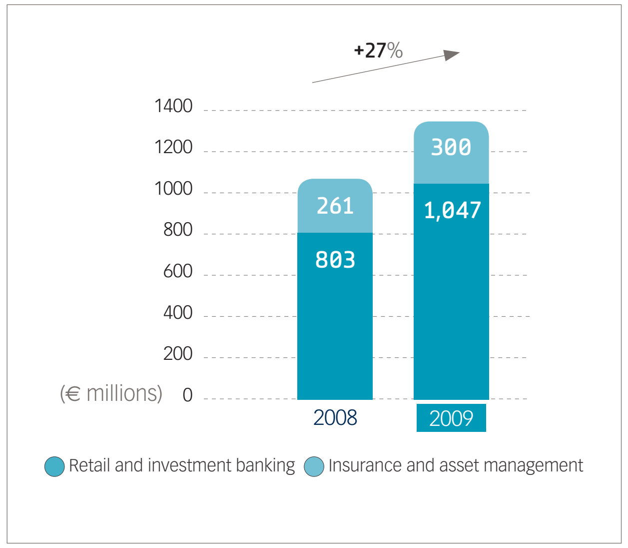
	2008	2009	change from 2008 to 2009
Net banking and insurance income (€ millions)	1,082	1,347	25%
Operating expenses (€ millions)	(891)	(971)	9%
Gross operating income (€ millions)	191	376	x2
Cost of risk (€ millions)	(148)	(177)	19%
Operating income (€ millions)	43	200	x4.6
Income tax (€ millions)	(27)	(46)	NA
Net income attributable to equity holders of the parent (€ millions)	31	154	NA
Cost-to-income ratio (€ millions)	82,3%	72,1%	-10,3 points

Net banking and insurance income

The breakdown of net banking and insurance income is based on the segment analysis used in the financial statements.

The retail and investment banking segment consists mainly of the regional entities of Crédit Mutuel Arkéa, their economic interest groups (GIE), the commercial banks (BCME, Camefi-Banque, leasing subsidiaries), the specialized subsidiaries (BPE for private banking and Financo for consumer credit), real estate management (Foncière Investissement), the "proprietary Crédit Mutuel Arkéa" money market bank, financial and stock market brokerage (ProCapital and Fortuneo) and private equity (Synergie Finance and Sobrepar).

The insurance and asset management segment comprises the life insurance (Suravenir) and non-life insurance (Suravenir Assurances) companies, and asset management companies (Federal Finance Banque and Federal Finance Gestion).



Net banking and insurance income increased by 27% in 2009, with gains in both the banking (30%) and insurance (15%) segments. Crédit Mutuel Arkéa has therefore returned to its pre-crisis level of net banking and insurance income level, with the 2009 figure 9% greater than that of 2007.

The strategy of reducing exposure on assets susceptible of impairment accounts for the investment bank's reduced earnings contribution.

Retail and investment banking

Net banking and insurance income in the retail banking division increased by 14%, thanks largely to the improvement in the interest margin. Financing rates fell while the average loan rate remained stable. In 2008, net banking and insurance income was affected by significant impairment losses on interest rate hedging instruments incurred in late 2008 as interest rates fell and by hedging costs on structured financial instruments. The decline in rates makes home mortgage loans less attractive, and it has brought about provision reversals making a €19 million positive contribution to the interest margin.

Despite the deterioration of the economic crisis and lack of liquidity on the interbank markets, which made it harder to obtain credit, Crédit Mutuel Arkéa met its commitment to the French state by increasing its lending volume by 5%. The roughly 5% increase in bank savings deposits and current account balances, the significant increase in customer shareholder deposits (+ €360 million) and the €100 million bond issue program in 2009 enabled the Group to reduce its market refinancing, which accordingly decreased by €1.3 billion. In addition, the average maturity on banking resources was extended through greater recourse to interbank loans and EMTN (+ €1.1 billion), while resources in the form of negotiable debt securities contracted by €2.4 billion.

Retail banking fee income increased by 1.5%, or €453 million in 2009. The increase in service fees can be attributed to the recovery in stock market transactions and the growth in account-related, bank card and electronic payment fees. The non-recurring fee income related to the Fourgous transfers in 2008 and the decrease in front-end fees on life insurance contracts due to heightened competitive pressure account for the drop in life insurance fee income.

The investment bank's contribution to net banking and insurance income fell by €12 million in 2009 as it disposed of assets susceptible to fair value changes through profit and loss. The volume of proprietary assets net of provisions was down 35% relative to 2008. The market easing led to impairment losses on hedging instruments as well as capital gains on the disposals realized.

After an exceptional year in 2008, capital gains on disposals in the private equity business returned to a more normal level, with €5.2 million in 2009 compared with €18.2 million the previous year.

Insurance and asset management

Net banking and insurance income in the insurance and asset management segment increased by 15% relative to 2008.

Gross premium income in the life insurance business recovered to near its pre-crisis level, down only 2% from 2007, as a result of the low rates offered on passbook savings. Nevertheless, the impact of the new inflows was not sufficient to outweigh the decrease in assets caused by the massive outflows in late 2008. Net banking and insurance income from life insurance increased by 20% to reach €198 million (it rose by 6% net of retroceded commissions), which is due to an inverse effect:

- positive IFRS effects related to securities valuations and proprietary assets relative to 2008;
- a decrease in front-end rates due to significant competitive pressure and a drop in fees on equity type contracts related to the approximately 10% drop in equity type contract volume relative to 2008.

Net banking and insurance income from non-life insurance activities increased by 12% to €56 million. The 15.4% increase in gross premium income was due to the increase in average premiums (+4% on the main products) and the 7.8% overall increase in the portfolio. The claims-related expense increased by 6.4%, primarily as a result of the storms in early 2009. Consequently, the loss ratio after reinsurance improved

by 2.5 percentage points relative to 2008 to reach 72.6% as of December 31, 2009.

The net banking and insurance income contribution from asset management rose by a modest 1% to €47 million. Fees on discretionary management (management and custody fees) trended favorably as a result of higher asset valuations in rising markets. The average volume of mutual fund assets increased, but the growing weight of lower-margin mutual funds reserved for professional and institutional investors led to a slight decline in mutual fund fee income.

Group operating expenses

Crédit Mutuel Arkéa's operating expenses, which include personnel expenses, other administrative expenses and depreciation and amortization, rose by 11.3% (€98 million) to €971 million in 2009.

Personnel expenses rose by 12% relative to 2008. The profit-sharing charge rose by €35 million (from €15 million in 2008 to €50 million in 2009). The total payroll expense was affected by the overall salary increase, the effects of GICM's increased proportional consolidation from 72% to 96% (362 full-time equivalent employees as of December 31, 2008) and a roughly 50 person increase in the number of full-time equivalent employees.

Other expenses increased by 9.8%. Crédit Mutuel Arkéa has launched numerous investment projects related to its Horizons 2015 plan. The main increase involves third-party services on the reorganization of the GICM shared resources; acquisition projects, notably Procapital, and the establishment of software applications for our market activities. The Group also recorded an increase in hardware and software costs, also related to the GICM integration; an increase in taxes and duties related to a €5.7 million additional value-added tax assessment, and two major public relations campaigns on the Crédit Mutuel brand and the launch of the online bank Fortuneo.

Depreciation and amortization charges increased by 13% to €68 million following the capitalization of several IT projects in late 2008. The plan to renovate and modernize Crédit Mutuel de Bretagne's points of sale into "Caisse Accueil Conseil" (InfoAdvisory Counters) is nearly complete, with only seven local sites still not renovated as of December 31, 2009.

Group cost of risk

The Group cost of risk was significantly affected by the economic crisis that followed the financial crisis in 2008, rising by €28 million to €177 million. The increase was due entirely to customer risk, whereas in 2008 it involved market risk. In fact, the Group recorded €4 million in provision reversals related to market risk in 2009 after allocating an additional €53 million to provisions for these risks in 2008.

The business lending market was most affected, since it accounted for 58% of the total cost of risk in 2009, compared with only 30% in 2008. The €30 million collective provision allocation was due primarily to the increased coverage on specialized financing, especially LBOs.

The proportion of doubtful and disputed loans and advances relative to the outstanding total increased from 3.06% in 2008 to 3.66% in 2009 (principal and interest). The coverage rate (principal and interest) for doubtful and disputed loans and advances was 53.7%, compared with 54.48% at the end of 2008.

Group net income

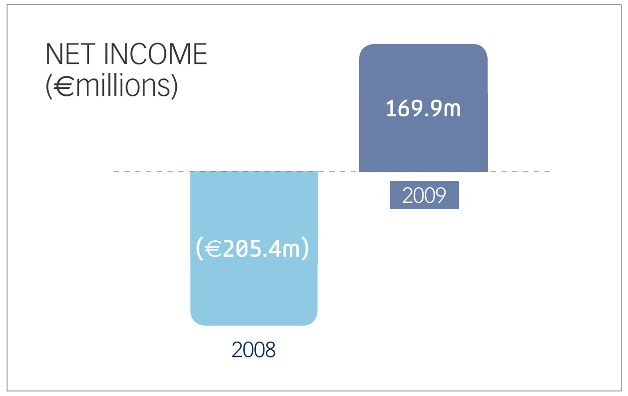
Against the backdrop of the economic crisis, last year was one of transition, with net income attributable to equity holders of the parent totaling €154 million, compared with €31 million in 2008 and €216 million in 2007.

Although the effects of the economic crisis were felt on net income, net banking and insurance income rose by 25% and operating expenses increased by 9% as a result of major investment and Group development projects on the one hand and a more favorable profit-share for Crédit Mutuel Arkéa employees on the other. The cost-to-income ratio improved, falling from 82% in 2008 to 72% in 2009.

Crédit Mutuel Arkéa has demonstrated its capacity to absorb downturns, such as the financial crisis of 2008 and economic crisis of 2009. The Group continues to invest both internally and externally in order to strengthen its positioning and improve its capacity to add value.

The banking institution's net income totaled €169.9 million, an increase of €375.3 million relative to 2008.

This result takes into account a €49.6 million allocation to the FGBR in 2009, compared with €5.8 million in 2008.

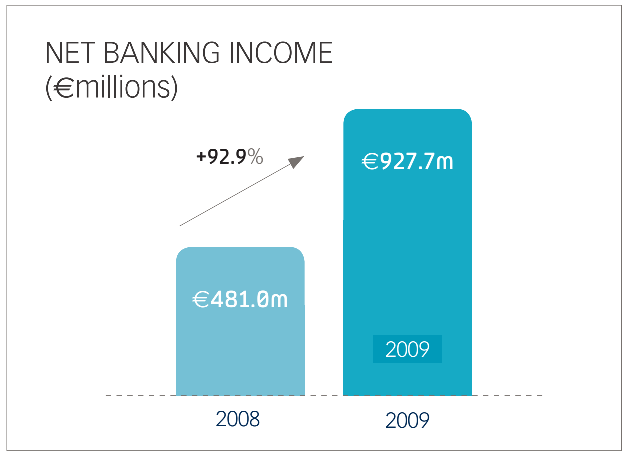


Net banking income for the banking institution increased by 92.9% to reach €927.7 million. This increase was due primarily to reversals on provisions for debt instruments and securitizations following the impairment losses recorded in 2008, as well as on the strategic portfolios.

In 2009, the banking institution recorded a sharp increase in interest income, primarily as a result of the increased margin on customer loans.

Dividend income in 2009 totaled €69.5 million, down from €117.8 million in 2008, primarily as a result of Suravenir's special dividends in 2008.

Net fee income fell by 2.2% to €359.4 million, mainly as a result of the combined effects of reduced fee-based activity (non-recurring fee income in 2008 from the Fourgous

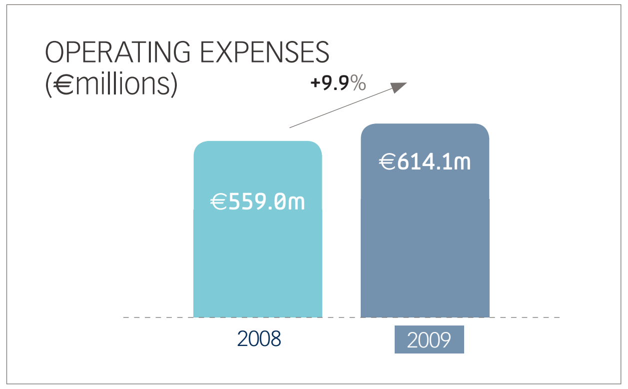


transfers) and increased fee income from services (bank card fees, checking account and banking services fees, covered bond counter-guarantee fees, etc.).

Other net operating income increased by €7.5 million to €15.7 million. This increase was largely due to the €19.3 million reversal of a home mortgage provision in 2009, compared with only €1.1 million in 2008 and to the recognition of non-recurring income in 2008 (the full reimbursement of the Arras subsidy by Crédit Mutuel Nord Europe and a cancellation penalty paid by Crédit Mutuel Loire-Atlantique-Centre-Ouest).

Operating expenses

Operating expenses for the banking institution increased by 9.9%, or €55.1 million relative to 2008 to reach €614.1 million in 2009. The 13.9% increase related to personnel expenses was due primarily to the recognition of a larger profit-sharing provision in 2009 than in the previous year (no profit-share in 2008) and the payment of a one-time bonus in June 2009.



Cost of risk

The cost of risk increased by 10.5% to €65.0 million. It was significantly affected by the provisions on the mutual networks and specialized financing (as a result of the economic crisis in the wake of the financial crisis). In 2008, this item included impairment losses related to the bankruptcy of the U.S. investment bank Lehman Brothers.

Cash flow statement

NET CASH FLOW STATEMENT			
€ thousands	12/31/09	12/31/08	12/31/07
Net cash flow from operating activities			
Pretax income	207,834	78,025	386,566
Total non-cash items included in net income and other adjustments	2,093,472	(1,188,789)	1,712,853
Net decrease/(increase) in assets and liabilities from operating activities	(3,015,776)	364,934	(1,079,264)
Net cash flow from (used in) operating activities	(714,470)	(745,830)	1,020,155
Net cash flow from (used in) investing activities	219,499	196,340	(94,962)
Net cash flow from (used in) financing activities	214,013	469,901	223,151
Net increase/(decrease) in cash and cash equivalents	(280,958)	(79,589)	1,148,344
Opening balance of cash and cash equivalents	1,402,665	1,482,254	428,503
Closing balance of cash and cash equivalents	1,121,707	1,402,665	1,576,847
CHANGE IN NET CASH POSITION	**(280,958)**	**(79,589)**	**1,148,344**

Notes

For 2009, see the Notes to the 2009 consolidated financial statements of the company

For 2008, see the Notes to the 2008 consolidated financial statements of the company

For 2007, see the Notes to the 2007 consolidated financial statements of the company.

9.2 Financial statements

See section 9.1

9.3 Nature of control exercised over the company

The Group's basic unit is the local savings bank. Each local savings bank covers a limited geographic area, and its capital is held by customer shareholders in the form of shares. Crédit Mutuel Arkéa's capital is held by the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations.

9.4 Agreements susceptible of leading to a change in control of the company

Non applicable

9.5 Audit of annual historical financial information

9.5.1 Statement affirming that the historical financial information has been audited

For 2009:
See the 2009 statutory auditor's report.

For 2008:
See the 2008 statutory auditor's report.

For 2007:
See the 2007 statutory auditor's report.

9.5.2 Other information contained in the document audited by the statutory auditors

Not applicable

9.5.3 Source of financial information included in the document not drawn from the company's audited financial statements

Not applicable

9.6 Date of most recent audited financial information

See section 9.1

9.7 Interim and other financial information

9.7.1 Quarterly or six-monthly financial information since the date of the most recent audited financial statements and auditor's report

Not applicable

9.7.2 Interim financial information covering the first six months of the new year including comparison financial statements and auditor's report

See section 9.7.1

9.8 Litigation and arbitration

As of February 4, 2010, neither the company nor any other member of the Crédit Mutuel Arkéa Group is or has been the object of governmental action, litigation or arbitration (including any pending or imminent procedure about which the company has knowledge) that could have, or has had within the past 12 months, a material impact on the financial situation or profitability of the company and/or Crédit Mutuel Arkéa Group.

9.9 Material change in the company's financial situation

The consolidated financial statements of Crédit Mutuel Arkéa as of December 31, 2009 were published on April 29, 2010. No material change in the financial situation of the company or the Group has occurred since that publication date.

9.10 Major agreements

No major agreements (other than agreements entered into as part of the company's ordinary business activities) have been entered into that could bestow on any member of the Crédit Mutuel Arkéa Group a right or obligation that would have a material effect on the company's capacity to fulfill its obligations pursuant to the financial securities issued on behalf of their holders.

10 - CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2009

Consolidated financial statements at December 31, 2009

BALANCE SHEET (IN THOUSANDS OF EUROS)

Assets	Notes	12/31/09 IFRS	12/31/08 IFRS
Cash, due from central banks	1	234,344	458,566
Financial assets at fair value through profit or loss	2	7,087,546	5,727,237
Derivatives for hedging purposes	3	301,581	273,767
Available for sale financial assets	4	22,885,254	20,940,756
Due from banks	1	7,556,465	8,373,175
Loans and advances to customers	5	30,862,901	29,355,723
Remeasurement adjustment on interest rate risk hedged portfolios		119,582	114,317
Held-to-maturity financial assets	7	393,962	590,021
Current tax assets	9	234,183	231,836
Deferred tax assets	10	319,080	331,463
Accruals, prepayments and sundry assets	11	1,107,887	1,174,069
Fixed assets held for sale		0	0
Deferred profit sharing	11	0	347,751
Equity method investments	12	105,906	99,006
Investment property	13	429,564	358,782
Property, plant and equipment	14	255,292	239,943
Intangible assets	15	222,598	196,131
Goodwill	16	246,254	246,254
TOTAL ASSETS		**72,362,399**	**69,058,797**

Liabilities	Notes	12/31/09 IFRS	12/31/08 IFRS
Due to central banks	17	0	0
Financial liabilities at fair value through profit or loss	2 - 18	444,133	383,247
Derivative hedging instruments	3	347,336	317,003
Due to banks	17	5,699,853	4,080,351
Customer accounts	19	21,168,160	20,131,401
Debt securities in issue	20	14,124,464	16,937,025
Valuation adjustment on portfolios of hedged items		15,786	12,820
Current tax liabilities	9	93,988	68,162
Deferred tax liabilities	10	37,143	32,205
Accruals, deferred income and sundry liabilities	21	1,493,463	1,287,069
Liabilities associated with fixed assets held for sale		0	0
Insurance companies' technical reserves	22	24,021,534	21,444,328
Provisions	23	200,446	212,605
Subordinated debt	24	1,209,038	1,334,993
Total equity		3,507,055	2,817,588
Shareholders' equity, Group share		1,208,492	847,771
Share capital and reserves	25	2,017,413	2,019,656
Consolidated reserves	25	(72,685)	(268,843)
Gains and losses recognized directly in equity	26	154,106	30,743
Net income		199,729	188,262
Minority interests		72,362,399	69,058,797
TOTAL LIABILITIES		**72 362 399**	**69 058 797**

Consolidated financial statements at December 31, 2009

INCOME STATEMENT (IN THOUSANDS OF EUROS)	Notes	12/31/09 IFRS	12/31/08 IFRS
Interest and similar income	30	2,178,943	2,406,157
Interest and similar expense	30	(1,568,678)	(1,932,775)
Fee and commission income	31	428,616	474,239
Fee and commission expense	31	(107,799)	(157,705)
Net gain (loss) on financial instruments at fair value through profit or loss	32	15,996	(208,022)
Net gain (loss) on financial investments available-for-sale	33	(13,830)	22,727
Income from other activities	34	5,349,974	3,587,642
Other activities expenses	34	(4,936,401)	(3,110,733)
Net banking income		1,346,821	1,081,530
General operating expenses	35	(902,609)	(830,292)
Depreciation, amortisation and impairment of property, plant and equipment	36	(68,012)	(60,283)
Gross operating income		376,200	190,955
Cost of risk	37	(176,672)	(147,976)
Operating income		199,528	42,979
Share of earnings of companies carried under equity method	12	8,931	34,291
Net income on other assets	38	(625)	755
Goodwill variations		0	0
Pre-tax income		207,834	78,025
Income tax	39	(46,396)	(26,863)
After-tax income from discontinued or held-for-sale operations		0	0
NET INCOME		161,438	51,162
Minority interests		7,332	20,419
NET INCOME - GROUP SHARE		**154,106**	**30,743**

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY (IN THOUSANDS OF EUROS)	Notes	12/31/09 IFRS	12/31/08 IFRS
Net income		161,438	51,162
Translation adjustments		0	30,768
Revaluation of available-for-sale financial assets		188,855	(211,617)
Revaluation of derivative hedging instruments		10,232	(56,351)
Revaluation of non-current assets		0	0
Actuarial gains and losses on defined benefit plans		NA	NA
Gains and losses recognized directly in equity for companies accounted for by the equity method		3,795	(16,242)
Total gains and losses recognized directly in equity	40	202,882	(253,442)
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY		**364,320**	**(202,280)**
O/w Group share		350,264	(217,610)
O/w minority interests		14,056	15,330

CONSOLIDATED FINANCIAL STATEMENTS

CHANGE IN SHAREHOLDERS'EQUITY (IN THOUSANDS OF EUROS)

	Share Capital	Reserves	Total gains and losses recognized directly in equity	Net income, Group share	Total equity, Group share	Minority interest in equity	Total equity
Position at 1 January 2008	834,774	1,839,818	(20,491)	216,217	2,870,318	181,596	3,051,914
Capital increase	8,091				8,091	15,000	23,091
Elimination of treasury shares					0		0
Issuance of preferred shares					0		0
Equity components of hybrid instruments					0		0
Equity components whose payment is share-based					0		0
Allocation of the previous year income		216,217		(216,217)	0		0
Dividend paid in 2008 in respect of 2007		(23,744)			(23,744)	(24,203)	(47,947)
Subtotal of movements related to relations with shareholders	842,865	2,032,291	(20,491)	0	2,854,665	172,393	3,027,058
Changes in gains and losses recognized directly in equity			(248,352)		(248,352)	(5,089)	(253,442)
2008 net income				30,743	30,743	20,419	51,162
Subtotal	842,865	2,032,291	(268,843)	30,743	2,637,056	187,723	2,824,778
Impact of acquisitions and disposals on minority interests					0		
Share of changes in shareholders' equity of equity method associates and joint ventures		(7,841)			(7,841)		(7,841)
Change of accounting methods		(2,748)			(2,748)		(2,748)
Other changes		2,860			2,860	539	3,399
Position at 31 December 2008	842,865	2,024,562	(268,843)	30,743	2,629,327	188,262	2,817,588
Capital increase	360,721				360,721		360,721
Elimination of treasury shares					0		0
Issuance of preferred shares					0		0
Equity components of hybrid instruments					0		0
Equity components whose payment is share-based					0		0
Allocation of the previous year income		30,743		(30,743)	0		0
Dividend paid in 2009 in respect of 2008		(26,013)			(26,013)	(10,283)	(36,296)
Subtotal of movements related to relations with shareholders	1,203,586	2,029,292	(268,843)	0	2,964,035	177,979	3,142,013
Changes in gains and losses recognized directly in equity			196,158		196,158	6,724	202,882
2009 net income				154,106	154,106	7,332	161,438
Subtotal	1,203,586	2,029,292	(72,685)	154,106	3,314,299	192,035	3,506,333
Impact of acquisitions and disposals on minority interests		(4,486)			(4,486)	2,037	(2,449)
Share of changes in shareholders' equity of equity method associates and joint ventures		564			564		564
Change of accounting methods		4,719			4,719	2,333	7,052
Other changes		(7,770)			(7,770)	3,324	(4,445)
POSITION AT 31 DECEMBER 2009	**1,203,586**	**2,022,319**	**(72,685)**	**154,106**	**3,307,326**	**199,729**	**3,507,055**

CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT (IN THOUSANDS OF EUROS)	2009	2008
Cash flows from operating activities		
Net income	161,438	51,162
Income Tax	46,396	26,863
Pre-tax income	207,834	78,025
Amortisation and depreciation of property, plant and equipment and intangible assets	67,525	60,988
Depreciation and impairment of goodwill and other fixed assets	89	0
Net additions to provisions	2,561,460	(679,349)
Share of earnings of companies carried under equity method	(8,931)	(34,291)
Net loss/(gain) from investing activities	(7,984)	(10,247)
Net loss/(gain) from financing activities	0	0
Other movements	(518,687)	(525,890)
Total non-cash items included in net income and other adjustments	2,093,472	(1,188,789)
Interbank and money market items	2,440,707	599,308
Customer items	(627,645)	(1,196,607)
Other financial items	(4,946,684)	1,237,920
Other non-financial items	230,509	(35,499)
Taxes paid	(112,663)	(240,188)
Increase/(decrease) in operating assets/liabilities	(3,015,776)	364,934
CASH FLOWS FROM OPERATING ACTIVITIES	**(714,470)**	**(745,830)**
Cash flows from investing activities		
Financial investments	406,016	282,555
Investment property	(83,132)	(16,415)
Plant, equipment and intangible assets	(103,385)	(69,800)
CASH FLOWS FROM INVESTING ACTIVITIES	**219,499**	**196,340**
Cash flows from financing activities		
Cash flows from/(to) the shareholders	377,788	5,901
Other cash flows from financing activities	(163,775)	464,000
CASH FLOWS FROM FINANCING ACTIVITIES	**214,013**	**469,901**
Net increase/(decrease) in cash and cash equivalents	**(280,958)**	**(79,589)**
Cash flows from operating activities	(714,470)	(745,830)
Cash flows from investing activities	219,499	196,340
Cash flows from financing activities	214,013	469,901
Cash and cash equivalents, beginning of the year	**1,402,665**	**1,482,254**
Cash and cash equivalents, end of the year	**1,121,707**	**1,402,665**
CHANGE IN NET CASH AND CASH EQUIVALENTS	**(280,958)**	**(79,589)**

The cash flow statement is presented using the indirect method.

Net cash and cash equivalents includes cash, debit and credit balances with central banks and demand debit and credit sight balances with banks.

Changes in cash from operations record the cash flow generated by the Group's lines businesses including such flows arising from negotiable debt securities. Changes in cash arising from investing activities result from cash flows related to acquisitions and disposals of equity investments and other non-current assets. Changes in cash from financing activities include changes related to share-holders' equity, subordinated debt and bonds.

11 - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2009

HIGHLIGHTS OF 2009

Business review

With the end of the financial crisis, the Net income - Group share came in at €154 million, five times higher than last year. Net banking income posted strong growth due especially to lower interest rates and a turnaround in activity in the second half. The Group continued its risk reduction strategy by selling off assets and purchasing hedges. The cost of risk increased sharply in the retail banking division due to the impact of the economic crisis.

Crédit Mutuel Arkéa's strong fundamentals are enabling it to pursue its growth objectives. The Group acquired Monext - a major player in electronic payments in France - in January 2010, and thereby intends to become a recognized supplier of turnkey industrial solutions.

Governance

As part of the "Horizons 2015" company project adopted in July 2008, Caisse Interfédérale de Crédit Mutuel and Compagnie Financière du Crédit Mutuel merged in April 2009. The new entity is now known as "Crédit Mutuel Arkéa".

ACCOUNTING STANDARDS APPLIED

In compliance with EC Regulation No. 1606/2002 adopted on July 19, 2002 by the European Parliament, European enterprises whose debt securities are listed on a regulated market are required to publish consolidated financial statements according to IFRS (International Financial Reporting Standards).

These statements are presented in accordance with CNC recommendation 2009-R.04 and comply with international accounting standards such as adopted by the European Union.

Starting on January 1, 2009, new accounting standards and amendments must be enforced, including the following, which affect the Group as of December 31, 2009:

- IAS 1 amended "Presentation of Financial Statements". A new statement of the overall result including gains and losses recognized directly in equity is presented in the summary reports. The additional notes specified in the standard are presented in notes 40a and 40b.
- Amendment to IFRS 7, "Financial Instruments: Disclosures". Information regarding fair value measurement of instruments at fair value through profit and loss is provided, since 31 December 2008, in Note 2c. The fair value hierarchy for instruments measured at fair value directly in equity is also provided in this note.

  The disclosures required concerning credit risk, market risk and the management of liquidity risk are available in the section on "Risk factors" in the Group management report.
- IFRS 8 "Operating segments". Application of this standard does not modify the presentation of sector information.

The Group is not concerned by:

- Amendment to IFRS 2 «Shared-base payment; vesting, conditions and cancellations»;
- The revision of standard IAS 23 «Borrowing Costs";
- Amendment to IAS 32 and IAS 1 «Presentation of financial statements – puttable financial instruments and obligations arising on liquidation»;
- Amendment to IFRS 1 and IAS 27 «Cost of an investment in a subsidiary, jointly controlled entity or associate».

The Group has not applied any new standards or interpretations adopted by the European Union with optional application in 2009.

During the year, the Group did not exercise the option to reclassify financial instruments among the various categories authorized by the amendments to IAS39-IFRS 7 adopted on October 15, 2008 by the European Commission.

ACCOUNTING PRINCIPLES AND EVALUATION METHODS

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are divided into those held for trading and those that may be optionally designated as such. By default, derivative financial instruments are considered as held-for-trading instruments unless they can be classified as hedging instruments from an accounting stand point. Crédit Mutuel Arkéa group uses the fair value option under the three cases allowed by the IFRS:

- hybrid instruments containing one or more embedded derivatives,
- groups of assets or liabilities measured and managed at fair value,
- substantial elimination or reduction of an accounting treatment inconsistency.

Initially, financial assets or liabilities at fair value through profit or loss are recognized at their fair value excluding acquisition costs and including accrued coupons. At the balance sheet date, they are measured at fair value and changes in fair value are recorded in the income statement for the period under the heading "net gains or losses on financial instruments at fair value through profit or loss."

Dividends from variable-income securities and the gains or losses realized on such securities are also recorded in the income statement heading "net gains or losses on financial instruments at fair value through profit or loss."

Accrued or earned income from fixed-income securities belonging to this category is recorded in profit or loss under the heading "interest and similar income." No impairment is recognized on the assets at fair value through profit or loss as the counterparty risk is included in the market value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, satisfies the definition of a derivative. It is designed to affect certain cash flows, much like a standalone derivative.

This derivative is split off from the host contract and accounted for separately as a derivative instrument at fair value through profit and loss when the following three conditions are met:

- the hybrid instrument that hosts the embedded derivative is not measured at fair value through profit and loss;
- the economic characteristics of the derivative and its related risks are not considered to be closely linked to those of the host contract;
- the separate measurement of the embedded derivative to be separated is sufficiently reliable to provide an accurate assessment.

Realized and unrealized gains and losses are recognized on the income statement under "Net gains and losses on financial instruments at fair value through profit and loss".

Derivative financial hedging instruments – assets and liabilities

To classify a financial instrument as a hedging derivative, the Group prepares formalized documentation of the hedging transaction at inception: hedging strategy, designation of the instrument hedged (or the portion of the instrument), nature of the risk hedged, designation of the hedging instrument, procedures for measuring the effectiveness of the hedging relationship. According to this documentation, the Group assesses the effectiveness of the hedging relationship at inception and at least every six months. A hedging relationship is deemed to be effective if:

- the ratio between the change in value of the hedging derivatives and the change in value of the hedged instruments for the risk hedged lies between 80% and 125%,
- the changes in value of the hedging derivatives expected over the residual term of said derivatives offset those expected from the hedged instruments for the risk hedged.

The Group designates a derivative financial instrument as a hedging instrument in a fair value hedge (micro- or macro hedge) or in a cash flow hedge (micro-hedge) based on the nature of the risk hedged.

Fair value hedging:

The goal of fair value hedging is to reduce the risk of a change in fair value of a financial transaction. Derivatives are used notably to hedge the interest rate risk on fixed-rate assets and liabilities.

With respect to fair value hedging transactions, the change in fair value of the derivative is recorded in profit or loss under the heading "gains or loss on financial instruments at fair value through profit or loss" in symmetry with the revaluation of the hedged transaction. The only impact on the profit and loss statement is the potential ineffectiveness of the hedge.

The goal of the derivative financial instruments used as macro-hedging transactions is to hedge comprehensively all or part of the structural rate risk resulting primarily from retail banking operations. For the accounting treatment of such transactions, the Group applies the provisions contained in IAS 39 adopted by the European Union (called the IAS 39 "carve-out").

The accounting treatment of derivative financial instruments designated from an accounting standpoint as fair value macro-hedging is the same as the accounting treatment for derivatives used in fair value micro-hedging. The change in the fair value of portfolios hedged against interest rate risk is recorded in a separate line of the balance sheet entitled "Valuation adjustment on portfolios of hedged items" with an offsetting entry recorded in the income statement. The effectiveness of hedges is checked prospectively by verifying that at inception derivatives reduce the interest rate risk of the hedged portfolio. Retrospectively, hedges must be discontinued when the underlyings to which they are linked become insufficient.

Cash flow hedging:

The goal of cash flow hedging is to reduce the risk related to a change in future cash flows from financial instruments. Derivatives are used notably to hedge the interest rate risk on adjustable rate assets and liabilities.

In cash flow hedging transactions, the effective portion of the change in the fair value of the derivative is recorded in a separate line in equity ("unrealized or deferred gains or losses") while the ineffective portion is recognized in profit or loss under the heading "Net gains (losses) on financial instruments at fair value through profit or loss." As long as the hedge is effective, the amounts recorded in equity are transferred to profit or loss under "interest and similar income (expense)" synchronized with the cash flows of the hedged instrument impacting profit or loss. If the hedging relationship is discontinued or if it becomes ineffective, hedge accounting ceases. The accumulated amounts recorded in equity as part of the revaluation of the hedging derivative are transferred to the income statement under "interest income and expense" at the same time as the hedged transaction itself impacts profit or loss, or when it has been determined that such transaction will not take place.

The Group does not hedge net investments in foreign operations.

Available-for-sale financial assets

IAS 39 defines available-for-sale financial assets (AFS) as a category containing both fixed and variable income securities that are neither financial assets at fair value through profit or loss, nor financial assets held to maturity, nor loans.

Available-for-sale securities are recognized initially at their fair value i.e. the purchase price, including acquisition costs - if they are material – and accrued coupons. On the balance sheet date, such securities are measured at their fair value through equity ("unrealized or deferred gains or losses").

Such unrealized gains or losses recognized in equity are only recognized in the income statement under the heading "net gains or losses on available-for-sale financial assets"

if the securities are disposed of or if there is permanent impairment.

The accrued or earned income from fixed-income securities is recognized in profit or loss under the heading "interest and similar income" according to the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Dividends from variable-income securities are recognized in the income statement under the heading "net gains (losses) on available-for-sale financial instruments."

Impairment of securities

Impairment is recorded when objective signs of a decline in the value of securities exist. Objective signs of impairment are evidenced by a long-term, material decline in the value of equity shares or by the appearance of a material decline in credit risk due to default risk on debt securities.

The Group employs a quantitative criterion to identify material and long-term declines: impairment is recognized when a security has lost at least 50% of its value compared with its initial cost or over a period of more than 24 consecutive months. Analysis is performed line by line. Securities that do not meet the criteria mentioned above are assessed for impairment all the same when Management does not believe that the sum invested can be reasonably expected to be collected in the near future. The loss is recognized in the income statement under "Net gains or losses on available-for-sale assets." In the case of debt instruments, should prices subsequently improve, the loss previously recognized in the income statement may be written back through profit when circumstances warrant.

Impairment of fixed-income instruments is recorded in "Cost of risk," and may be written back through profit when the market value of the security has increased due to some objective event that has taken place since the last time it was written down.

Measurement of fair value

Financial assets and liabilities classified as "at fair value through profit or loss" and "financial assets available for sale" are measured and recognized at their fair value, both upon initial recognition and at each subsequent measurement date.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Initially, fair value is usually the price paid or received.

For subsequent measurements, fair value is measured above all on the basis of quoted prices when the instrument is listed on an active market.

In the absence of any such quotation, fair value is determined using "observable" market data. These valuation models are based on techniques widely used by market operators, such as the discounting of future cash flows for swaps or the Black & Scholes model for options.

Listed equities and mutual funds are measured at their quoted price on the closing date. Equity investments that are not listed on an official market are measured internally, or using a valuation provided by Confédération Nationale du Crédit Mutuel when companies are jointly held with other Crédit Mutuel Group entities. In most cases, these holdings are measured on the basis of their revalued net assets or their carrying amount, on an entity-by-entity basis.

Complex products (structured interest rate and credit products, such as CDOs) are measured twice, using specific applications and the services of specialized independent appraisers.

The hierarchy of valuation methods used for assets measured at fair value through profit and loss is presented in note 2c.

The following definitions are used at the Group level:

- level 1: prices quoted on active markets for identical assets or liabilities;
- level 2: data other than level 1 quoted prices that are observable for the asset or liability, either directly (e.g. price) or indirectly (e.g. derived price);
- level 3: data on assets or liabilities that are not based on observable market data.

Valuation methods using unobservable market data are used only in the venture capital business and for investments that are jointly held with other Crédit Mutuel Group entities.

The valuations provided by the models are adjusted to reflect liquidity risk: using the valuations produced on the basis of a median market price, prices are adjusted to reflect the net position of each financial instrument at the bid or ask price (on selling or buying positions, respectively).

The day-one profit, i.e. the difference between the transaction price and the valuation of the instrument using valuation techniques, is null: transactions carried out by the Group for its own account are recognized at their fair value. Transactions carried out on behalf of customers generate a premium, which is recognized as revenue at inception.

Risk exposure on CDO portfolios:

In 2009, the Group sold off all of its CDOs with exposure to monoline risk and most of its CDOs without capital guarantees, on which additional provisions had already been set aside in 2007 and 2008. The residual portfolio consists of one CDO with a subprime component, which was fully provisioned at December 31, 2007. Therefore, Crédit Mutuel Arkéa no longer has any net exposure to subprime loans.

Fair value of financial instruments not recognized on the balance sheet on the basis of this method

The fair value of these instruments is presented in note 28 of the note to the consolidated financial statements.

Two methods are used to measure customer loans and receivables and customer deposits:

- the fair value of fixed-rate items, such as fixed-rate loans and deposits, is measured by discounting the expected future cash flows;
- the fair value of variable-rate items, such as adjustable-rate loans, maturing in over one year is measured using the Black & Scholes model.

Three methods are used to value other market instruments:

- listed financial assets held to maturity are valued using Reuters quotes, updated daily
- the market value of traditional fixed-rate loans, borrowings, debt securities and fixed-rate subordinated debt is obtained by discounting future cash flows
- the market value of loans, borrowings, debt securities and variable-rate subordinated debt is obtained by discounting future cash flows with calculation of a forward rate.

Since financial year 2008, signature cost of the Group is included in the rate curve held for the valuation of debt securities and subordinated debt.

The nominal value of short-term receivables and debt (under one year) is used for their fair value.

Held-to-maturity financial assets

Held-to-maturity financial assets are primarily fixed-income or determinable income securities with a fixed maturity that the Group intends and is able to hold to maturity. Initially, they are recognized at their acquisition price including acquisition costs – when material – and accrued coupons. On the balance sheet date, they are valued according to the amortized cost method at the effective interest rate and may be the subject of impairment when necessary.

Loans and receivables due from financial institutions and customers

"Loans and receivables" are financial assets with fixed or determinable payments that are not quoted on an active market. All loans and receivables owed to Crédit Mutuel Arkéa group by financial institutions and customers that are not intended for sale when extended are recognized in the "loans and receivables" category.

Initially, they are recognized at market value which is usually the net amount initially disbursed including the transaction costs directly attributable to the transaction and fees analyzed as an adjustment to the effective yield of the loan. On the balance sheet date, loans and receivables are valued at amortized cost. Interest, transaction costs, and fees included in the initial value of the loans are amortized over the life of the loan in proportion to the outstanding principal balance. In this manner they contribute to the formation of income over the life of the loan.

Fees received in connection with financing commitments that have a low probability of being drawn or which are used haphazardly over time and in terms of amount are spread on a straight-line basis over the term of the commitment.

Impairment of loans and receivables

A receivable is impaired if the following two conditions are met:

- there is objective evidence of impairment on an individual or group basis. These are "loss events" which identify a counterparty risk and which occur after the initial recognition of the loan.
- such events generate incurred losses on the amount of estimated future cash flows from the loans and such impact can be reliably measured.

The loss due to impairment is the difference between amortized cost and the present value of discounted estimated future cash flows. Discounting is carried out at the initial effective interest rate of the loan for fixed-rate loans and at the last effective interest rate set according to the contractual terms and conditions for variable-rate loans. In practice, future flows are discounted only if the impact of discounting is material compared to their amounts estimated conservatively. As a result, only the provisions on disputed receivables have been discounted. In the income statement, impairment loss movements are recorded under the heading "cost of risk" except for the add-backs for the effects of the reversal of discounting, which are recorded under "Interest and similar income."

There are two categories:

- loans impaired individually.

  These are non-performing and disputed loans or receivables for which provisions have been recorded. The related provisions are calculated loan by loan based on observed historical data by loan category and guarantee level;
- loans impaired collectively.

  Loans that are not impaired on an individual basis are grouped together based on their level of credit risk in order to form homogenous groups. The method for calculating group impairment is based primarily on the standards for measuring risks implemented as part of the Basel II reform, which entails recording provisions for the classes of risk corresponding to the highest probabilities of default. It takes into account the recalibration of the algorithms requested by the Banking Commission as part of the Basel II certification. A correction coefficient of 7.94% as of 12/31/2009 was applied to provisions for the leasing activity.

Customer finance leases

Leasing operations are classified as finance leases when they transfer to the lessee substantially all the risks and rewards incidental to the ownership of the leased property. When this is not the case, leasing operations are classified as operating leases.

Finance leases are posted at the face of the balance sheet at the amount corresponding to the value of the minimum payments receivable from the lessee discounted at the implied interest rate of the contract plus any unsecured residual value. The interest portion of the rental payments is recorded on the income statement under the heading "interest and similar income."

Property, plant and equipment, intangible assets and investment property

Pursuant to IAS 16, IAS 38 and IAS 40, property, plant and equipment or investment property is recognized as an asset if:

- it is likely that the future economic rewards from this asset will flow to the enterprise and
- the cost of said asset can be measured reliably.

Pursuant to IAS 40, the Group's property is classified as "investment property" when it is held primarily to earn rentals or for capital appreciation. Property held primarily to be occupied by the Group for administrative or sale uses is classified as "property, plant and equipment."

Property, plant and equipment and investment property are recorded on the balance sheet at cost plus expenses that can be directly attributable to the purchase of the property (e.g. transfer duties, fees, commissions, legal fees). After initial recognition, property, plant and equipment and investment property are valued at cost minus accumulated depreciation and amortisation and any impairment losses.

The method used to account for internally developed software is as follows:

- all software-related expenditures that do not satisfy the conditions for capitalization (notably preliminary research and functional analysis expenses) are expensed;
- all software expenditures incurred after the start of the production process (detailed analysis, development, validation, documentation) are capitalized.

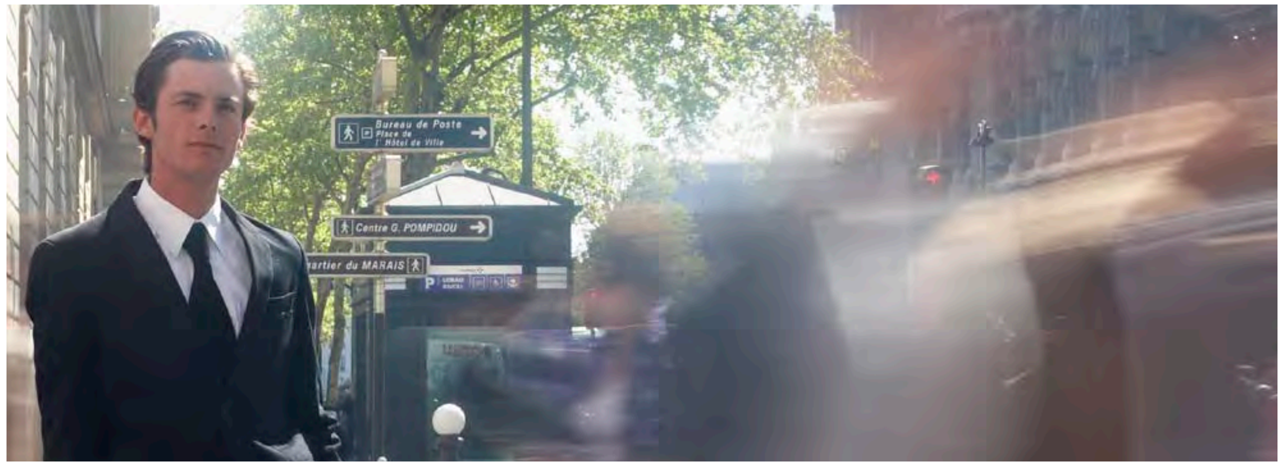
If one or more components of property, plant and equipment or investment property have a different use or earn economic rewards at a different pace than that of the property, plant and equipment or investment property as a whole, said components are depreciated according to their own useful life.

The Group applied this accounting method for 'property, Plant, Equipment' and 'Investment Property'.

The following components and depreciation periods have been adopted by the Group:

COMPONENT	DEPRECIATION PERIOD
Land	Not depreciable
Structural works	Head offices and investment property: 50 years Agencies: 25 years
Non-structural works	25 years
Plant and Equipment	20 years
Fixtures and fittings	3 to 10 years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



The other tangible and intangible assets are depreciated according to their own useful life:

	DEPRECIATION PERIOD
Fittings	10 years
Computer equipment	4 to 5 years
Self-produced and acquired software	2 to 5 years

Depreciation is calculated using the straight-line method. For tangible and intangible non-current assets, depreciation is recorded on the income statement under the heading "depreciation, amortisation and provisions for impairment of tangible and intangible non-current assets". For investment property, they are recorded under the heading "expenses from other operations."

Indefinite-life assets are not depreciated but are the subject of impairment tests at least once a year.

Gains or losses on the disposal of property, plant and equipment are recorded in the income statement under the heading "net gains or losses on other non-current assets" while net gains and losses on the disposal of investment property are recorded under the heading "income or expenses from other operations."

Amounts owed to financial institutions and customers

At inception, amounts owed to financial institutions and customers are recognized at fair value, which normally is the net amount received initially minus transaction costs that can be directly assigned to the transaction when they are significant. On the balance sheet date, such amounts are valued at their amortized cost according to the effective interest rate method.

By nature, regulated savings products earn interest at the market rate. Housing savings plans and housing savings accounts are the subject to a provision when necessary.

Accrued interest or interest due on amounts due to financial institutions and customers are recorded on the income statement under the heading "Interest and similar expenses."

Debt securities

Liabilities in the form of securities issued are broken down by type of security (certificate of deposit, interbank market securities, negotiable paper, bonds and similar) except for subordinated debt securities which are classified as subordinated debts.

Initially, they are recognized at fair value i.e. at their issue price less any transaction costs that can be directly related to the transaction when they are significant. On the balance sheet date, said amounts are valued at amortized cost according to the effective interest rate method. Accrued interest or interest due on debt securities represented by a certificate are recorded in the income statement under the "Interest and similar expenses."

Insurance companies' technical reserves

Life insurance and non life insurance contracts underwritten by the Group all meet the definition of insurance contracts or investment contracts with a discretionary profit-sharing feature within the meaning of IFRS 4.

In compliance with this standard and until the IASB completes the second phase of its project on insurance contracts, underwriting reserves are calculated according to the same methods as those contained in French regulations.

Underwriting reserves for life insurance and non life insurance cover commitments to policyholders and the beneficiaries of insurance contracts. They are calculated inclusive of the reinsurance component, which is separated out and recorded as an asset.

Underwriting reserves for life insurance contracts consist primarily of mathematical provisions that are equal to the difference between the current values of the commitments made by the insurer and policyholders respectively and the provisions for claims payable.

The underwriting reserves of contracts in units of account are measured on the balance sheet date based on the realizable value of the assets that underlie such contracts.

Non life insurance contracts encompass provisions for unearned premiums (portion of premiums issued relating to prior fiscal years), provisions for increasing risks that are equal to the difference between the current values of the commitments made by the insurer and policyholders respectively and provisions for claims payable.

The Group has elected the "shadow accounting" option for insurance contracts and investment contracts with a discretionary profit-sharing feature. As a result, the portion attributable to the policyholders of the revaluation differences of the financial assets that represent such contracts is recorded on the balance sheet in a deferred profit-sharing account, presented under liabilities or assets.

Provisions

The Group's obligations for which it is probable that an outflow of resources will become necessary to settle them and whose amount or due date are uncertain but which may be estimated reliably are the subject of provisions for contingencies and losses. In particular, such provisions cover labor-related commitments, home savings product risks, disputes and liability guarantees.

Pension commitments

Pension schemes can be defined-contribution plans and defined-benefit plans. Defined contribution plans do not give rise to an obligation for the Group and consequently do not require a provision. The amount of employer's contributions payable during the period is recognised as an expense, recorded in « personnel costs ». Only defined benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision. These pension commitments are fully provisioned in the balance sheet under "Provisions".

Retirement benefits and work medals are recorded in this same account.

The Group's obligation is calculated with the projected unit credit method, using demographic, workforce turnover, salary increase, discount and inflation rates.

Specifically, the calculations use a discount rate of 4.55% (this rate is determined by reference to the iBoxx non-financial AA 10+ euro zone index based on corporate bonds, whereas in 2008, the discount rate was based on sovereign bonds). The calculations also include an employee turnover rate of between 0.6% and 6.1% and a salary increase rate of between 3.1% and 3.9%. Commitments are calculated using the TGH05 and TGF05 mortality tables for life annuities.

Actuarial gains and losses represent the differences arising from changes in assumptions or differences between earlier assumptions and actual results. These differences are recognized in profit and loss immediately in the year incurred instead of deferring them over the employees' remaining service period.

Home savings provision

The purpose of the home savings provision is to cover the risks related to:

- the commitment to extend home loans to account holders and subscribers of home savings plans at a mandated interest rate that could be lower than the prevailing market rate.
- the obligation to pay interest for an indeterminate period of time on the savings in home savings plans at a rate set when the contract is signed (this rate can be higher than future market rates).

This provision is computed by generation of home savings plans (plans at the same rate at opening are considered a generation) and for all the home savings accounts (which are a single generation). The commitments between different generations are not offset. The commitments are computed based on a model that factors in:

- historical data on subscriber behavior,
- the yield curve and a stochastic modeling of changes thereto.

Provision allocations and write-backs are recognized in profit or loss under "Interest and similar income" and "Interest and similar expense".

Subordinated debts

Subordinated debts are definite or indefinite term debts that may or may not be represented by a certificate and which differ from receivables or bonds because repayment will take place only in the event of the liquidation of the debtor and after all the secured creditors have been paid. They are valued according to the amortized cost method. The accrued interest or interest due on subordinated debts is recorded on the income statement under the heading "Interest and similar expense."

Equity

Difference between liabilities and equity

A debt instrument or a financial liability is defined as a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under potentially unfavorable conditions.

An equity instrument is defined as a contract containing a residual interest in an enterprise after subtracting all its debts (net assets).

Shares

Pursuant to these definitions, the shares issued by the Crédit Mutuel savings banks are considered shareholders equity within the meaning of IAS 32 and the IFRIC 2 interpretation and treated as such in the Group's consolidated financial statements.

CONSOLIDATION PRINCIPLES AND METHODS

Scope of consolidation and criteria

Consolidating entity

The consolidation scope includes all the significant entities over which the consolidating entity exercises control or influence over management.

The consolidating entity of the Crédit Mutuel Arkéa group is Crédit Mutuel Arkéa as defined in the collective license issued by the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) – the French credit institutions and investment firms committee. This credit institution consists of:

- the Federations of Crédit Mutuel de Bretagne, of Crédit Mutuel du Sud-Ouest and of Crédit Mutuel Massif Central,
- the Crédit Mutuel savings banks that are members of said federations
- Crédit Mutuel Arkéa

Companies whose consolidation would not be significant are excluded from the consolidation scope. The consolidation of an entity is regarded insignificant when balance sheet total does not exceed €200 million or contribution to consolidated profit or loss does not exceed €1.2 million.

IFRS define three types of control: exclusive control, joint control and significant influence. Analysis of control exercised by the consolidating entity is based not only on identification of the voting rights that it holds in subsidiaries but also on the economic and legal analysis of the relations between them.

Fully consolidated Companies

Companies under exclusive control are fully consolidated. Full consolidation consists in substituting the value of the shares with the assets and liabilities of each subsidiary. The share of minority interests in equity and in profit or loss is recorded separately on the liabilities side of the consolidated balance sheet and in the consolidated income statement.

An entity exercises exclusive control over another entity if:

- it holds the majority of the voting rights in a subsidiary either directly or indirectly,
- it has the power to direct the financial and operational policy of an entity under an agreement or a regulation,
- it has the power to appoint or remove from office the majority of the members of the administrative or management bodies or to gather together the majority of the voting rights at the meetings of said bodies.

There is a presumption that the Group exercises exclusive control if it holds, either directly or indirectly, at least 40% of the voting rights of an enterprise and that no other partner or shareholder holds, either directly or directly, a higher percentage. This rule applies to financial companies and to companies whose business is an extension of the Group's banking and financial businesses, such as insurance companies and property development companies.

Companies consolidated using proportionate consolidation

Companies over which the Group exercises joint control with a limited number of other shareholders are consolidated using proportionate consolidation.

Proportionate consolidation consists of replacing the book value of the securities in the financial statements of the consolidating enterprise with the percentage representing its interest in the balance sheet and the income statement of the consolidated company.

At the end of 2009, no more companies are consolidated using this method.

Companies consolidated using the equity method

Companies over which the Group exercises significant influence and those under exclusive or joint control but whose business is not an extension of the Group's banking and financial businesses are consolidated using the equity method. An entity exercises significant influence over another one when it has the power to take part in the financial and operational policies of an enterprise without exercising control over it. There is a presumption of significant influence when the consolidating entity holds 20% of the voting rights of an entity either directly or indirectly. Investments that are lower than this percentage are excluded from the consolidation scope.

The equity method consists in replacing the book value of the securities with the Group's share of the equity and the profit or loss of the entities involved.

Main changes in scope of consolidation

The main changes that took place during fiscal year 2009 dealt with:

Operations without impact on the consolidated financial statements:

- merger of CICM (Caisse Interfédérale de Crédit Mutuel) and CFCM (Compagnie Financière du Crédit Mutuel) occurred April 23, 2009. The new entity is known as "Crédit Mutuel Arkéa";
- simplified transfer of the assets of Suravenir-Assurances Holding to Crédit Mutuel Arkéa on June 19, 2009;
- simplified transfer of the assets of Eole Finance to Financo on November 30, 2009.

Operations with impact on the consolidated financial statements:

- GICM is now fully - rather than proportionally -consolidated following disengagement of CMO and CMA on May 4, 2009.

The consolidated entities are presented in note 43.

Consolidation principles

Balance sheet date

The balance sheet date for nearly all the consolidated companies is December 31.

Inter-company transactions

Reciprocal receivables, payables, and commitments and significant reciprocal expenses and income are eliminated for companies that are fully consolidated. For companies consolidated proportionally, the percentage consolidated of the company controlled jointly is eliminated.

Accounting for acquisitions and goodwill

The Group uses the purchase method to account for business combinations. The acquisition cost is the sum of the fair values, at the business combination date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the acquiree plus any costs directly attributable to the acquisition. The excess of the acquisition cost of the entity over the acquirer's share of the net fair values of the acquiree's identifiable net assets is recorded on the asset side of the balance sheet under the heading "goodwill." Goodwill is subject to an impairment test at least once per year and when there is evidence of an impairment loss. Negative goodwill is recognized immediately in the income statement as a gain under the heading "changes in goodwill."

Each goodwill item is allocated to a cash generating unit that stands to benefit from the acquisition. Any goodwill impairment is determined based on the recoverable amount of the cash generating unit to which it was allocated. Cash generating units are defined based on the Group's organizational and management method and take into account the independent nature of these units.

When the Group increases its percentage stake in a company that is already controlled, the difference between the purchase price of the stock and the additional share of the consolidated shareholders' equity that these securities represent on the acquisition date is recognized in shareholders' equity.

Leases

Rental and leases with a buy-out clause are re-processed in such a way as to take financial accounting into consideration.

Translation of foreign currency denominated financial statements

The balance sheets of entities whose accounts are kept in a foreign currency are translated on the basis of the official foreign exchange rate on the balance sheet date. The difference on share capital, reserves and retained earnings is recorded in shareholders' equity in the "Translation Reserves" account. The income statement is translated on the basis of the average exchange rate during the fiscal year. Translation differences are recorded directly in the "Translation Reserves" account. This difference is added back to profit or loss in the event of the disposal or total or partial liquidation of the equity investment in the foreign entity.

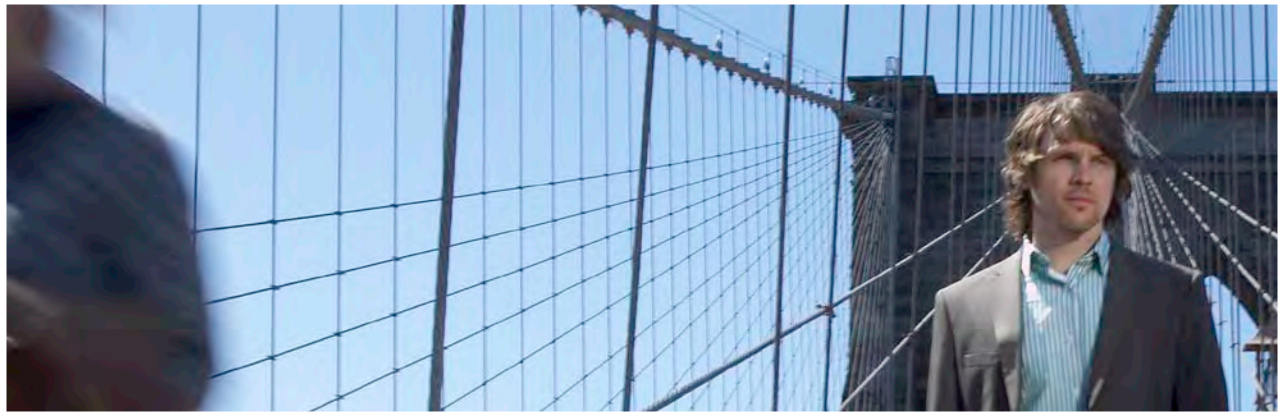
Deferred taxes

Deferred taxes are recognized on the temporary differences between the carrying amount of an asset or liability and its tax base. They are calculated using the liability method at the corporate tax rate known at the closing date for the period and applicable when the temporary difference is used.

Deferred tax assets are recognized only when it is probable that the enterprise will have sufficient future taxable profit against which the temporary differences can be utilized. Deferred taxes are recognized as income or expense except for those related to "unrealized or deferred gains or losses" for which deferred tax is allocated directly against this heading in equity.

Deferred taxes are also recorded in respect of tax losses from prior years when there is convincing evidence of the likelihood that such taxes will be collected.

As the levy on corporate added value (CVAE) is treated as an operating expense, it does not entail the recognition of deferred taxes in the consolidated financial statements.



Notes on the assets (In thousands of euros)

NOTE 1 – DUE FROM SAVINGS BANKS, CENTRAL BANKS DUE FROM FINANCIAL INSTITUTIONS	12/31/09	12/31/08
Due from savings banks, central banks		
Due from central banks	107,193	335,527
Due from savings banks	127,151	123,039
TOTAL	**234,344**	**458,566**
Due from financial institutions		
Crédit Mutuel network accounts	682,751	380,840
Other regular accounts	901,662	187,715
Loans	5,846,447	7,740,231
Securities not listed on an active market	0	0
Repurchase agreements	0	0
Receivable impaired on an individual basis	28,114	28,114
Receivable related to all accounts	124,484	63,268
Provisions	(26,993)	(26,993)
TOTAL	**7,556,465**	**8,373,175**

NOTE 2 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	12/31/09	12/31/08
Assets classified at fair value on option	6,990,633	5,630,494
Assets held for trading purposes	96,913	96,743
TOTAL	**7,087,546**	**5,727,237**

In 2009, no mutual funds of which the Group held more than 20% were reclassified from "assets available for sale" to "assets at fair value by option."

NOTE 2A – ASSETS CLASSIFIED OPTIONALLY AT FAIR VALUE	12/31/09	12/31/08
Securities	6,812,542	5,413,895
• Treasury bills, notes and government bonds	0	0
• Bonds and other fixed-income securities	1,069,425	1,210,221
Listed	1,021,873	1,118,097
Unlisted	47,552	92,124
• Stocks and other variable-income securities	5,743,117	4,203,674
Listed	5,247,196	3,828,090
Unlisted	495,921	375,584
Derivatives	0	0
Other financial assets (1)	178,091	216,599
Of which securities loaned under purchased agreements	0	0
TOTAL	**6,990,633**	**5,630,494**

(1) Other financial assets at fair value, customer and interbank loans and receivables

The maximum exposure to credit risk on loans classified at fair value through profit or loss on option amounted to 175.8 million euros. This sum is not hedged by credit derivatives.

NOTE 2B – ASSETS HELD FOR TRADING	12/31/09	12/31/08
Securities	37,471	34,518
• Treasury bills, notes and government bonds	0	0
• Bonds and other fixed-income securities	37,471	34,518
Listed	37,336	34,402
Unlisted	135	116
• Stocks and other variable-income securities	0	0
Listed	0	0
Unlisted	0	0
Derivatives held for trading purpose	59,442	62,225
Other financial assets	0	0
Of which securities loaned under purchased agreements	0	0
TOTAL	**96,913**	**96,743**

NOTE 2C – RANKING OF FAIR VALUE

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	**21,099,914**	**1,660,258**	**125,082**	**22,885,254**
Treasury bills and similar securities	30,269	0	0	30,269
Bonds and other fixed-income securities	19,500,373	1,660,258	0	21,160,631
Stocks and other variable-income securities	1,448,579	0	13,412	1,461,991
Equity investments and other long-term investments	120,693	0	29,256	149,949
Shares in associates	0	0	82,414	82,414
Financial assets at fair value through profit or loss	**6,032,201**	**1,001,871**	**53,474**	**7,087,546**
Bonds and other fixed-income securities - Held for trading	29,325	8,146	0	37,471
Bonds and other fixed-income securities FVO	313,233	756,192	0	1,069,425
Stocks and other variable-income securities - FVO	5,689,643	0	53,474	5,743,117
Due from banks - FVO	0	103,396	0	103,396
Customer loans - FVO	0	74,695	0	74,695
Derivatives and other financial assets - Held for trading	0	59,442	0	59,442
Derivative hedging instruments	**0**	**301,581**	**0**	**301,581**
TOTAL	27,132,115	2,963,710	178,556	30,274,381

Financial liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	**0**	**444,133**	**0**	**444,133**
Due to banks - FVO	0	4,067	0	4,067
Customer deposits - FVO	0	59,519	0	59,519
Debt securities - FVO	0	224,239	0	224,239
Derivatives and other financial liabilities – Held for trading	0	156,308	0	156,308
Derivative hedging instruments	**0**	**347,336**	**0**	**347,336**
TOTAL	0	791,469	0	791,469

No transfers took place between the level 1 and the level 2 in 2009

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RANKING OF FAIR VALUE - DETAILS OF LEVEL 3

	12/31/08	Purchases	Issues	Sales
Available-for-sale financial assets	**(42,574)**	**47,295**	**237,833**	**(115,998)**
Stocks and other variable-income securities	16,309	2,850	0	(1,831)
Equity investments and other long-term investments	24,018	6,655	0	(1,632)
Shares in associates	(82,901)	37,790	237,833	(112,535)
Financial liabilities at fair value through profit or loss	**54,489**	**0**	**0**	**0**
Stocks and other variable-income securities - FVO	54,489	0	0	0
TOTAL	11,915	47,295	237,833	(115,998)

	Gains and losses through profit or loss	Gains and losses in equity	Other movements	12/31/09
Available-for-sale financial assets	**0**	**(1,474)**	**0**	**125,082**
Stocks and other variable-income securities	0	(3,916)	0	13,412
Equity investments and other long-term investments	0	215	0	29,256
Shares in associates	0	2,227	0	82,414
Financial assets at fair value through profit or loss	**(1,015)**	**0**	**0**	**53,474**
Stocks and other variable-income securities - FVO	(1,015)	0	0	53,474
TOTAL	(1,015)	(1,474)	0	178,556

No transfers took place between the levels 1 and 2 and level 3 in 2009

NOTE 3 – DERIVATIVE HEDGING INSTRUMENTS

	12/31/09		12/31/08	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	6,497	96,626	1,011	100,169
Fair value hedges	295,084	250,710	272,756	216,834
TOTAL	301,581	347,336	273,767	317,003

The value of changes in cash flows recycled through profit or loss was equal to zero.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – FINANCIAL ASSETS AVAILABLE FOR SALE

	12/31/09	12/31/08
Treasury bills, notes and government bonds	**29,372**	**30,000**
Bonds and other fixed-income securities	**20,781,854**	**18,985,461**
Listed	19,365,953	16,160,278
Unlisted	1,415,901	2,825,183
Stocks and other variable-income securities	**1,461,991**	**1,189,402**
Listed	1,208,416	938,726
Unlisted	253,575	250,676
Investment securities	**230,429**	**364,806**
Long-term investments	5,320	5,937
Other long-term investments	142,696	159,994
Shares in associates	82,413	198,875
Translation adjustments	0	0
Loaned securities	0	0
Related receivables	**381,608**	**371,087**
TOTAL	**22,885,254**	**20,940,756**
Of which unrealized gains/losses recognized directly in equity	(63,677)	(355,707)
Of which securities loaned under repurchase agreements	0	0
Of which impaired securities	0	0
Of which impaired bonds	3,275	29,505
Of which provisions for impairment recorded in profit or loss	(56,065)	(71,595)
Of which listed long-term investment	0	0

NOTE 5 – LOANS AND ADVANCES TO CUSTOMERS

	12/31/09	12/31/08
Performing receivables	29,856,627	28,492,117
• Commercial receivables	84,893	123,897
• Other loans to customers	29,649,419	28,234,051
Housing loans	17,873,757	17,003,627
Other loans and various receivables, including repurchase agreements	11,775,662	11,230,423
• Related receivables	122,315	134,169
• Securities not listed on an active market	0	0
Insurance and reinsurance receivables	78,383	75,905
Receivables written down on an individual basis	1,128,710	888,502
Gross receivables	**31,063,720**	**29,456,524**
Specific provisions	(611,811)	(490,545)
Collective provisions	(104,650)	(75,030)
SUBTOTAL I	30,347,259	28,890,949
Finance leases (net investment)	523,445	472,770
• Movable goods	89,820	87,654
• Real property	410,875	358,494
• Receivables written down on an individual basis	22,750	26,622
Provisions	(7,803)	(7,996)
SUBTOTAL II	515,642	464,774
TOTAL	**30,862,901**	**29,355,723**
Of which Equity loans with no voting rights	17,500	17,500
Of which subordinated loans	0	0

NOTE 6 – INFORMATION ON IMPAIRED ASSETS AND THE PAYMENT ARREARS

	Payment arrears				Guarantees on impaired assets and payment arrears
	Less than 3 months	Over 3 months - 6 months	Over 6 months - 1 year	Over 1 year	
Debt instruments					0
Central governments	0	0	0	0	0
Banking institutions	0	0	0	0	0
Non-banking institutions	0	0	0	0	0
Large corporates	0	0	0	0	0
Retail customers	0	0	0	0	0
Loans and advances	0	0	0	0	0
Prêts et avances	**239,582**	**21,286**	**3,564**	**7,991**	**338,704**
Central governments	0	0	0	0	0
Banking institutions	0	0	0	0	0
Non-banking institutions	90	0	0	0	0
Large corporates	10,542	174	0	0	29,268
Retail customers	228,950	21,112	3,564	7,991	309,436
Other financial assets	**0**	**0**	**0**	**0**	**0**
TOTAL	**239,582**	**21,286**	**3,564**	**7,991**	**338,704**
Unallocated guarantees					0

This table includes all outstandings not considered impaired within the meaning of French Accounting Regulations Committee (CRC) Standard 2002-03 but on which one or more delinquent payments have been observed.
The total value of the commitment on which a delinquent payment has been observed is declared, rather than merely the value of the delinquent payment.
The age of the delinquent payment is calculated from the date on which the first delinquent payment was observed on the outstanding amount in question.

NOTE 7 – HELD-TO-MATURITY FINANCIAL ASSETS

	12/31/09	12/31/08
Securities	383,092	583,673
• Treasury bills, notes and government bonds	30,351	170,900
• Bonds and other fixed-income securities	352,741	412,773
Listed	243,162	295,227
Unlisted	109,579	117,546
Convertible bonds	0	0
Related receivables	10,870	14,212
GROSS TOTAL	**393,962**	**597,885**
Provisions for impairment	0	(7,864)
NET TOTAL	**393,962**	**590,021**

NOTE 8 – PROVISIONS

	12/31/08	Allocations	Write-backs	Other	12/31/09
Loans and receivables – financial institutions	(26,993)	0	0	0	**(26,993)**
Loans and receivables due from customers	(573,571)	(339,553)	186,710	2,150	**(724,264)**
Available-for-sale securities	(71,595)	(45,815)	61,900	(555)	**(56,065)**
Held-to-maturity securities	(7,864)	0	7,864	0	**0**
TOTAL	**(680,023)**	**(385,368)**	**256,474**	**1,595**	**(807,322)**

Crédit Mutuel Arkéa | 2009 Financial Statements | Consolidated financial state

NOTE 9 – CURRENT TAX ASSETS	12/31/09	12/31/08
Assets (through profit or loss)	234,183	231,836
Liabilities (through profit or loss)	93,988	68,162

NOTE 10 – DEFERRED TAX ASSETS	12/31/09	12/31/08
Assets (through profit or loss)	302,609	290,067
Assets (through equity)	16,471	41,396
Liabilities (through profit or loss)	28,786	31,300
Liabilities (through equity)	8,357	905

BREAKDOWN OF DEFERRED TAXES BY MAJOR CATEGORY	12/31/09	
	Assets	Liabilities
Loss carryforwards	189,923	
Temporary differences on:		
• Unrealised or deferred gains or losses on available-for-sale assets	16,471	8,357
• Provisions	68,943	
• Insurance business	29	18,933
• Other	33,861	
Offset	9,853	9,853
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	**319,080**	**37,143**

NOTE 11 – ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS	12/31/09	12/31/08
Accruals – assets		
Securities receivable	266,093	248,228
Foreign currency adjustment accounts	5,575	6,152
Income receivable	57,067	48,740
Miscellaneous accrual accounts	185,100	338,317
Subtotal	513,835	641,438
Other assets		
Settlement accounts for security transactions	69,051	103,164
Various debtors	474,347	382,145
Inventories and similar	2,443	2,117
Other miscellaneous applications of funds	2	81
Subtotal	545,843	487,507
Other insurance assets		
Other	48,209	45,125
Subtotal	48,209	41,125
TOTAL	**1,107,887**	**1,174,069**

The heading "Deferred profit sharing" was added to the asset side of the balance sheet. At December 31, 2008, deferred profit sharing was included in "Other insurance assets." Deferred profit sharing represents the share of net unrealized capital losses on available-for-sale securities attributable to life insurance company policyholders.

NOTE 12 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	12/31/09		12/31/08	
	Investment	Share in net profit	Investment	Share in net profit
Acta Voyages	754	133	1,554	286
Caisse Centrale du Crédit Mutuel	92,708	3,921	79,498	1,544
Crédit Mutuel Cartes de Paiement	1,093	4,534	6,698	31,984
Sodelem	11,351	343	11,256	477
TOTAL	**105,906**	**8,931**	**99,006**	**34,291**

NOTE 13 – INVESTMENT PROPERTY	12/31/08	Increase	Decrease	Other movements	12/31/09
Historical cost	434,155	148,601	(64,841)	0	517,915
Amortisation and depreciation	(75,373)	(14,528)	1,550	0	(88,351)
NET AMOUNT	**358,782**	**134,073**	**(63,291)**	**0**	**429,564**

The fair value of investment real estate recognized at cost amounted to 550 million euros in 2009 compared to 482 million euros in 2008.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT	12/31/08	Increase	Decrease	Other movements (1)	12/31/09
Historical cost					
Land	18,073	3,215	(101)	0	**21,187**
Plant	422,620	47,535	(14,207)	2,631	**458,579**
Other property, plant and equipment	159,293	45,960	(47,640)	(188)	**157,425**
TOTAL	**599,986**	**96,710**	**(61,948)**	**2,443**	**637,191**
Depreciation					
Land	0				**0**
Plant	(244,743)	(21,143)	5,805	128	**(259,953)**
Other property, plant and equipment	(115,299)	(11,780)	7,321	(2,188)	**(121,946)**
TOTAL	**(360,042)**	**(32,923)**	**13,126**	**(2,060)**	**(381,899)**
NET AMOUNT	**239,943**	**63,787**	**(48,822)**	**384**	**255,292**

(1) Impact of GICM switching from proportional consolidation to full consolidation

NOTE 15 – INTANGIBLE ASSETS	12/31/08	Increase	Decrease	Other movements [1]	12/31/09
Historical cost					
Self-produced assets	9,096	25,528	(246)	1,704	**36,082**
Acquired assets	425,545	63,836	(37,358)	27,821	**479,844**
• Software	232,626	13,681	(3,248)	22,468	**265,527**
• Other	192,919	50,155	(34,110)	5,353	**214,317**
TOTAL	**434,642**	**89,364**	**(37,604)**	**29,524**	**515,926**
Depreciation					
Self-produced assets and impairment	0	0	0	0	**0**
Acquired assets	(238,510)	(34,602)	3,110	(23,326)	**(293,328)**
• Software	(204,840)	(27,183)	3,110	(21,506)	**(250,419)**
• Other	(33,670)	(7,419)	0	(1,820)	**(42,909)**
TOTAL	**(238,510)**	**(34,602)**	**3,110**	**(23,326)**	**(293,328)**
NET AMOUNT	**196,131**	**54,762**	**(34,494)**	**6,199**	**222,598**

(1) Impact of GICM switching from proportional consolidation to full consolidation

NOTE 16 – GOODWILL	12/31/08	Acquisitions	Disposals	Other movements	12/31/09
Gross goodwill	246,254		0	0	246,254
Depreciation	0	0	0	0	0
Net goodwill	**246,254**	**0**	**0**	**0**	**246,254**

BREAKDOWN BY CASH GENERATING UNIT (CGU):	12/31/09	12/31/08
Investor services and on line savings	229,144	229,144
Life insurance	3,860	3,860
Non-life insurance	10,969	10,969
Point-of-sale loans and employee loans	2,244	2,244
Other CGU	37	37
Net goodwill	**246,254**	**246,254**

Notes on liabilities (in thousands of euros)

NOTE 17 – CENTRAL BANKS — DUE TO FINANCIAL INSTITUTIONS	12/31/09	12/31/08
Central banks	0	0
Due to financial institutions		
Crédit Mutuel network accounts	484,891	332,019
Other current accounts	50,465	110,931
Loans	2,448,799	2,848,652
Other liabilities	41,866	51,239
Repurchase agreements	2,645,682	708,073
Related liabilities	28,150	29,437
TOTAL	**5,699,853**	**4,080,351**

NOTE 18 – FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	12/31/09	12/31/08
Financial liabilities held for trading	**156,308**	**295,136**
Derivatives	156,308	295,136
Fair value option financial liabilities through profit or loss	**287,825**	**88,111**
Due to bank	4,067	14,674
Customer accounts	59,519	10,988
Debt represented by a security	224,239	62,449
Subordinated debts	0	0
TOTAL	**444,133**	**383,247**

NOTE 18A – FAIR VALUE OPTION FINANCIAL LIABILITIES THROUGH PROFIT OR LOSS	12/31/09			12/31/08		
	Book value	Amount due at maturity	Difference	Book value	Amount due at maturity	Difference
Due to banks	4,067	2,998	1,069	14,674	15,456	(782)
Customer items	59,519	58,425	1,094	10,988	10,993	(5)
Debt represented by a security	224,239	218,610	5,629	62,449	61,818	631
Subordinated debts	0	0	0	0	0	0
TOTAL	**287,825**	**280,033**	**7,792**	**88,111**	**88,267**	**(156)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 – CUSTOMER ACCOUNTS

	12/31/09	12/31/08
Savings accounts governed by special regulations	14,875,567	14,455,077
• Demand	10,969,345	10,656,221
• Term	3,906,222	3,798,856
Debts related to savings account	3	4
Subtotal	14,875,570	14,455,081
Current accounts	4,857,756	4,150,978
Term accounts and term loans	1,378,102	1,471,832
Repurchase agreements	0	0
Reinsurance liabilities	24,445	22,770
Related liabilities	32,287	30,740
Subtotal	6,292,590	5,676,320
TOTAL	**21,168,160**	**20,131,401**

NOTE 20 – DEBT SECURITIES IN ISSUE

	12/31/09	12/31/08
Certificates of deposit	25,280	12,280
Interbank market securities and negotiable debt securities	5,131,760	7,431,974
Bond issues	8,734,403	9,220,010
Related liabilities	233,021	272,761
TOTAL	**14,124,464**	**16,937,025**

NOTE 21 – ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

	12/31/09	12/31/08
Accruals – liabilities		
Blocked accounts for collection operations	273,255	315,438
Foreign currency adjustment accounts	44,864	11,037
Expenses payable	145,068	127,945
Miscellaneous accrual accounts	647,701	530,008
Subtotal	1,110,888	984,428
Other liabilities		
Settlement accounts for securities transactions	75,287	25,531
Outstanding payments on securities	2,641	4,174
Miscellaneous creditors	292,240	263,560
Subtotal	370,168	293,265
Other insurance liabilities		
Security deposits and guarantees received	12,407	9,377
Other	0	0
Subtotal	12,407	9,377
TOTAL	**1,493,463**	**1,287,069**

NOTE 22 – INSURANCE COMPANIES' TECHNICAL RESERVES

	12/31/09	12/31/08
Life	19,232,257	17,541,515
Non life	292,779	271,948
Units of account	4,413,869	3,559,200
Other	82,629	71,665
TOTAL	**24,021,534**	**21,444,328**

NOTE 23 – PROVISIONS

	12/31/08	Allocations	Write-backs (used)	Write-backs (not used)	Other move-ments	12/31/09
Provisions for pension costs	92,462	9,200	(6,070)	(203)	(4,764)	**90,625**
Provisions recognised for home savings accounts and plans	46,297	0	(19,278)	(71)	0	**26,948**
Other	73,846	30,199	(13,449)	(7,706)	(17)	**82,873**
TOTAL	**212,605**	**39,399**	**(38,797)**	**(7,980)**	**(4,781)**	**200,446**

NOTE 23A – PROVISIONS FOR PENSION COSTS AND SIMILAR BENEFITS
Defined post-employment-type benefits other than pension benefits

	12/31/08	Allocations	Write-backs	Other movements	12/31/09
Retirement benefits	30,650	2,878	(113)	(5,390)	**28,025**
Defined-benefit plans	39,267	3,837	(6,160)	3,042	**39,986**
Work medals	22,546	2,485	0	(2,416)	**22,615**
TOTAL	**92,462**	**9,200**	**(6,273)**	**(4,764)**	**90,625**

NOTE 23B – PROVISIONS FOR REGULATED SAVINGS PRODUCT RISKS
Deposits collected under home purchase savings schemes during the savings period - Provisions

	12/31/09		12/31/08	
	Deposits (*)	Provisions	Deposits (*)	Provisions
Home purchase savings plans	2,263,810	1,064	2,436,701	7,474
• Under 4 years old	479,339	1,058	461,142	6,346
• Between 4 and 10 years old	986,602	0	1,144,772	997
• Over 10 years old	797,868	6	830,787	130
Home purchase savings accounts	917,604	15,406	897,484	29,546
TOTAL	**3,181,413**	**16,470**	**3,334,185**	**37,020**

(*) November

LOANS GRANTED UNDER HOME PURCHASE SAVINGS SCHEMES – PROVISIONS	12/31/09		12/31/08	
	Loans (*)	Provisions	Loans (*)	Provisions
Home purchase savings plans	88,529	762	80,113	733
Home purchase savings accounts	326,027	9,716	299,589	8,544
TOTAL	**414,556**	**10,478**	**379,702**	**9,277**

(*) November

NOTE 24 – SUBORDINATED DEBT	12/31/09	12/31/08
Subordinated debt	876,366	833,985
Equity instruments with no voting rights	27,658	27,736
Indefinite-term subordinated debt	245,625	409,715
Other liabilities	48,459	48,458
Related liabilities	10,930	15,099
TOTAL	**1,209,038**	**1,334,993**

SUBORDINATED DEBTS REPRESENTING AT LEAST 10% OF THE TOTAL SUBORDINATED DEBTS AT DECEMBER 31, 2009

Issuers	Issue date	Amount	Currency	Rate	Due
Crédit Mutuel Arkéa	07/05/04	250,000	Euro	CMS 10 years + 0.10	Indertermined
Crédit Mutuel Arkéa	02/22/06	300,000	Euro	Euribor 3 months + 0.20 (0.70 after 02/25/2011)	02/22/16
Crédit Mutuel Arkéa	05/21/07	300,000	Euro	Euribor 3 months + 0.20	05/21/17
Crédit Mutuel Arkéa	09/18/08	300,000	Euro	6.75%	09/18/18
TOTAL		**1 150 000**			

The €164 million in subordinated securities subscribed in December 2008 by the French state-owned investment company (SPPE) were repaid in October 2009.

NOTE 25 – SHARE CAPITAL AND RESERVES CONSOLIDATED RESERVES	12/31/09	12/31/08
Share capital	1,203,586	842,865
Share capital related reserves	4,906	4,906
Consolidated reserves	2,017,413	2,019,656
• Statutory reserve	237,621	225,648
• Reserves provided for in the articles of incorporation and contractual reserves	1,050,529	951,833
• Regulated reserves	0	0
• Translation reserves	0	0
• Other reserves (including impacts related to first-time adoption)	690,790	804,665
• Retained earnings	38,473	37,510
TOTAL	**3,225,905**	**2,867,427**

The Group's share capital consists of the shares held by the depositors/shareholders of the banking institution.

The Group's regulatory capital amounted to 3,826 million euros at December 31, 2009 compared to 3,530 million euros at December 31, 2008. The shareholders' equity of the financial conglomerate totaled 4,315 million euros as of December 31, 2009, compared with 3,880 million euros as of December 31, 2008.

The primary regulatory ratios are discussed in the Group management report. The Group's capital adequacy ratio is compliant with the regulatory requirement.

NOTE 26 – UNREALISED OR DEFERRED GAINS OR LOSSES	12/31/09	12/31/08
Unrealised or deferred gains or losses * on:		
• available-for-sale assets	(31,290)	(217,216)
• cash flow hedge derivatives	(41,395)	(51,627)
• real property (IAS 16)	0	0
• Other	0	0
TOTAL	**(72,685)**	**(268,843)**

* Balances net of tax.

NOTE 27 – BREAKDOWN OF FINANCIAL LIABILITIES ACCORDING TO MATURITY DATE	*Residual maturity*					
	Less than 3 months	Over 3 months – 1 year	Over 1 year – 5 years	Over 5 years	Debts and accrued interest receivable	Total
Financial liabilities at fair value through profit or loss	100,044	28,189	205,334	109,259	1,307	**444,133**
Due to banks	1,166,270	2,851,222	1,449,114	176,366	56,881	**5,699,853**
Customer items	16,751,288	1,527,921	2,452,645	405,654	30,652	**21,168,160**
Debt represented by a security	1,866,082	2,884,844	4,930,563	4,442,202	773	**14,124,464**
Subordinated debt	0	0	2,153	919,343	287,542	**1,209,038**

This analysis is based on contractual and not discounted maturities.

NOTE 28 – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES RECOGNIZED AT AMORTIZED COST	12/31/09			12/31/08		
	Fair value	Book value	Unrealised gains and losses	Fair value	Book value	Unrealised gains and losses
Assets						
Due from banks	7,386,886	7,556,465	(169,579)	8,409,246	8,373,175	36,071
Loans and advances to customers	31,192,840	30,862,901	329,939	28,878,698	29,355,723	(477,025)
Held-to-maturity financial assets	390,505	393,962	(3,457)	573,040	590,021	(16,981)
Liabilities						
Due to banks	5,724,298	5,699,853	24,445	4,119,549	4,080,351	(39,198)
Customer accounts	21,175,675	21,168,160	7,515	20,134,121	20,131,401	(2,720)
Debt securities in issue	14,319,025	14,124,464	194,561	16,539,892	16,937,025	397,133
Subordinated debts	1,138,850	1,209,038	(70,188)	1,180,149	1,334,993	154,844

NOTE 29 – COMMITMENTS GIVEN AND RECEIVED	12/31/09	12/31/08
Commitments given	8,889,965	8,248,674
Financing commitments given	6,054,465	5,643,477
• to banks and financial institutions	368,293	542,725
• to customers	5,686,172	5,100,752
Guarantees given	2,063,522	1,986,929
• to banks and financial institutions	44,070	46,058
• to customers	2,019,452	1,940,871
Commitments on securities	771,978	618,268
• repurchase agreements	0	0
• other commitments given	771,978	618,268
Commitments received	4,287,753	4,130,426
Financing commitments received	2,093,514	2,297,518
• from banks and financial institutions	2,093,514	2,297,518
• from customers	0	0
Guarantees received	1,191,973	1,147,061
• from banks and financial institutions	334,074	244,543
• from customers	857,899	902,518
Commitments on securities	1,002,266	685,847
• reverse repurchase agreements	0	0
• other commitments received	1,002,266	685,847

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financing commitments given include the 107 million euros cash advance made to CRH to fund it.

Analysis of the value of assets pledged as liability guarantees at December 31, 2009:

	12/31/09
European Investment Bank	647,710
Caisse de Refinancement de l'Habitat	2,841,177
Société de Financement de l'Economie Française	1,842,677
Banque de France	2,302,087
TOTAL	**7,633,651**

Notes on the income statement (In thousands of euros)

NOTE 30 – INTEREST INCOME AND EXPENSE	12/31/09		12/31/08	
	Income	Expense	Income	Expense
Financial institutions and central banks	267,651	(189,208)	332,494	(194,241)
Customers	1,468,555	(447,129)	1,513,041	(603,004)
Fair value option assets/liabilites through profit or loss	0	0	0	0
Derivative hedge instruments	330,800	(375,023)	321,375	(339,968)
Available-for-sale financial assets	97,758	0	221,311	0
Held-to-maturity financial assets	14,179	0	17,937	0
Debts securities in issue	0	(537,144)	0	(782,084)
Subordinated debt	0	(20,174)	0	(13,478)
TOTAL	**2,178,943**	**(1,568,678)**	**2,406,157**	**(1,932,775)**

NOTE 31 – NET FEE AND COMMISSION INCOME	12/31/09		12/31/08	
	Income	Expense	Income	Expense
Financial institutions	4,339	(1,163)	3,105	(1,345)
Customers	29,762	(812)	77,839	(4,044)
Derivatives	4,172	(1,736)	7,938	(12,809)
Foreign currency	3,180	(344)	12,036	(10,542)
Financing and guarantee commitments	46	(771)	0	(81)
Securities and services	387,117	(102,973)	373,321	(128,884)
TOTAL	**428,616**	**(107,799)**	**474,239**	**(157,705)**

NOTE 32 – NET GAINS (LOSSES) ON FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/09	12/31/08
Instruments held for trading	(50,404)	(132,003)
Fair value option instruments	50,865	(56,680)
Hedging ineffectiveness	15,096	(831)
• cash flow hedges	2,879	392
• fair value hedges	12,217	(1,223)
• change in fair value of hedged items	(23,351)	(99,055)
• change in fair value of hedges	35,568	97,832
Foreign exchange losses	439	(18,508)
TOTAL OF CHANGES IN FAIR VALUE	**15,996**	**(208,022)**

NOTE 33 – NET GAINS (LOSSES) FROM TRADING TRANSACTIONS

	12/31/09				12/31/08			
	Dividends	Realized gains/losses	Impair-ment	**Total**	Dividends	Realized gains/losses	Impairment	**Total**
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	(18,376)	0	**(18,376)**	0	1,378	0	**1,378**
Stocks and other variable-income securities	3,759	(7,855)	(32)	**(4,128)**	5,943	25,515	(21,159)	**10,299**
Investment secu-rities	2,439	6,433	(198)	**8,674**	10,733	7,041	(6,724)	**11,050**
Other	0	0	0	**0**	0	0	0	**0**
TOTAL	**6,198**	**(19,798)**	**(230)**	**(13,830)**	**16,676**	**33,934**	**(27,883)**	**22,727**

NOTE 34 – INCOME/EXPENSE FROM OTHER BUSINESS

	12/31/09		12/31/08	
	Produits	Charges	Produits	Charges
Insurance business	5,275,610	(4,898,003)	3,524,484	(3,081,464)
Investment property	2,200	(14,550)	2,466	(12,071)
Other income	72,164	(23,848)	60,692	(17,198)
TOTAL	**5,349,974**	**(4,936,401)**	**3,587,642**	**(3,110,733)**

NOTE 35 – GENERAL OPERATING EXPENSES

	12/31/09	12/31/08
Personnel expense	(549,310)	(490,144)
Other expense	(353,299)	(340,147)
TOTAL	**(902,609)**	**(830,292)**

NOTE 35A – PERSONNEL EXPENSE

	12/31/09	12/31/08
Salaries, wages and compensation	(312,124)	(294,918)
Payroll taxes	(150,853)	(141,909)
Mandatory and optionnal employee profit-sharing	(45,047)	(15,754)
Taxes, levies and similar payments on compensation	(41,286)	(37,563)
Other	0	0
TOTAL	**(549,310)**	**(490,144)**

The Group's employees have accumulated 751,671 training hours corresponding to vested rights under the French Employee Access to Training law.

NOTE 35B – AVERAGE STAFF

	12/31/09	12/31/08
Employees	3,633	3,685
Executives and experts	3,824	3,656
TOTAL	**7,457**	**7,341**

NOTE 35C – POST-EMPLOYMENT BENEFITS, DEFINED BENEFIT PLANS
Change in actuarial liability

	Defined-benefit plans	Retirement benefits	Work medals	**TOTAL 12/31/09**
Gross actuarial liability at December 31, 2008 *	**42,753**	**29,520**	**21,540**	**93,813**
Cost of services rendered during the period	1,765	1,377	1,344	4,486
Financial cost	2,072	1,501	1,141	4,714
Benefits paid (mandatory)	(6,160)	(113)	0	(6,273)
Actuarial gains / losses	4,167	(3,895)	(1,410)	(1,138)
GROSS ACTUARIAL LIABILITY AT DECEMBER 31, 2009	**44,597**	**28,390**	**22,615**	**95,602**

* excluding GICM

ANALYSIS OF CHARGE TO THE INCOME STATEMENT

	Defined-benefit plans	Retirement benefits	Work medals	**TOTAL 12/31/09**
Cost of services rendered during the year	1,765	1,377	1,344	4,486
Financial cost	2,072	1,501	1,141	4,714
Expected return on plan assets	(946)	(890)	(640)	(2,476)
Past service cost	406	32	0	438
Actuarial gains and losses recognized in income	4,367	(3,678)	(1,283)	(594)
CHARGE TO THE INCOME STATEMENT	**7,664**	**(1,658)**	**562**	**6,568**

CHANGE IN FAIR VALUE OF PLAN ASSETS AND REIMBURSEMENT RIGHTS

	Defined-benefit plans	Retirement benefits	Work medals	TOTAL 12/31/09
Fair value of assets at December 31, 2008	**24,736**	**23,591**	**17,031**	**65,358**
Expected return on assets	946	890	640	2,476
Actuarial gains / losses on plan assets	(200)	(209)	(125)	(534)
Employer contributions	7,826	1,091	505	9,422
Benefits paid	(6,160)	(112)	0	(6,272)
FAIR VALUE OF ASSETS AT DECEMBER 31, 2009	**27,148**	**25,251**	**18,051**	**70,450**

NET POSITION

	Defined-benefit plans	Retirement benefits	Work medals	TOTAL 12/31/09
Gross actuarial liability at end of period	**44,597**	**28,390**	**22,615**	**95,602**
Unrecognized past service cost	(4,611)	(365)	0	(4,976)
Net actuarial liability at end of period	**39,986**	**28,025**	**22,615**	**90,626**
Fair value of assets	(27,148)	(25,251)	(18,051)	(70,450)
NET POSITION	**12,838**	**2,774**	**4,564**	**20,176**

HEDGING ASSETS: COMPOSITION AND TYPE OF FUND

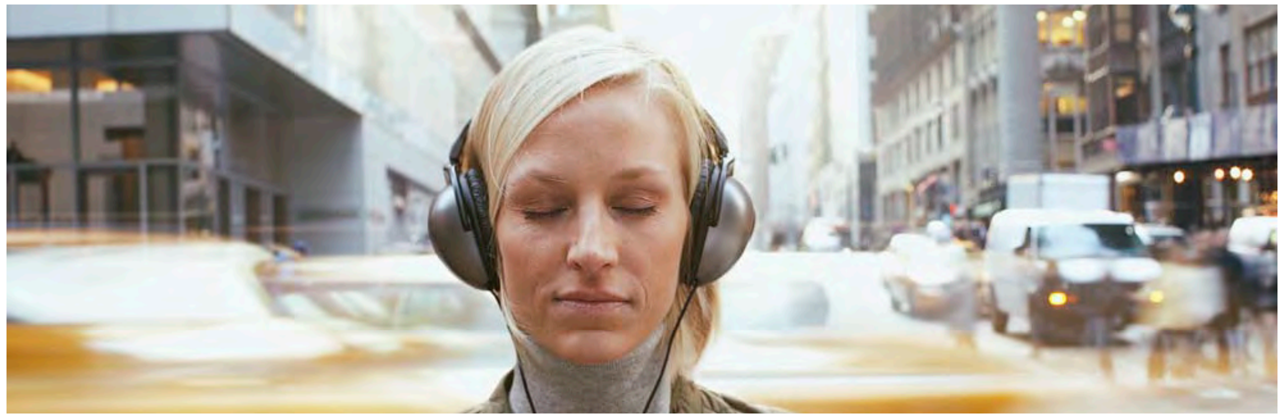
Composition of assets	12/31/09*	12/31/08
% Bonds	86.4%	82.9%
% Equities	7.3%	7.2%
% Other assets	6.3%	9.9%

* at November 30, 2009

NOTE 35D – OTHER EXPENSE

	12/31/09	12/31/08
Taxes other than on income or payroll-related	(38,345)	(38,601)
External services	(314,955)	(301,547)
Other expenses	1	0
TOTAL	**(353,299)**	**(340,147)**

The independent auditor's fee recognized on the income statement for the year totaled 3,706 thousand euros. The invoiced fees pertaining to the legal audit of individual and consolidated financial statements totaled 2,606 thousand euros, while those pertaining to other services totaled 1,100 thousand euros.



NOTE 36 – ALLOCATIONS/WRITE-BACKS TO DEPRECIATION OR IMPAIRMENT ON TANGIBLE ASSETS AND INTANGIBLE ASSETS

	12/31/09	12/31/08
Depreciation and amortisation:	(67,992)	(60,283)
• tangible assets	(33,033)	(32,844)
• intangible assets	(34,959)	(27,439)
Provisions:	(20)	0
• tangible assets	12	0
• intangible assets	(32)	0
TOTAL	**(68,012)**	**(60,283)**

NOTE 37 – RISK-RELATED COSTS

	Depreciation /amortisation	Write-backs	Uncollectible accounts covered	Uncollectible accounts not covered	Collection of receivables written off	12/31/09
Financial institutions	0	0	0	0	0	**0**
Custumer	(306,788)	165,282	(36,977)	(3,899)	3,178	**(179,204)**
• Finance leases	(3,819)	3,855	(1,223)	0	0	**(1,187)**
• Other loans	(297,610)	158,311	(35,754)	(3,899)	3,178	**(175,774)**
• Financing and guarantee commitments	(5,359)	3,116	0	0	0	**(2,243)**
Available-for-sale assets	(5,607)	23,327	(23,988)	0	0	**(6,268)**
Held-to-maturity assets	0	7,864	0	0	0	**7,864**
Other	(3,754)	4,004	0	0	686	**936**
TOTAL	**(316,149)**	**200,477**	**(60,965)**	**(3,899)**	**3,864**	**(176,672)**

The net loan provision allocation on a collective basis totaled 29,620 thousand euros in 2009, compared with a net reversal of 43,229 thousands euros in 2008.

NOTE 38 – NET INCOME ON OTHER ASSETS		
	12/31/09	12/31/08
Tangible and intangible assets	(625)	755
losses on disposals	(5,985)	(2,337)
gains on disposals	5,360	3,092
Gains and losses on disposed of consolidated investments	0	0
TOTAL	**(625)**	**755**

NOTE 39 – TAX		
	12/31/09	12/31/08
Current income tax expense	(113,886)	(134,043)
Net deferred income tax expense	67,490	107,180
NET INCOME TAX EXPENSE	(46,396)	(26,863)
Income before taxes and income of companies accounted for under the equity method	198,903	43,734
EFFECTIVE TAX RATE	**23.33%**	**61.42%**

Le taux effectif du Groupe au 31 décembre s'analyse comme suit :

	12/31/09	12/31/08
Normal taxe rate	34.43%	34.43%
Permanent différences	11.61%	11.63%
Impact of tax rate on long-term capital gains ans tax relief	(0.55%)	(12.92%)
Impact of fiscal losses	(4.06%)	60.72%
Credit Tax	(0.70%)	(5.50%)
Exceptional items	0.77%	5.37%
Other	(18.17%)	(32.31%)
EFFECTIVE TAX RATE	**23.33%**	**61.42%**

The "ordinary" tax losses generated by Crédit Mutuel Arkea were capitalized in the amount of 171.1 millions euros. The unrecognized deferred tax asset amounted to 41.9 millions euros. It is also worth noting that the impairment recognized on securities available for sale reduced current taxes by 73.9 million euros.

Notes on gains and losses recognized directly in equity (In thousands of euros)

NOTE 40A. INFORMATION ON THE RECYCLING IN INCOME OF GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY		
Cumulative translation adjustments	0	30,768
Reclassification to income	0	0
Other movements	0	30,768
Revaluation of available-for-sale financial assets	188,855	(211,617)
Reclassification to income	21,200	0
Other movements	167,655	(211,617)
Revaluation of hedging derivatives	10,232	(56,351)
Reclassification to income	0	0
Other movements	10,232	(56,351)
Revaluation of non-current assets	0	0
Reclassification to income	0	0
Other movements	0	0
Actuarial gains and losses on defined benefit plans	0	0
Reclassification to income	0	0
Other movements	0	0
Share of unrealized or deferred gains or losses in equity method companies	3,795	(16,242)
TOTAL	202,882	(253,442)
TOTAL	**202 882**	**- 253 442**

NOTE 40B. TAX ON EACH COMPONENT OF GAINS OR LOSSES RECOGNIZED DIRECTLY IN EQUITY						
	12/31/09			12/31/08		
	Gross	Tax	Net	Gross	Tax	Net
Cumulative translation adjustments	0	0	0	30,768	0	30,768
Revaluation of available-for-sale financial assets	292,032	(103,177)	188,855	(319,093)	107,476	(211,617)
Revaluation of hedging derivatives	15,605	(5,373)	10,232	(85,940)	29,589	(56,351)
Revaluation of non-current assets	0	0	0	0	0	0
Actuarial gains and losses on defined benefit plans	NA	NA	NA	NA	NA	NA
Share of unrealized or deferred gains or losses in equity method companies	5,434	(1,639)	3,795	(17,986)	1,744	(16,242)
TOTAL	**313,071**	**(110,189)**	**202,882**	**(392,251)**	**138,809**	**(253,442)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other notes (In thousands of euros)

NOTE 41 – SEGMENT REPORTING

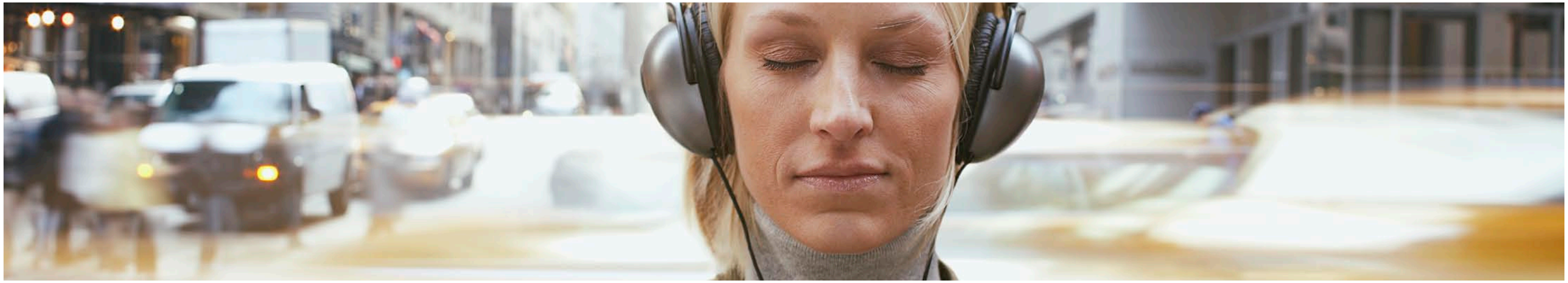
	Retail banking		Insurance and asset management		Group	
	12/31/09	12/31/08	12/31/09	12/31/08	12/31/09	12/31/08
Internal income (1)	147,669	142,934	(147,669)	(142,934)	0	0
External income (2)	898,988	659,327	447,833	422,203	1,346,821	1,081,530
Net banking income	1,046,657	802,261	300,164	279,269	1,346,821	1,081,530
Operating expenses and depreciation	(853,871)	(773,907)	(116,750)	(116,668)	(970,621)	(890,575)
Gross operating income	192,786	28,354	183,414	162,601	376,200	190,955
Cost of risk	(179,801)	(140,257)	3,129	(7,719)	(176,672)	(147,976)
Operating income	12,985	(111,903)	186,543	154,882	199,528	42,979
Share of earnings of companies carried under equity method	8,798	34,005	133	286	8,931	34,291
Others	(425)	759	(200)	(4)	(625)	755
Pre-tax income	21,358	(77,139)	186,476	155,164	207,834	78,025
Income tax	15,280	21,510	(61,676)	(48,373)	(46,396)	(26,863)
Net income	36,638	(55,629)	124,800	106,791	161,438	51,162
Minority interests	(7,105)	(7,890)	14,437	(12,529)	7,332	(20,419)
Net income, Group share	43,743	(63,519)	110,363	94,262	154,106	30,743
BUSINESS LINE ASSETS	**45,366,229**	**47,269,236**	**26,996,170**	**21,789,561**	**72,362,399**	**69,058,797**

(1) Sectoral income arising on transactions with other sectors

(2) Sectoral income arising on sales to external customers

Segment reporting is based on two business lines:

- Retail banking includes primarily the branch networks of CMB, CMSO and CMMC, the subsidiaries that finance businesses and the real estate division of the Group,
- The other business line comprises subsidiaries specia-lized in asset management and insurance.



Note 42 – Information on related parties

The related parties of Crédit Mutuel Arkéa group are the consolidated companies including those companies consolidated using the equity method. Transactions between the Group and its related parties are conducted at arm's length terms at the time the transactions are completed.

The list of companies consolidated by Crédit Mutuel Arkéa group is contained in note 43. The transactions carried out and the outstanding balances at the end of the fiscal year between fully consolidated companies are completely eliminated during the consolidation process. As a result, only the portion of the data that is not eliminated in the consolidation process and that relates to reciprocal transactions is presented in the following table, provided such data involve companies over which the Group exercises joint control (proportional consolidation) and companies over which the Group exercises a significant influence (equity method of consolidation).

Relations with the main corporate officers of Crédit Mutuel Arkéa group

The Board of Directors of Crédit Mutuel Arkéa currently consists of seventeen members appointed for three-year terms by the Regular Shareholders' Meeting. Two representatives of the Central Employee Works Committee participate in the Board of Directors meetings as non-voting members.

Total remuneration allocated to members of the Board of Directors for 2009 is 430 thousand euros.

	12/31/09			12/31/08		
	Full consolidated companies	Companies under the proportionate method	Companies under the equity method	Full consolidated companies	Companies under the proportionate method	Companies under the equity method
Assets						
Due from banks			877,724			687,161
Loans and advances to customers					3,471	
Financial assets at fair value through profit or loss						
Available for sale financial assets			150,000			750,012
Held-to-maturity financial assets						
Derivative hedging instruments						
Other assets						
Liabilities						
Due to banks			45,000			225,000
Derivative hedging instruments						
Financial liabilities at fair value through profit or loss						
Customer accounts						
Debt securities in issue						
Subordinated debts						
Other liabilities						

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 43 – Scope of consolidation

COMPANY NAME	ACTIVITY	Controlling %		Interest % Group	
		12/31/09	12/31/08	12/31/09	12/31/08
Crédit Mutuel Arkéa + Fédérations + Caisses Locales du Crédit Mutuel de Bretagne, du Sud-Ouest et du Massif Central	Crédit Mutuel regional divisions	Consolidating entity		Consolidating entity	
Full consolidated companies					
BAIL ENTREPRISES	Real-estate leasing	92.0	92.0	92.0	92.0
BANQUE COMMERCIALE POUR LE MARCHÉ DE L'ENTREPRISE	Banking	84.0	84.0	84.0	84.0
BANQUE PRIVÉE EUROPÉENNE	Banking	100.0	99.1	100.0	99.1
CAISSE DE BRETAGNE DE CRÉDIT MUTUEL AGRICOLE	Banking	92.4	92.5	92.4	92.5
CAMEFI BANQUE	Banking	51.0	51.0	51.0	51.0
COMPAGNIE EUROPÉENNE D'OPÉRATIONS IMMOBILIÈRES	Special purpose vehicle	100.0	100.0	100.0	100.0
COMPAGNIE FINANCIÈRE DU CRÉDIT MUTUEL *	Holding and lending institution	0.0	100.0	0.0	100.0
CRÉDIT MUTUEL ARKEA COVERED BONDS	Issuance of covered bonds	100.0	100.0	100.0	100.0
EOLE FINANCE *	Personal credit	0.0	100.0	0.0	73.5
FEDERAL EQUIPEMENTS	Supplies sale and equipment lease	100.0	100.0	100.0	100.0
FEDERAL FINANCE BANQUE	Banking	100.0	100.0	100.0	100.0
FEDERAL FINANCE GESTION	Mutual funds managerment	100.0	100.0	100.0	100.0
FEDERAL SERVICE	Provider of services	95.7	96.8	95.6	96.5
FINANCO	Sales point and consumer credit	98.0	73.5	98.0	73.5
FONCIÈRE INVESTISSEMENT	Real-estate investment	100.0	100.0	99.6	99.6
FORTUNEO	E-broker	100.0	100.0	100.0	100.0
GICM	IT company	100.0	-	95 .7	-
INFOLIS	IT company	100.0	100.0	100.0	100.0
NOVELIA	Insurance broker	100.0	96.0	98.4	94.4
PROCAPITAL	Provider of financial services	100.0	100.0	100.0	100.0
SOBREPAR	Venture capital	100.0	100.0	100.0	100.0
SOCIÉTÉ CIVILE IMMOBILIÈRE INTERFÉDÉRALE	Real-estate investment	100.0	100.0	100.0	100.0
SURAVENIR	Life insurance	85.0	85.0	85.0	85.0
SURAVENIR ASSURANCES	Property, car and casual risk insurance	100.0	100.0	100.0	100.0
SURAVENIR ASSURANCES HOLDING *	Insurance holding company	0.0	100.0	0.0	100.0
SYNERGIE FINANCE	Venture capital	44.5	44.5	44.5	44.5
SYNERGIE FINANCE GESTION	Portfolio management	100.0	85.0	100.0	85.0
Proportionate consolidation					
GICM	IT company	-	74.7	-	72.1
Investments accounted for under the equity method					
ACTA VOYAGES	Travel agency	40.0	40.0	40.0	40.0
CAISSE CENTRALE DU CRÉDIT MUTUEL	Crédit Mutuel organism	21.3	21.3	21.3	21.3
CRÉDIT MUTUEL CARTES DE PAIEMENTS	Bank cards management	25.0	25.0	26.6	26.6
SODELEM	Leasing	26.9	26.9	26.9	26.9

* Companies merged in 2009.

12 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Statutory auditors' report on the consolidated financial statements for the year ended 31 december 2009

This is a free translation into English of the Statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the 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 also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying consolidated financial statements of Crédit Mutuel Arkéa;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2009, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in note "Accounting Standards applied" to the consolidated financial statements, which describe the change of accounting method in application of the IAS 1 amended "Presentation of Financial Statements", amendment to IFRS 7 "Financial Statements: Disclosures" and IFRS 8 "Operating segments".

II - Justification of our assessments

The economic and financial crisis, has kept on having wide-ranging ramifications for credit institutions, notably in terms of business activity, results, risks and refinancing, as described in note « Highlights of 2009 » to the consolidated financial statements. This situation has created specific conditions this year for the preparation of the financial statements, especially 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:

Impairment provisions for credit and counterparty risk

Crédit Mutuel Arkéa records impairment provisions to cover the credit and counterparty risk inherent to its business, as described in notes « Loans and receivables due from financial institutions and customers » from the Accounting standards applied, 5, 6, 8 and 37 to the consolidated financial statements. We examined the control procedures applicable to monitoring credit and counterparty risk, impairment testing methods and determining individual and portfolio-based impairment losses.

Measurement of financial instruments

Crédit Mutuel Arkéa uses internal models and methodologies to measure its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to identifying inactive markets, verifying these models and determining the inputs used.

Impairment of available-for-sale assets

Crédit Mutuel Arkéa recognises impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in notes 4, 8, 33 and 37 to the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant captions, and the estimates used, where applicable, to record impairment losses.

Goodwill impairment tests

Crédit Mutuel Arkéa carried out impairment tests on goodwill which did not lead to the recording of impairment losses during the year ended 31 December 2009, as described in notes « Accounting for acquisitions and goodwill » from the Consolidation principles and 16 to the consolidated financial statements. We examined the methods used to implement these tests and the main assumptions and inputs used. We also reviewed the determination and accounting treatment of goodwill.

Deferred tax assets

Crédit Mutuel Arkéa recognised deferred tax assets during the year, notably in respect of tax loss carry forwards, as described in note 10 to the consolidated financial statements. We examined the main estimates and assumptions used to record these deferred tax assets.

Provisions for employee benefits

Crédit Mutuel Arkéa raises provisions to cover its employee benefit obligations, as described in notes 23, 23a and 35c to the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

Insurance

Some technical items specific to insurance companies of the Group, such as technical provisions, are estimated in the prescribed manner and using actuarial techniques. The methods of valuation and the amounts involved are described in notes 22 and 34 to the consolidated financial statements. We examined the consistency of all assumptions and calculations used models as well as compliance assessments obtained with the requirements of the regulatory and economic environment.

These assessments were made as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our unqualified opinion in the first part of this report.

III - Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report. We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 8 April 2010

The Statutory auditors

DELOITTE & ASSOCIES	MAZARS
Jean-Marc Mickeler	Franck Boyer

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Crédit Mutuel Arkéa

1 rue Louis Lichou
29480 Le Relecq-Kerhuon
+33 2 98 00 22 22

118 av. Champs Elysées
75008 Paris
+ 33 1 56 69 76 00

www.arkea09.com