

Offering Circular dated 23 June 2004

## Compagnie Financière du Crédit Mutuel

€4,000,000,000

### EURO MEDIUM TERM NOTE PROGRAMME

Under the Euro Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Compagnie Financière du Crédit Mutuel (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**").

The aggregate nominal amount of Notes outstanding will not at any time exceed €4,000,000,000 (or its equivalent in other currencies) at the date of issue.

The Programme has been registered with the Luxembourg Stock Exchange. Application will be made in certain circumstances to list Notes issued under the Programme on the Luxembourg Stock Exchange. Notes may also be listed on an alternative stock exchange or may be unlisted. The relevant Pricing Supplement (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and, if so, the relevant stock exchange(s). This Offering Circular shall, for the purposes of Notes listed on the Luxembourg Stock Exchange, be updated annually as from the date hereof.

This Offering Circular replaces and supersedes the Offering Circular dated 27 June 2003.

Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**") as more fully described herein.

Dematerialised Notes will at all times be in book entry form in compliance with Article L.211-4 of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

Dematerialised Notes which are dealt in on a regulated market may, at the option of the Issuer, be (i) in bearer form (*au porteur*) inscribed as from the issue date in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination") including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and the depositary bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), or (ii) in registered form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder (as defined in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination"), in either fully registered form (*au nominatif pur*), in which case they will be inscribed in an account maintained by the Issuer or by a registration agent (appointed in the relevant Pricing Supplement) for the Issuer, or in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholder. Dematerialised Notes which are not dealt in on a regulated market will be in registered dematerialised form (*au nominatif*) only and, at the option of the relevant Noteholder, in either fully registered form or administered form inscribed as aforesaid.

Materialised Notes will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in relation to Materialised Notes. Such Temporary Global Certificate will subsequently be exchanged for definitive Materialised Notes with, where applicable, coupons for interest attached (the "**Definitive Materialised Notes**"), on or after a date expected to be on or about the 40<sup>th</sup> day after the issue date of the Notes (subject to postponement as described in "Temporary Global Certificate in respect of Materialised Notes") upon certification as to non-US beneficial ownership as more fully described herein. Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depositary for Euroclear and Clearstream, Luxembourg, and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg, be deposited as agreed between the Issuer and the Relevant Dealer (as defined below).

Unsubordinated Notes (as defined in "Terms and Conditions of the Notes - Status") issued under the Programme have been rated A+/A-1 by Standard & Poor's Ratings Services. Dated Subordinated Notes (as defined in "Terms and Conditions of the Notes - Status") issued under the Programme have been rated A by Standard & Poor's Ratings Services. Undated Subordinated Notes (as defined in "Terms and Conditions of the Notes - Status") issued under the Programme have been rated A- by Standard & Poor's Ratings Services. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.

ARRANGER  
HSBC CCF  
DEALERS

ABN AMRO  
CAISSE INTERFEDERALE DE CREDIT MUTUEL  
DZ BANK AG

BNP PARIBAS  
DEUTSCHE BANK  
HSBC CCF

MERRILL LYNCH INTERNATIONAL

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or otherwise incorporates by reference all information with respect to the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the "Group") and the Notes that is material in the context of the issue and offering of the Notes, that the statements contained or otherwise incorporated by reference in it relating to the Issuer, the Group and the Notes are in every material particular true and accurate and not misleading, that there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes make any statement or information contained in it misleading in any material respect and that all reasonable enquiries have been made by itself to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

No person is authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers (as defined in "Summary of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Materialised Notes in bearer form, delivered within the United States or, in the case of certain Materialised Notes in bearer form, to, or for the account or benefit of, United States persons as defined in the U.S. Internal Revenue Code of 1986. The Notes are being offered and sold outside the United States of America to non-U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S").

For a description of these and certain further restrictions on offers, sales and transfers of Notes and on distribution of this Offering Circular, see "Subscription and Sale".

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. Neither the Arranger nor any of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor any of the Dealers undertakes to review the financial or general condition of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with any Tranche (as defined in "Summary of the Programme"), one of the Dealers may act as a stabilising agent (the "Stabilising Agent"). The identity of the Stabilising Agent will be disclosed in the relevant Pricing Supplement.

In connection with each Tranche in relation to which a Stabilising Agent is appointed, the Stabilising Agent or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Any such transactions will be carried out in accordance with applicable laws and regulations.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "euro" or "EUR" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997), references to "£", "pounds sterling" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "US Dollar" are to the lawful currency of the United States of America, references to "¥", "JPY" and "Yen" are to the lawful currency of Japan and references to "CHF" and "Swiss Francs" are to the lawful currency of the Helvetic Confederation.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This Offering Circular should be read and construed in conjunction with any amendments or supplements to this Offering Circular, each relevant Pricing Supplement, the most recently published audited consolidated and non-consolidated annual accounts and any interim consolidated and non-consolidated accounts (whether audited or subject to a limited review) of the Issuer published subsequently to such annual accounts of the Issuer from time to time, each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. All documents incorporated by reference in this Offering Circular may be obtained, free of charge, at the offices of each Paying Agent set out at the end of this Offering Circular during normal business hours so long as any of the Notes are outstanding.

## **SUPPLEMENTAL OFFERING CIRCULAR**

The Issuer has given an undertaking to the Dealers and to the Luxembourg Stock Exchange that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular (including the "Terms and Conditions of the Notes") whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes, submit such amendment or supplement to the Luxembourg Stock Exchange for approval and supply each Dealer and the Luxembourg Stock Exchange with such number of copies of such amendment or supplement as may reasonably be requested. All documents prepared in connection with the registration of the Programme will be available at the specified office of the Paying Agent in Luxembourg.

## TABLE OF CONTENTS

|   | <b>Page</b> |
|---|-------------|
| Summary of the Programme.....   | 6           |
| Terms and Conditions of the Notes .....   | 15          |
| Use of proceeds .....   | 48          |
| Temporary Global Certificates in respect of Materialised Notes .....  | 49          |
| Description of the Group .....  | 51          |
| Report of the Statutory Auditors on the consolidated financial statements of the Issuer for the year ended 31 December 2003 .....     | 87          |
| Consolidated financial statements of the Issuer for the year ended 31 December 2003 .....   | 88          |
| Report of the Statutory Auditors on the non-consolidated financial statements of the Issuer for the year ended 31 December 2003 ..... | 110         |
| Non-consolidated financial statements of the Issuer for the year ended 31 December 2003 .....   | 111         |
| Capitalisation table of the Issuer as of 31 December 2003 .....   | 129         |
| Form of Pricing Supplement .....  | 130         |
| Subscription and Sale .....   | 144         |
| General Information .....   | 148         |

## SUMMARY OF THE PROGRAMME

*The following summary is qualified in its entirety by the remainder of this Offering Circular. The Notes will be issued on such terms as shall be agreed between the Issuer and the Relevant Dealer(s) and, unless specified to the contrary in the relevant Pricing Supplement, will be subject to the Terms and Conditions set out on pages 15 to 47.*

|                     |  |
|---------------------|--|
| <b>Issuer:</b>      | Compagnie Financière du Crédit Mutuel.   |
| <b>Description:</b> | Euro Medium Term Note Programme<br>(the " <b>Programme</b> ").   |
| <b>Arranger:</b>    | CCF.   |
| <b>Dealers:</b>     | ABN AMRO Bank N.V., BNP PARIBAS, Caisse Interfédérale de<br>Crédit Mutuel, CCF, Deutsche Bank AG London, DZ BANK AG<br>Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main and<br>Merrill Lynch International. |

The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

At the date of this Offering Circular, only credit institutions and investment firms incorporated in a Member State of the European Union ("EU") and which are authorised by the relevant authority of such member home state to lead-manage bond issues in such Member State may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.

|   |  |
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| <b>Programme Limit:</b>                             | Up to €4,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. |
| <b>Fiscal Agent and<br/>Principal Paying Agent:</b> | Kredietbank S.A. Luxembourgeoise   |
| <b>Paying Agents:</b>                               | CCF as Paris Paying Agent<br>Kredietbank S.A. Luxembourgeoise as Luxembourg Paying Agent   |
| <b>Method of Issue:</b>                             | The Notes will be issued on a syndicated or non-syndicated basis.  |

The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical save as to the first payment of interest), the Notes of each Series being intended to be interchangeable (*fongibles*) with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical (*assimilables*) to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "**Pricing Supplement**").

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month from the date of original issue as specified in the relevant Pricing Supplement, except (i) in the case of Subordinated Notes which proceeds constitute *fonds propres complémentaires* within the meaning of Article 4(c) of the *Comité de la Réglementation Bancaire et Financière* ("**CRBF**") Regulation no. 90-02 of 23 February 1990 as amended which will have no maturity, (ii) in the case of Subordinated Notes which proceeds constitute *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended which minimum maturity will be of five years, (iii) in the case of Subordinated Notes which proceeds constitute *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended which minimum maturity will be of two years, or (iv) in any case such other minimum maturity as may be required by the applicable legal and/or regulatory requirements.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. dollars, Japanese yen, Swiss francs and in any other currency agreed between the Issuer and the relevant Dealer(s).

**Euro**

The Arranger, each Dealer and the Issuer will, in relation to any issue of Notes denominated in Euro, comply with the Guidelines provided by the letter dated 1 October 1998 from the French Minister of Economy, Finance and Industry to the *Président* of the *Association française des établissements de crédit et des entreprises d'investissement* (the "**Euro Guidelines**").

## Swiss francs

Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on Article 7 of the Federal Law on Banks and Savings Banks of 8 November 1934 (as amended) and Article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 in connection with Article 2, paragraph 2 of the Ordinance of the Federal Banking Corporation on Stock Exchanges and Securities Trading of 2 December 1996. Under such regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the "**Swiss Dealer**"), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant issue date for such a transaction.

### Denomination(s):

Subject to any applicable laws and regulations in force at the time, Notes will be in such denomination(s) as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Dematerialised Notes shall be issued in one denomination only.

### Status of the

#### Unsubordinated Notes:

Unsubordinated Notes ("**Unsubordinated Notes**"), and, where applicable, any relative Coupons and Receipts, will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.



**Status of the  
Subordinated Notes:**

(i)  
Subordinated notes ("**Subordinated Notes**", which term shall include both Subordinated Notes with a specified maturity date ("**Dated Subordinated Notes**") and Subordinated Notes without a specified maturity date ("**Undated Subordinated Notes**")), and, where applicable, any relative Coupons and Receipts, will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future unsecured subordinated obligations of the Issuer with the exception of any *prêts participatifs* granted to the Issuer and any *titres participatifs* issued by the Issuer. Subject to applicable laws, in the event of voluntary liquidation or judicial liquidation (*liquidation judiciaire*) of the Issuer, the rights of payment of the holders of Subordinated Notes shall be subordinated to the payment in full of the unsubordinated creditors of the Issuer but, subject to such payment in full, the holders of Subordinated Notes shall be paid in priority to any *prêts participatifs* granted to the Issuer and to any *titres participatifs* issued by the Issuer.

The proceeds of the Subordinated Notes may or may not, as described in the applicable Pricing Supplement and subject to the approval of the *Secrétariat Général de la Commission Bancaire*, constitute (i) *fonds propres complémentaires* within the meaning of Article 4(c) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended; (ii) *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended; and (iii) *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, if such Regulation is applicable. See "Terms and Conditions of the Notes – Status".

Payments of interest in respect of Undated Subordinated Notes will be subject to deferral in accordance with Condition 5(h). See "Terms and Conditions of the Notes – Interest and Other Calculations".

**Negative Pledge for  
Unsubordinated Notes:**

There will be a negative pledge in respect of Unsubordinated Notes as set out in Condition 4. See "Terms and Conditions of the Notes – Negative Pledge".

**Events of Default:**

The terms of the Notes will contain events of default in respect of Unsubordinated Notes as set out in Condition 9(a) and limited events of default only in respect of Subordinated Notes as set out in Condition 9(b). See "Terms and Conditions of the Notes – Events of Default".

**Redemption Amount:**

Subject to any applicable laws and regulations in force at the time, the relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity

of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

**Optional Redemption:**

The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption.

**Redemption by Instalments:**

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Early Redemption:**

Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to their stated maturity only for tax reasons and, in respect of Subordinated Notes, subject to the approval of the *Secrétariat Général de la Commission Bancaire*. See "Terms and Conditions of the Notes – Redemption, Purchase and Options".

**Taxation:**

Payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131 *quater* of the French *Code général des impôts*, to the extent that the Notes are issued (or deemed to be issued) outside France.

The Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside France (i) if such Notes are denominated in Euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than Euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in France in connection with their initial distribution and such Notes are offered in France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L.411-2 of the French *Code monétaire et financier* or (iii) in the case of non-syndicated issues of Notes denominated in currencies other than Euro, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France, in each case as more fully set out in the Circular of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Pricing Supplement, Notes constituting *obligations* under French law and denominated in currencies other than Euro may be issued on a non-syndicated basis and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not

benefit from the exemption from deduction at source provided by Article 131 *quater* of the French *Code général des impôts* and payments under such Notes made to a non-French resident will be exempt from withholding or deduction at source only if the beneficiary of the payment provides certification that he is not resident in France, all in accordance with the provisions of Article 125 A III of the French *Code général des impôts*, as more fully described in "Terms and Conditions of the Notes - Taxation".

The tax regime applicable to Notes which do not constitute *obligations* under French law will be set out in the relevant Pricing Supplement.

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

**Floating Rate Notes:**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by the 2001 FBF Master Agreement relating to transactions on forward financial instruments (formerly 1994 AFB Master Agreement for Foreign Exchange and Derivatives Transactions), as supplemented by the Technical Schedules published by the *Association Française des Banques* or the FBF, or
- (ii) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement),

in each case as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Dual Currency Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Pricing Supplement.

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| <b>Index Linked Notes:</b> | <p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement. "<b>Index Linked Redemption Notes</b>", which may not be Subordinated Notes constituting <i>fonds propres complémentaires</i> or <i>fonds propres surcomplémentaires</i>, are Notes in respect of which amounts of principal shall be calculated by reference to an index and/or formula, and "<b>Index Linked Interest Notes</b>" (together with Index Linked Redemption Notes, "<b>Index Linked Notes</b>") are Notes in respect of which amounts of interest shall be calculated by reference to an index and/or formula.</p>  |
| <b>Other Notes:</b>        | <p>Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.</p>  |
| <b>Redenomination:</b>     | <p>Notes issued in the currency of any Member State of the EU which participates in the third stage (or any further stage) of European Monetary Union may be redenominated into Euro, all as more fully provided in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination" below.</p>  |
| <b>Consolidation:</b>      | <p>Notes of one Series may be consolidated with Notes of another Series as more fully provided in "Terms and Conditions of the Notes - Further Issues and Consolidation".</p>  |
| <b>Form of Notes:</b>      | <p>Notes may be issued in either dematerialised form ("<b>Dematerialised Notes</b>") or in materialised form ("<b>Materialised Notes</b>").</p> <p>Dematerialised Notes which are dealt in on a regulated market may, at the option of the Issuer, be issued in bearer form (<i>au porteur</i>) or in registered form (<i>au nominatif</i>) and, in such latter case, at the option of the relevant holder, in either fully registered form (<i>au nominatif pur</i>) or administered form (<i>au nominatif administré</i>). No physical documents of title will be issued in respect of Dematerialised Notes. Dematerialised Notes which are not dealt in on a regulated market will be issued in registered dematerialised form only and, at the option of the relevant holder, in either fully registered (<i>nominatif pur</i>) or administered registered (<i>nominatif administré</i>) form. See "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination".</p> |

Materialised Notes will be in bearer form only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Notes. Materialised Notes may only be issued outside France.

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| <b>Governing Law:</b>                            | French.   |
| <b>Clearing Systems:</b>                         | Euroclear France as central depositary in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.  |
| <b>Initial Delivery of Dematerialised Notes:</b> | One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>Lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depositary.  |
| <b>Initial Delivery of Materialised Notes:</b>   | On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).   |
| <b>Issue Price:</b>                              | Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.  |
| <b>Listing:</b>                                  | The Luxembourg Stock Exchange and/or any other stock exchange as specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.  |
| <b>Rating:</b>                                   | <p>Unsubordinated Notes issued under the Programme have been rated A+/A-1 by Standard &amp; Poor's Ratings Services..</p> <p>Dated Subordinated Notes issued under the Programme have been rated A by Standard &amp; Poor's Ratings Services. Undated Subordinated Notes issued under the Programme have been rated A- by Standard &amp; Poor's Ratings Services.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.</p> |

**Selling Restrictions:**

There are restrictions on the offer and sale of Notes and the distribution of offering material in various jurisdictions. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed in the relevant Pricing Supplement. See "Subscription and Sale".

The Issuer is Category 1 for the purposes of Regulation S.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Dematerialised Notes do not require compliance with the TEFRA Rules.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended, supplemented or varied by the relevant Pricing Supplement. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement (and subject to simplification by the deletion of non-applicable provisions) or (ii) these terms and conditions as so completed, amended, supplemented or varied, shall be endorsed on Definitive Materialised Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued by Compagnie Financière du Crédit Mutuel (the "**Issuer**") in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical save as to the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "**Pricing Supplement**").

The Notes are issued with the benefit of an amended and restated agency agreement dated 27 June 2003 as supplemented by a supplemental agency agreement dated [●] 2004 (the "**Agency Agreement**") between the Issuer, Kredietbank S.A. Luxembourgeoise as fiscal agent and principal paying agent and the other agents named therein. The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". The holders of the interest coupons (the "**Coupons**") relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons (the "**Talons**") for further Coupons and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Materialised Notes of which the principal is redeemable in instalments are respectively referred to below as the "**Couponholders**" and the "**Receiptholders**".

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

### 1. Form, Denomination, Title and Redenomination

#### (a) Form

Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**"), as specified in the relevant Pricing Supplement.

- (i) Title to Dematerialised Notes will be evidenced in accordance with Article L.211-4 of the French *Code monétaire et financier* by book entries (*inscriptions en*

*compte*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree no. 83-359 of 2 May 1983) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes which are dealt in on a regulated market (*admisses aux négociations sur un marché réglementé*) within the meaning of Article L.422-1 of the French *Code monétaire et financier* are issued, at the option of the Issuer, in either bearer form (*au porteur*), which will be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders, or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered form (*nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Notes or in fully registered form (*au nominatif pur*) inscribed in an account maintained by the Issuer or a registration agent (designated in the relevant Pricing Supplement) acting on behalf of the Issuer (the "**Registration Agent**").

Dematerialised Notes which are not dealt in on a regulated market (*admisses aux négociations sur un marché réglementé*) within the meaning of Article L.422-1 of the French *Code monétaire et financier* are issued in registered form (*au nominatif*) only and, at the option of the relevant holder, in either administered registered form (*au nominatif administré*) or in fully registered form (*au nominatif pur*) inscribed as aforesaid.

For the purpose of these Conditions, "**Account Holder**" means any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and the depositary bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

- (ii) Materialised Notes are issued in bearer form only. Materialised Notes in definitive form ("**Definitive Materialised Notes**") are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

*In accordance with Article L.211-4 of the French Code monétaire et financier, securities (such as Notes constituting obligations under French law) in materialised form and governed by French law must be issued outside the French territory.*

The Notes may be "**Fixed Rate Notes**", "**Floating Rate Notes**", "**Zero Coupon Notes**", "**Index Linked Notes**", "**Dual Currency Notes**" or a combination of any of the foregoing, depending on the Interest Basis and the redemption method specified in the relevant Pricing Supplement.

## (b) Denomination

Notes shall be issued in the specified denomination(s) as set out in the relevant Pricing Supplement (the "**Specified Denomination(s)**"). Dematerialised Notes shall be issued in one Specified Denomination only.



**(c) Title**

- (i) Title to Dematerialised Notes in bearer form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts maintained by the Issuer or by the Registration Agent.
- (ii) Title to Definitive Materialised Notes, including, where appropriate, Receipt(s), Coupons and/or a Talon attached, shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note (as defined below), Coupon, Receipt or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions,

"**Noteholder**" or, as the case may be, "**holder of any Note**" means (a) in the case of Dematerialised Notes, the individual or entity whose name appears in the account of the relevant Account Holder, the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (b) in the case of Definitive Materialised Notes, the bearer of any Definitive Materialised Note and the Coupons, Receipts or Talons relating to it.

Capitalised terms have the meanings given to them in the relevant Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Notes.

**(d) Redenomination**

- (i) The Issuer may (if so specified in the relevant Pricing Supplement), on any date, without the consent of the holder of any Note, Coupon, Receipt or Talon, by giving at least 30 days' notice in accordance with Condition 13 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the third stage of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "**EC**", as amended from time to time (the "**Treaty**")) or events have occurred which have substantially the same effects (in either case, "**EMU**"), redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Pricing Supplement accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".
- (ii) Unless otherwise specified in the relevant Pricing Supplement, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to Article 123(4) of

the Treaty and rounding the resulting figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to holders of Notes in accordance with Condition 13. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euros on the Redenomination Date in the manner notified to holders of Notes by the Issuer.

- (iii) In the case of Dematerialised Notes only, the Issuer may also redenominate all, but not some only, of the Notes of any Series into Euro in accordance with Article L.113-4 of the French *Code monétaire et financier* provided that references to the Franc or the ECU contained in such article shall be deemed to be references to the currency of any Member State participating in the third stage of the EMU.
- (iv) Upon redenomination of the Notes, any reference hereon to the relevant national currency shall be construed as a reference to Euro.
- (v) Unless otherwise specified in the relevant Pricing Supplement, the Issuer may, with the prior approval of the Fiscal Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated Euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to holders of Notes in accordance with Condition 15 as soon as practicable thereafter.
- (vi) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euros or any currency conversion or rounding effected in connection therewith.

## **2. Conversions and Exchanges of Notes**

### **(a) Dematerialised Notes**

- (i) Dematerialised Notes issued in bearer form (*au porteur*) may not be converted for Dematerialised Notes in registered form, whether in fully registered form (*au nominatif pur*) or in administered registered form, (*au nominatif administré*).
- (ii) Dematerialised Notes issued in registered form (*au nominatif*) may not be converted for Dematerialised Notes in bearer form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered form (*au nominatif pur*) may, at the option of the holder of such Notes, be converted into Notes in administered

registered form (*au nominatif administré*), and *vice versa*. The exercise of any such option by such holder shall be made in accordance with Article 4 of Decree no. 83-359 of 2 May 1983. Any such conversion shall be effected at the cost of such holder.

**(b) Materialised Notes**

Materialised Notes of one Specified Denomination may not be exchanged for Materialised Notes of another Specified Denomination.

**3. Status**

The obligations of the Issuer under the Notes may be either unsubordinated ("**Unsubordinated Notes**") or subordinated ("**Subordinated Notes**"), as specified in the relevant Pricing Supplement.

**(a) Status of Unsubordinated Notes**

The Unsubordinated Notes, and, where applicable, any relative Coupons and Receipts are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

**(b) Status of Subordinated Notes**

The Subordinated Notes (which term shall include both Subordinated Notes with a specified maturity date ("**Dated Subordinated Notes**") and Subordinated Notes without a specified maturity date ("**Undated Subordinated Notes**")), and, where applicable, any relative Coupons and Receipts, are direct, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future unsecured and subordinated obligations of the Issuer with the exceptions of the *prêts participatifs* granted to the Issuer and *titres participatifs* issued by the Issuer. Subject to applicable law, in the event of voluntary liquidation or judicial liquidation (*liquidation judiciaire*) of the Issuer, the rights of payment of the holders of Subordinated Notes shall be subordinated to the payment in full of the unsubordinated creditors of the Issuer but, subject to such payment in full, the holders of Subordinated Notes shall be paid in priority to any *prêts participatifs* granted to the Issuer, to any *titres participatifs* issued by the Issuer. In the event of an incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Subordinated Notes will be terminated. The holders of Subordinated Notes shall take all steps necessary for the enforcement of their rights in any collective proceedings or voluntary liquidation.

The relevant Pricing Supplement may provide for additions or variations to the Conditions applicable to the Subordinated Notes for the purposes of, *inter alia*, enabling the proceeds of the issue of such Subordinated Notes to count as (i) *fonds propres complémentaires* within the meaning of Article 4(c) of the *Comité de la Réglementation Bancaire et Financière* ("**CRBF**") Regulation no. 90-02 of 23 February 1990 as amended; (ii) *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended; or (iii) *fonds propres*

*surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, if such Regulation is applicable.

The proceeds of issues of Undated Subordinated Notes may be used, as set out in the relevant Pricing Supplement, for the purposes of off-setting losses of the Issuer and, thereafter, to allow it to continue its activities in accordance with French banking regulations. The proceeds of such issues will be classified amongst the funds of the Issuer in accordance with article 4(c) of *Règlement* no. 90-02 of the CRBF. This provision does not in any way affect any French law applicable to (i) accounting principles relating to allocation of losses, (ii) duties of the shareholders and (iii) the rights of the Noteholders to receive payment of principal and interest under the relevant Notes in accordance with the terms and conditions of such Notes.

#### 4. Negative Pledge

So long as any of the Unsubordinated Notes or, if applicable, any Receipts or Coupons relating to them, is outstanding (as defined below), the Issuer will not create or permit to subsist any mortgage, charge, pledge or other form of security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) or any guarantee or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes, and, if applicable, Receipts or Coupons relating to them, are equally and rateably secured therewith.

For the purposes of these Conditions:

"**outstanding**" means, in relation to Unsubordinated Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption, Arrears of Interest, as the case may be, and any interest payable after such date) have been duly paid as provided in Condition 7, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the Conditions, (e) in the case of Definitive Materialised Notes (i) those mutilated or defaced Definitive Materialised Notes that have been surrendered in exchange for replacement Definitive Materialised Notes, (ii) (for the purpose only of determining how many such Definitive Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Notes, pursuant to its provisions.

"**Relevant Indebtedness**" means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) or other securities which are for the time being, or capable of being, quoted, listed, or ordinarily dealt in on any regulated stock exchange, over-the counter market or other securities market (and includes *Titres de Créance Négociables* governed by Articles L.213-1 to L.213-4 of the French *Code monétaire et financier*).

The provisions of this Condition 4 shall not apply to Subordinated Notes.

## 5. Interest and other Calculations

### (a) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**"Benchmark"** means the reference rate as set out in the relevant Pricing Supplement.

**"Business Day"** means:

- (i) in the case of Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer or any successor thereto (the **"TARGET System"**) is operating (a **"TARGET Business Day"**), and/or
- (ii) in the case of a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency, and/or
- (iii) in the case of a Specified Currency and/or one or more additional business centre(s) specified in the relevant Pricing Supplement (the **"Additional Business Centre(s)"**), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres so specified.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the **"Calculation Period"**):

- (i) if **"Actual/365"**, **"Actual/365-FBF"** or **"Actual/Actual-ISDA"** is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).
- (ii) if **"Actual/Actual-ISMA"** is specified in the relevant Pricing Supplement:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

in each case, where

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date and

**"Determination Date"** means the date specified in the relevant Pricing Supplement or, if none is so specified, the Interest Payment Date.

- (iii) if **"Actual/Actual-FBF"** is specified in the relevant Pricing Supplement, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period). If the Calculation Period is of a duration of more than one year, the basis shall be calculated as follows:
- the number of complete years shall be counted back from the last day of the Calculation Period;
  - this number shall be increased by the fraction for the relevant period calculated as set out in the first paragraph of this definition.
- (iv) if **"Actual/365 (Fixed)"** is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365.
- (v) if **"Actual/360"** is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360.
- (vi) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).
- (vii) if **"30/360-FBF"** or **"Actual 30A/360 (American Bond Basis)"** is specified in the relevant Pricing Supplement, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days calculated as for 30E/360-FBF, subject to the following exception:

where the last day of the Calculation Period is the 31<sup>st</sup> and the first day is neither the 30<sup>th</sup> nor the 31<sup>st</sup>, the last month of the Calculation Period shall be deemed to be a month of 31 days.

Using the same abbreviations as for 30E/360-FBF the fraction is:

If  $dd2 = 31$  and  $dd1 \neq (30, 31)$

then :

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + (dd2 - dd1)]$$

or

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

- (viii) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
- (ix) if "**30E/360-FBF**" is specified in the relevant Pricing Supplement, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days elapsed during such period, calculated on the basis of a year comprising 12 months of 30 days, subject to the following the exception:

if the last day of the Calculation Period is the last day of the month of February, the number of days elapsed during such month shall be the actual number of days.

Where:

D1 (dd1, mm1, yy1) is the date of the beginning of the period

D2 (dd2, mm2, yy2) is the date of the end of the period

The fraction is :

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

"**Effective Date**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Pricing Supplement or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"**Euro Zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending

on (but excluding) the next succeeding Interest Period Date.

**"Interest Amount"** means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Pricing Supplement.

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in the city specified in the Pricing Supplement for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro.

**"Interest Payment Date"** means the date(s) specified in the relevant Pricing Supplement.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified in the relevant Pricing Supplement.

**"Page"** means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 ("**Reuters**") and Telerate Moneyline ("**Telerate Moneyline**")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate as disclosed in the relevant Pricing Supplement.

**"Rate of Interest"** means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions in the relevant Pricing Supplement.

**"Reference Banks"** means the institutions specified as such in the relevant Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR or EONIA is the relevant Benchmark, shall be the Euro-zone).

**"Relevant Financial Centre"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Pricing Supplement or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR or EONIA, shall be the Euro-zone) or, if none is so connected, Paris.



**"Relevant Date"** means, in respect of any Note or Coupon, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (in the case of Materialised Notes if earlier) the date seven days after that on which notice is duly given to the holders of such Materialised Notes that, upon further presentation of the Materialised Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**"Relevant Rate"** means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

**"Relevant Time"** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Pricing Supplement or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose **"local time"** means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11:00 a.m. (Brussels time).

**"Representative Amount"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Pricing Supplement or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

**"Specified Currency"** means the currency specified as such in the relevant Pricing Supplement or, if none is specified, the currency in which the Notes are denominated.

**"Specified Duration"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(c)(ii).

**(b) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date except as otherwise provided in the relevant Pricing Supplement.

If a fixed amount of interest ("**Fixed Coupon Amount**") or a broken amount of interest ("**Broken Amount**") is specified in the relevant Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Pricing Supplement.

**(c) Interest on Floating Rate Notes and Index Linked Interest Notes**

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest

Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Pricing Supplement as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and the provisions below relating to either FBF Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.

(A) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under a swap transaction (*Echange*) made pursuant to an FBF master agreement (*convention cadre FBF*) and the then applicable Interest and Currency Technical Annex (*Echange de conditions d'Intérêt ou de Devises - Additif Technique*) (the "**FBF Definitions**") and under which:

- (a) the Floating Rate is as specified in the relevant Pricing Supplement and
- (b) the Floating Rate Determination Date is as specified in the relevant Pricing Supplement

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Agent**" and

"**Floating Rate Determination Date**" are translations of the French terms "*Taux Variable*", "*Agent*" and "*Date de Détermination du Taux Variable*", respectively, which have the meanings given to those terms in the FBF Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (a) if the primary source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
  - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
  - (ii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date as disclosed in the relevant Pricing Supplement.
- (b) if the primary source for the Floating Rate is Reference Banks or if sub-paragraph (a)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and
- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, in the Euro-zone as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest

determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the relevant Pricing Supplement.

**(d) Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date pursuant to an Issuer's Option or, if so specified in the relevant Pricing Supplement, pursuant to Condition 6(e) or otherwise and is not paid when due, the amount due and payable prior to the Maturity Date shall, unless otherwise provided in the relevant Pricing Supplement, be the Early Redemption Amount. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(e)(i)).

**(e) Dual Currency Notes**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

**(f) Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Pricing Supplement.

**(g) Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.

**(h) Deferral of interest**

In the case of Undated Subordinated Notes, interest shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment. Notice of any Optional Interest Payment Date shall be given to the Noteholders in accordance with Condition 15 and to the stock exchange(s) on which the Notes are

listed, as the case may be. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date(s). Any interest normally due on an Optional Interest Payment Date but deferred by a resolution of the Board of Directors of the Issuer shall, so long as the same remains unpaid, constitute "**Arrears of Interest**" which term shall include interest on such unpaid interest as referred to below. Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Noteholders in accordance with Condition 15 but all Arrears of Interest on all Undated Subordinated Notes outstanding shall become due in full on whichever is the earliest of:

- (i) the Interest Payment Date immediately following the first *Assemblée Générale Ordinaire* of the shareholders of the Issuer noticing distributable earnings; or
- (ii) the commencement of a liquidation or dissolution of the Issuer.

For the avoidance of doubt, any such Arrears of Interest will be subordinated.

If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged to do so upon the expiration of such notice. When Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full. Arrears of Interest shall (to the extent permitted by law) bear interest accruing (but only, in accordance with Article 1154 of the French *Code civil*, after such interest has accrued for a period of one year) and compounding on the basis of the exact number of days which have elapsed at the prevailing rate of interest on the Undated Subordinated Notes in respect of each relevant Interest Period. For these purposes the following expressions have the following meanings:

"**Compulsory Interest Payment Date**" means any Interest Payment Date unless the *Assemblée Générale Ordinaire* of the shareholders of the Issuer approving the annual accounts of the Issuer for the fiscal year then ended has noticed before the Interest Payment Date the absence of distributable earnings.

"**Optional Interest Payment Date**" means any Interest Payment Date, as the case may be, other than a Compulsory Interest Payment Date.

- (i) **Margin, Rate Multipliers, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
  - (a) If any Margin or Rate Multiplier is specified in the relevant Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
  - (b) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

- (c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (w) if FBF Determination is specified in the relevant Pricing Supplement, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with halves being rounded up), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

**(j) Interest on Undated Subordinated Notes**

Payment of interest on Undated Subordinated Notes may be postponed in accordance with applicable French banking laws and regulations and, in particular, Article 4(c) of Regulation no. 90-02 dated 23 February 1990 of the CRBF, as amended from time to time.

**(k) Calculations**

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

**(l) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**

As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of Notes, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth

Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(m) Calculation Agent and Reference Banks**

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any Note is outstanding (as defined above). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris or Luxembourg office, as appropriate, or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**6. Redemption, Purchase and Options**

**(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's option in accordance with Condition 6(c) or any Noteholder's option in accordance with Condition 6(d), each Note shall be finally redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount. Subordinated Notes the proceeds of which constitute *fonds propres complémentaires* within the meaning of Article 4(c) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended shall be Undated Subordinated Notes. The Maturity Date, in relation to Subordinated Notes the proceeds of which constitute *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended, will not be less than five years from the Issue Date and where the proceeds constitute *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, will not be less than two years from the Issue Date.

**(b) Redemption by Instalments**

Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Pricing Supplement) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(c) or (d), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount. The first Instalment Date, in relation to Dated Subordinated Notes the proceeds of which constitute *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended and for the purposes of the Guide, will not be less than five years from the Issue Date and where the proceeds constitute *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, will not be less than two years and one day from the Issue Date.

**(c) Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption**

If a Call Option is specified in the relevant Pricing Supplement, the Issuer may, subject to the prior approval of the *Secrétariat Général de la Commission Bancaire* in the case of Subordinated Notes the proceeds of which constitute *fonds propres complémentaires* within the meaning of Articles 4(c) and (d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended or *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended and subject to compliance by the Issuer of all the relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the holders of Notes (or such other notice period as may be specified in the relevant Pricing Supplement) redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest), if any. Any such redemption must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed as specified in the relevant Pricing Supplement and no greater than the maximum nominal amount to be redeemed as specified in the relevant Pricing Supplement.

If any other Issuer's Option (as may be described in the relevant Pricing Supplement) is specified in the relevant Pricing Supplement, the Issuer may, subject to compliance by the Issuer of all the relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the holders of Notes (or such other notice period as may be specified in the relevant Pricing Supplement) exercise any Issuer's Option in relation to, all or, if so provided, some, of the Notes on any Option Exercise Date. Any such exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount in respect of which such



option has been exercised as specified in the relevant Pricing Supplement and no greater than the maximum nominal amount in respect of which such option has been exercised as specified in the relevant Pricing Supplement.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's Option in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the numbers of the Definitive Materialised Notes to be redeemed or in respect of which such Option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

In the case of a partial redemption of, or a partial exercise of an Issuer's Option in respect of, Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full, or applying the option to, some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed or in respect of which such Option has been exercised and those Dematerialised Notes of any Series that will not be redeemed or in respect of which such Option has not been exercised shall be made in accordance with Article 9 of Decree no. 83-359 of 2 May 1983 and the provisions of the relevant Pricing Supplement, subject to compliance with any other applicable laws and stock exchange requirements.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Materialised Notes, drawn for redemption but not surrendered.

**(d) Redemption at the Option of Noteholders and Exercise of Noteholders' Options**

If a Put Option is specified in the relevant Pricing Supplement and provided that the relevant Note is not a Subordinated Note the proceeds of which constitute *fonds propres complémentaires* within the meaning of Articles 4(c) and (d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended or *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

If any other Noteholder's Option (as may be described in the relevant Pricing Supplement) is specified in the relevant Pricing Supplement, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Pricing Supplement) exercise any Noteholder's Option in relation to such Note on the

Option Exercise Date at its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

To exercise such option or any other Noteholders' option that may be set out in the relevant Pricing Supplement the Noteholder must deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during normal business hours from any Paying Agent or the Registration Agent, as the case may be, within the notice period. In the case of Materialised Notes, the Exercise Notice shall have attached to it the relevant Notes (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paying Agent with a specified office in Paris, as specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

**(e) Early Redemption**

*(i) Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(f) or (g) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Pricing Supplement.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Amortised Nominal Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or (g) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable was the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction as provided in the relevant Pricing Supplement.

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(f) or (g) or upon it becoming due and payable as provided in Condition 9 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest) unless otherwise specified in the relevant Pricing Supplement.

**(f) Redemption for Taxation Reasons:**

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8(b) below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, and, in the case of Subordinated Notes the proceeds of which constitute *fonds propres complémentaires* within the meaning of Articles 4(c) and (d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended or *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, subject to the prior approval of the *Secrétariat Général de la Commission Bancaire*, redeem all, but not some only, of the Notes at their Early Redemption Amount together with, unless otherwise specified in the Pricing Supplement, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.
- (iii) If the Issuer would, on the next payment of principal or interest in respect of the Notes, be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 15, and, in the case of Subordinated Notes the proceeds of which constitute *fonds propres complémentaires* within the meaning of Articles 4(c) and (d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended or *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, subject to the prior approval of the *Secrétariat Général de la Commission Bancaire*, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount together with, unless otherwise specified in the Pricing Supplement, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the

latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Pricing Supplement, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, or, if applicable, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

**(g) Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified in the relevant Pricing Supplement.

**(h) Purchases**

The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise (including by tender offer) at any price. In the case of a Series of Subordinated Notes the proceeds of which constitute *fonds propres complémentaires* within the meaning of Articles 4(c) and (d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended or *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, any such purchase will be subject to the prior approval of the *Secrétariat Général de la Commission Bancaire* (i), if made in the open market, if it relates (individually or when aggregated with any previous purchase) to more than ten per cent. of the principal amount of the Notes or (ii) if made by way of a public tender offer or public exchange offer or on the over-the-counter market.

**(i) Cancellation**

All Notes purchased by or on behalf of the Issuer must be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering the relevant Temporary Global Certificate or the Definitive Materialised Notes in question, together with all unmatured Receipts and Coupons and all unexchanged Talons, if applicable, to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Definitive Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**7. Payments and Talons**

**(a) Dematerialised Notes**

Payments of principal and interest in respect of Dematerialised Notes shall (i) in the

case of Dematerialised Notes in bearer dematerialised form or administered registered form, be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of Notes and, (ii) in the case of Dematerialised Notes in fully registered form, to an account denominated in the relevant currency with a Bank designated by the relevant holder of Notes. All payments validly made to such Account Holders or Bank will be an effective discharge of the Issuer in respect of such payments.

**(b) Definitive Materialised Notes**

*(i) Method of payment*

Subject as provided below, payments in a Specified Currency will be made by credit or transfer to an account denominated in the relevant Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is euro, shall be any country in the Euro-zone, and, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively).

*(ii) Presentation and surrender of Definitive Materialised Notes, Receipts and Coupons*

Payments of principal in respect of Definitive Materialised Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of such Notes, and payments of interest in respect of Definitive Materialised Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Materialised Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Materialised Note to which it appertains. Receipts presented without the Definitive Materialised Note to which they appertain do not constitute valid obligations of the Issuer.

Upon the date upon which any Definitive Materialised Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment will be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Index

Linked Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, 5 years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Materialised Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (if appropriate) of the relevant Definitive Materialised Note.

**(c) Payments in the United States**

Notwithstanding the foregoing, if any Materialised Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) Payments subject to Fiscal Laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives but without prejudice to Condition 8. No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

**(e) Appointment of Agents**

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Offering Circular relating to the Programme of the Notes of the Issuer. The Fiscal Agent, the

Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, Registration Agent or Calculation Agent and to appoint other Fiscal Agent, Paying Agent(s), Registration Agent(s) or Calculation Agent(s) or additional Paying Agent(s), Registration Agent(s) or Calculation Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) Paying Agents having specified offices in at least two major European cities (including Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and, so long as the Notes are listed on any other stock exchange, such other city where the Notes is listed) (iv) in the case of Materialised Notes, a Paying Agent having its specified office in a Member State of the EU that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to, such Directive (which may be any of the Paying Agents referred to in (iii) above), (v) in the case of Dematerialised Notes in fully registered form, a Registration Agent and (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the holders of Notes in accordance with Condition 15.

**(f) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

**(g) Business Days for Payment**

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day unless otherwise specified in the relevant Pricing Supplement, nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as "**Additional Financial Centres**" in the relevant Pricing Supplement and (C) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.

**(h) Bank**

For the purpose of this Condition 7, "**Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

**8. Taxation****(a) Tax Exemption for Notes issued or deemed to be issued outside France**

Unless it is specified in the relevant Pricing Supplement that Condition 8(c) shall apply to the Notes, interest and other revenues with respect to Notes constituting *obligations* under French law which, as may be specified in the relevant Pricing Supplement are being issued or deemed to be issued outside the Republic of France, benefit from the exemption provided for in Article 131 *quater* of the French *Code général des impôts* from deduction of tax at source. Accordingly such payments do not give the right to any tax credit from any French source. The tax regime applicable to Notes which do not constitute *obligations* will be set out in the relevant Pricing Supplement.

*As to the meaning of the expression "issued or deemed to be issued outside the Republic of France" see "Summary of the Programme - Taxation" above.*

**(b) Additional Amounts**

If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:

**(i) Other connection**

to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to such taxes or duties by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or

**(ii) More than 30 days after the Relevant Date**

in the case of Definitive Materialised Notes, more than 30 days after the Relevant Date except to the extent that the Noteholder, Receiptholder or Couponholder would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or

**(iii) Payment to individuals**

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings



income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) **Payment by another Paying Agent**

in the case of Definitive Materialised Notes presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

(c) **Article 125 A III**

If it is provided in the relevant Pricing Supplement that this Condition 8(c) applies to the Notes, payments in respect of the Notes, Receipts or Coupons made to non-French residents will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France, or any taxing authority thereof, provided that holder of the Notes, Receipts or Coupons supplies proof of non-residency (in the form made available by the Issuer or any Paying Agent) to the Issuer or any Paying Agent in accordance with the provisions of Article 125 A III of the French *Code général des impôts*.

**9. Events of Default**

The Representative (as defined in Condition 11), upon request of any Noteholder, or in the event the Noteholders of any Series have not been grouped in a *Masse*, any Noteholder, may, upon written notice to the Fiscal Agent (with copy to the Issuer) given before all defaults shall have been cured, cause the principal amount of all Notes held by such Noteholder to become due and payable, together with any accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent if:

(a) **In the case of Unsubordinated Notes**

- (i) the Issuer is in default in the payment of principal of, or interest on, any Note (including the payment of any additional amounts mentioned in Condition 8) when due and payable and such default shall continue for more than seven (7) days thereafter; or
- (ii) the Issuer is in default in the performance of any of its other obligations under the Notes and such default has not been cured within fourteen (14) days after the receipt by the Fiscal Agent of the written notice of such default by the Representative or a Noteholder; or

- (iii) if any other present or future indebtedness for borrowed monies of the Issuer in excess of €5,000,000 (or its equivalent in any other currency), whether individually or collectively, becomes or becomes capable of being declared due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon; or
  - (iv) if the Issuer makes any proposal for a general moratorium in relation to its debt or applies for, or is subject to, the appointment of a conciliator (*conciliateur*) or a *mandataire ad hoc* or enters into an amicable settlement (*accord amiable*) with its creditors or a judgement is issued for the judicial liquidation (*liquidation judiciaire*), the judicial recovery (*redressement judiciaire*) or the transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or, to the extent permitted by applicable law, if the Issuer is subject to any other insolvency or bankruptcy proceedings or makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
  - (v) if the Issuer ceases or publicly threatens to cease to carry on all or a material part of its business or other operations or sells, transfers, lends or otherwise disposes of, directly or indirectly, all or a material part of its undertakings or assets, except in the case of a disposal, liquidation, merger or other reorganisation in which all of the Issuer's assets are transferred to a legal entity which simultaneously assumes all of the Issuer's liabilities, including the Notes, and whose main purpose, or one of whose main purpose, is the continuation of, and which effectively continues, the Issuer's activities; or
  - (vi) if it is or will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes.
- (b) **In the case of Subordinated Notes**, and in accordance with Condition 3(b), if any judgement shall be issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason then the Subordinated Notes shall become immediately due and payable, in accordance with Condition 3(b), at their principal amount together with any accrued interest to the date of payment.

## 10. Prescription

Claims against the Issuer for payment in respect of any amount due under the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 11. Representation of Noteholders

Except as otherwise provided by the relevant Pricing Supplement, holders of Notes will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

The Masse will be governed by the provisions of the French *Code de commerce* (the "**Code**") with the exception of Articles L.228-48, L.228-59 and L.228-71 and by the decree no. 67-236 of 23 March 1967, with the exception of Articles 218, 222 and 224 subject to the following provisions:

**(a) Legal Personality**

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the holders of Notes (the "**General Meeting**").

The Masse alone, to the exclusion of all individual holders of Notes, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

**(b) Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its *Conseil d'Administration*, its general managers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their board of directors, executive board or supervisory board, their statutory auditors, employees and their ascendants, descendants and spouses; or
- (iii) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative and its alternate will be set out in the Pricing Supplement. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its function or duties, if any, as set out in the relevant Pricing Supplement.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

**(c) Powers of Representative**

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the holders of Notes.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

**(d) General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 15.

Each Noteholder has the right to participate in a General Meeting in person or by proxy. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

**(e) Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders and that no amendment to the status of Subordinated Notes the proceeds of which constitute (i) *fonds propres complémentaires* within the meaning of Article 4(c) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended; (ii) *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended; and (iii) *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a quarter of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by Noteholders attending such General Meetings or represented thereat.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 15.

**(f) Information to Noteholders**

Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

**(g) Expenses**

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

**(h) Single Masse**

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche or Series of Notes will be the Representative of the single Masse of all such Series.

*In respect of any Tranche of Notes issued or deemed to be issued outside France, this Condition 11 may, if so specified in the relevant Pricing Supplement, be waived, amended or supplemented, and in respect of any Tranche issued inside France, this Condition 11 shall be waived in its entirety and replaced by the full provisions of the Code.*

**12. Modifications**

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

**13. Replacement of Definitive Materialised Notes, Receipts, Coupons and Talons**

If, in the case of any Materialised Notes, a Definitive Materialised Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for this purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in

connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **14. Further Issues and Consolidation**

### **(a) Further Issues**

Unless otherwise provided in the relevant Pricing Supplement, the Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Notes to be assimilated (*assimilées*) with the Notes provided such Notes and the further Notes carry rights identical in all respects (or identical in all respects save as to the first payment of interest) and that the terms of such Notes provide for such assimilation, and references in these Conditions to "**Notes**" shall be construed accordingly.

### **(b) Consolidation**

Unless otherwise provided in the relevant Pricing Supplement, the Issuer, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series denominated in Euro with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such other Notes have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

## **15. Notices**

- (a)** Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*); provided that, so long as such Notes are listed on any stock exchange(s), notices shall be valid if published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed which in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort*.
- (b)** Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and so long as such

Notes are listed on any stock exchange, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed which in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort*.

- (c) If any such publication is not practicable, notice shall be validly given if published in a leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur* or *au nominatif*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 15 (a), (b), (c), above; except that (i) so long as such Notes are listed on any stock exchange(s) and the rules of that stock exchange so require, notices shall also be published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading newspaper of general circulation in Europe.

## **16. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Notes, Receipts, Coupons and Talons are governed by, and shall be construed in accordance with, French law.

### **(b) Jurisdiction**

Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court in Paris.

**USE OF PROCEEDS**

The net proceeds of the issue of Unsubordinated Notes will be used for the Issuer's general corporate purposes unless otherwise specified in the relevant Pricing Supplement. The net proceeds of the issue of Subordinated Notes will be used by the Issuer in accordance with the provisions of the relevant Pricing Supplement.



## TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED NOTES

### Temporary Global Certificates

A Temporary Global Certificate without interest coupons (a "**Temporary Global Certificate**") will initially be issued in connection with each Tranche of Materialised Notes, which will be delivered on or prior to the issue date of the Tranche with a common depository (the "**Common Depository**") for Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") and for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Upon the delivery of such Temporary Global Certificate with a Common Depository, Euroclear, Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also credit with a nominal amount of Notes the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, a nominal amount of Notes that is initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg, or other clearing systems.

### Exchange

Each Temporary Global Certificate issued in respect of Materialised Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Pricing Supplement indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme-Selling Restrictions"), in whole, but not in part, for Definitive Materialised Notes and
- (ii) otherwise, in whole but not in part, upon certification as to non-U.S. beneficial ownership for Definitive Materialised Notes.

### Delivery of Definitive Materialised Notes

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to, or to the order of, the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Notes. In this Offering Circular, "**Definitive Materialised Notes**" means, in relation to any Temporary Global Certificate, the Definitive Materialised Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Notes will be security printed in accordance with any applicable legal and stock exchange requirement.

**Exchange Date**

"**Exchange Date**" means, in relation to a Temporary Global Certificate in respect of any Materialised Notes, the day falling after the expiry of 40 days after its issue date, provided that in the event any further Materialised Notes which are to be assimilated with such first mentioned Materialised Notes are issued prior to such day pursuant to Condition 14(a), the Exchange Date may, at the option of the Issuer, be postponed to the day falling after the expiry of 40 days after the issue date of such further Materialised Notes.

## DESCRIPTION OF THE GROUP

### 1. PREAMBLE

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When the Local Branches (*Caisses Locales*) of Crédit Mutuel Massif Central joined the Caisse Interfédérale de Crédit Mutuel in May 2002, the CMB-CMSO Group adopted the new name "**GROUPE CREDIT MUTUEL ARKEA**" ("**CREDIT MUTUEL ARKEA GROUP**" or "**Group**").

This name reflects the wish to develop the jointly defined structure of the Group. It is symbolic of the shared vision and aims of the members and subsidiaries built into this structure.

In the Group, **Compagnie Financière du Crédit Mutuel ("CFCM")** acts both as the investment and capital markets bank of Crédit Mutuel Arkéa Group and the holding company for the non co-operative sphere. It thus carries out two main types of activity:

- **To manage the Group's investments and refinancing; and**
- **To implement capital investments and strategic development of subsidiaries**

### 2. CREDIT MUTUEL ARKEA GROUP

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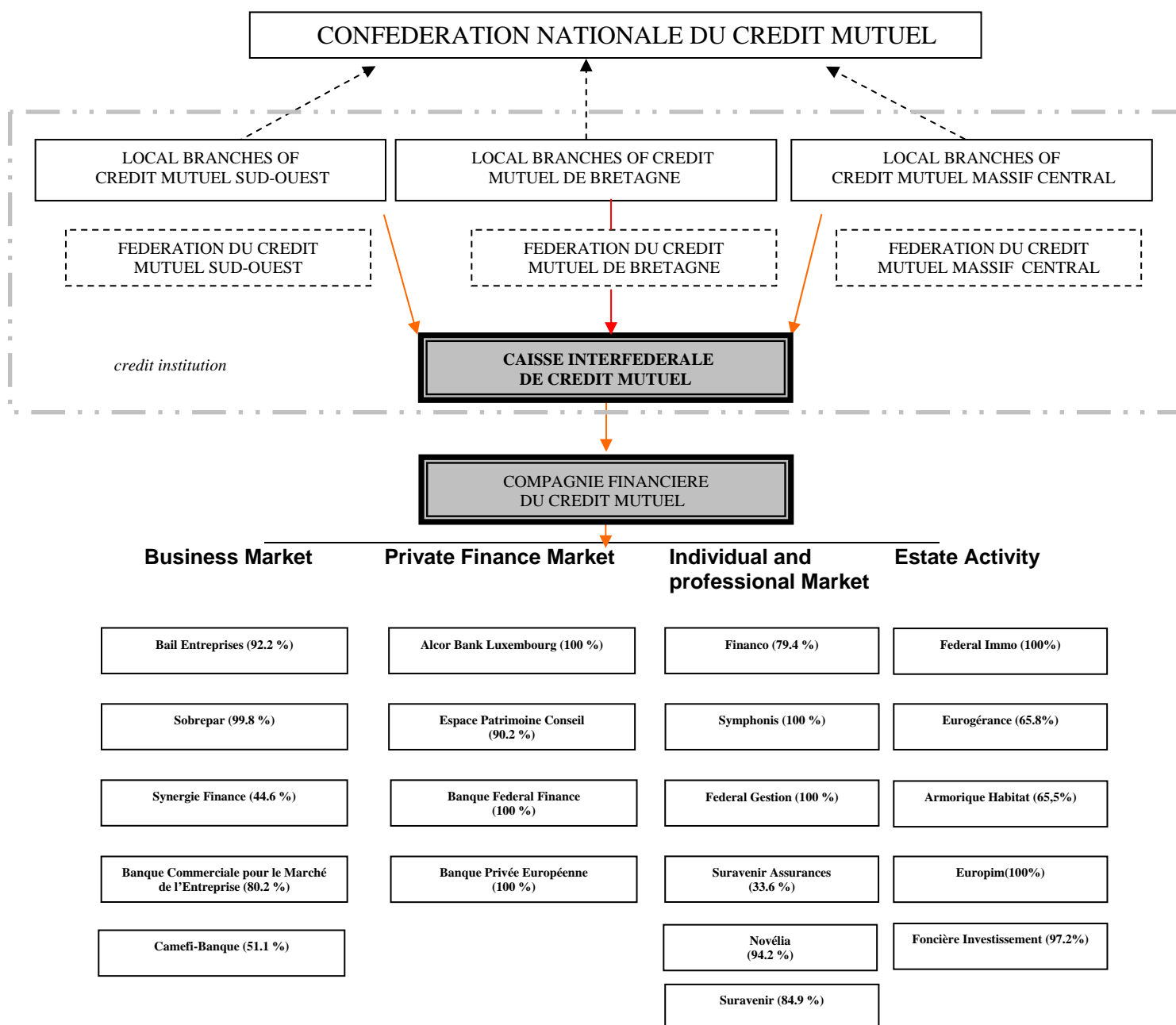
#### 2.1. Structure of Crédit Mutuel Arkéa Group

Crédit Mutuel Arkéa Group is a member of the Confédération Nationale du Crédit Mutuel ("**CNCM**"), which represents the various regional Members of Crédit Mutuel.

Crédit Mutuel Arkéa Group is built around two divisions:

- **A co-operative and mutualist Division** made up of the Caisse Interfédérale de Crédit Mutuel and three Fédérations of Crédit Mutuel: Fédération de Crédit Mutuel de Bretagne, Fédération de Crédit Mutuel du Sud-Ouest, and Fédération de Crédit Mutuel Massif Central.
- **A Division governed by French company law**, consisting of the Compagnie Financière du Crédit Mutuel, and almost 100% owned by the Caisse Interfédérale de Crédit Mutuel, and its subsidiaries.

This organisational structure allows Crédit Mutuel Arkéa Group to maintain its operating flexibility, and encourages the development of partnerships both within and outside Crédit Mutuel.



The complete list of the consolidated entities is available in the notes to consolidated statements

## 2.2. History

**In 1991**, Crédit Mutuel de Bretagne Group decided to adopt a new internal organisational structure to adapt to the requirements of a highly diversified banking and financial group with numerous subsidiaries.

The structure was based on:

- The transformation of the Caisse Fédérale du Crédit Mutuel de Bretagne into a company with two functions:
  - A holding company responsible for developing and expanding the equity holdings of Crédit Mutuel de Bretagne Group and the development of its subsidiaries;
  - manager of external financial activities (refinancing and capital markets investments).
- The creation of a Caisse Fédérale, a retail banking entity, responsible in accordance with the statute of Crédit Mutuel for internal banking business. This company was named Caisse Fédérale du Crédit Mutuel de Bretagne.

This organisational structure allows the Crédit Mutuel de Bretagne Group, to achieve several goals, including:

- Managing equity holdings and external financial partnerships in a more precise and specific way;
- Setting up a management structure for its subsidiaries; and
- Optimising capital management.

**In 1995**, the collective licence, from which the Caisse Fédérale du Crédit Mutuel de Bretagne benefited for its local Crédit Mutuel de Bretagne branches, was extended to cover Crédit Mutuel entities affiliated to the former Caisse Fédérale du Crédit Mutuel du Sud-Ouest.

This extension produced the CMB-CMSO Group under the aegis of the Caisse Interfédérale du Crédit Mutuel ("**CICM**"), the former Caisse Fédérale du Crédit Mutuel de Bretagne. As a result of this collective authorisation, the decision was taken to develop the legal and institutional organisation of Groupe CMB-CMSO in order to:

- Position the CICM as the central body of the Group with full responsibility to guarantee the financial security of the Group and to ensure its management, while consolidating strategy and major policies.
- Place CFCM as a subsidiary of CICM.
- Optimise operating methods and its internal as well as external clarity, while organising the Group around two distinct divisions:
  - A co-operative and mutualist division;
  - A division governed by general corporate law consisting of the Issuer and its subsidiaries.

**In 2002**, the collective licence was extended to the Local Branches of Crédit Mutuel affiliated until then to the Caisse Fédérale du Crédit Mutuel Massif Central.

The Local Branches are not individually licensed. In respect of the mutualist and co-operative networks, the banking authorities deliver to them a collective Caisse Fédérale licence for their networks and their affiliated Local Branches. For Crédit Mutuel Arkéa Group, the licence was granted to the Caisse Interfédérale de Crédit Mutuel. The collective licence imposes legal, regulatory and financial responsibilities on those authorised, under the terms of the Law no. 84-46 of 24 January 1984 in relation to the activity and control of banks (as consolidated in the legislative part of the *Code monétaire et financier*).

At the regulatory level, the consolidating parent company of **Crédit Mutuel Arkéa Group** is the "Caisse Interfédérale de Crédit Mutuel", a bank made up of local co-operative companies, the Local Branches of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central, the Members and the CICM.

This new collective authorisation does not modify the structure of the group, which maintains its two divisions; the Crédit Mutuel Massif Central joining the co-operative and mutualist division, and the division made up of the Issuer and its subsidiaries, which remains unchanged.

### **2.3. Activity of the Crédit Mutuel Arkéa Group**

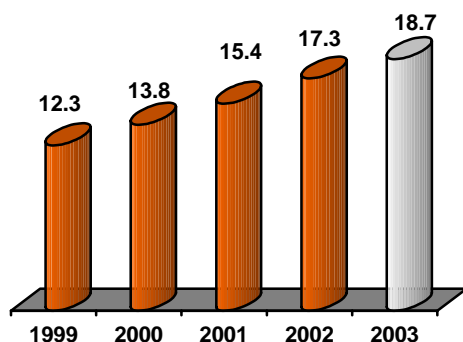
The Crédit Mutuel Arkéa Group carries out business in the areas of banking credit and savings, finance and insurance. With 6,608<sup>1</sup> employees in 2003, it experienced further commercial expansion in 2003 and built up its presence throughout France by entering into distribution agreements with external operators. 9 new Local Branches were opened in 2003, 6 for the Crédit Mutuel Massif Central and 3 for the Crédit Mutuel du Sud-Ouest.

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<sup>1</sup> Average figure for 2003

### 2.3.1 Loans

Outstanding loans at 31 December  
€Billion

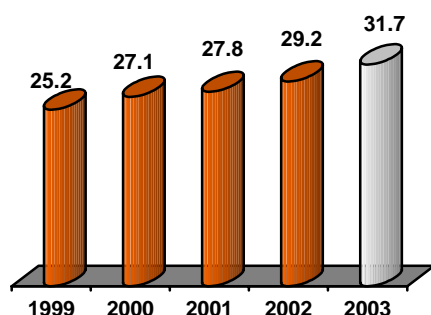


The outstanding loans amounted to €18.7 billion at 31 December 2003, an increase of 8.4%. The increase is essentially based on outstanding credit for private customers (€1.034 billion). The exposure on consumer credit, including revolving credit exposure, has risen to €2.2 billion (6.7%), which reached €10 billion at the end of 2003 for home loans (13.9%). In spite of the crisis in the primary industry and a global slowdown in business investment, the amount of outstanding loans to business remained stable. Outstanding loans to business (big companies and related professionals) amounted to €5.32 billion.

### 2.3.2 Savings

Outstanding savings at 31 December

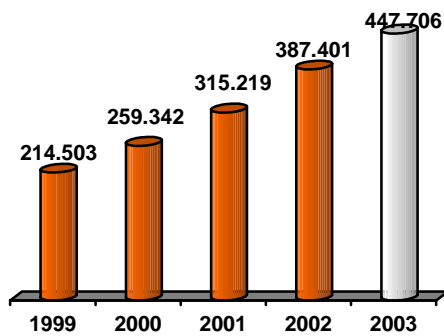
€Billion



By 31 December 2003, €31.7 billion (8.3%) worth of savings were managed by the Crédit Mutuel Arkéa Group. Outstanding banking savings increased by 6.5% in 2003. Outstanding deposit accounts increased by 6.9% and home savings by 5.7%. This year, the associates and clients of the group preferred savings products such as managed life insurances and financial savings. Outstanding managed life insurance went up by €12 billion at the end of 2003, i.e. 7.1%. The turnover of outstanding Euro contracts increased by 20%, and the turnover of multi-support products by 57%. Managed assets in financial savings increased by 7.4% mainly as a result of the growth in the financial market.

### 2.3.3 General Insurance and services

**General Insurance**  
**General Insurance Portfolio at 31 December**  
**(in thousands of contracts)**



The amount of general insurance contracts (car, household, health and various risks) increased by 15.6% in the financial year 2003. These contracts mostly came from the subsidiary Suravenir Assurances and were distributed by its network of local branches. The insurance portfolio, which increased by 23.4%, consists of all the insurance contracts proposed to customers. In addition to the above-mentioned contracts, the local branch networks market Prudential and Life Accident. Insurance contracts respectively come from the subsidiaries Suravenir and Suravenir Assurances.



### **Eurocompte**

About 468,000 associates and customers of the Local Branches adopted Eurocompte, a contract tailored for customers based on the services they would like to use. The portfolio of contracts increased by 17% in the financial year 2003.

### **Moneo**

In 2003, Crédit Mutuel Arkéa Group further developed the Moneo electronic purse. This specialised card or bankcard with this specific function may be recharged at automated teller machines or in shops. Moneo allows electronic payment of small purchases and limits handling of paper money. The number of contracts increased to 212,900, an increase of 15% for that year.

### **ATMs of Crédit Mutuel Arkéa Group**

The Group runs 922 automated teller machines. These machines were used to carry out 41.4 million operations, including 28.3 million cash withdrawal operations in 2003. The machines are accompanied by 377 *Bornes d'Impression et de Remise* (Printing and Delivery Terminals) which are progressively replacing the *Imprimantes Libre-Service* (Self-Service Printers). 120 such printers still existed at the end of 2003. These terminals also allow the printing of bank account statements, cheque deposit receipts and the printing of the scanned image of cheques deposited on receipts. These machines executed 15.1 million operations in 2003. The number of remote data collection points for the Group is 17,925 at the end of 2003.

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## Remote banking

Each year, more and more associates and customers for the three affiliated Members to the Caisse Interfédérale de Crédit Mutuel resorted to the remote banking business of Crédit Mutuel Arkéa Group named *Domiweb*.

### 2.4 Guiding subsidiaries on their markets:

CFCM is in charge of the organisation and co-ordination of the development plans of its subsidiaries in markets.

#### 2.4.1. Company finance market



In the context of global slowdown in business investment and an increase in the number of bankruptcy cases filed, **Banque Commerciale pour le Marché de l'Entreprise** ("BCME") experienced significant developments during the year 2003. The amount of medium and long-term financing reached €507 million. Outstanding loans peaked at €2,430 million (+7%) and the amount of deposits peaked at €673 million (+14%). At the end of 2003, the BCME had 1,937 corporate groups among its customers.

This development was accompanied by a growth of the commercial network. A delegation and one branch have been opened. The number of products and services, notably for cash management, has been expanded. Partnerships with the members and the subsidiaries of Crédit Mutuel have been strengthened, notably with Crédit Mutuel Normandie. BCME and CAMEFI-Banque teams were very involved in a mutual commercial dynamic.

The net profit for the year 2003 was €8.6 million<sup>2</sup> compared with €8 million in 2002, demonstrating the aggressive and, at the same time, selective development policy of the BCME.



**CAMEFI-Banque**, a joint subsidiary of Crédit Mutuel Arkéa Group and the Crédit Mutuel Méditerranéen, has 5 delegations and 584 client companies. Outstanding loans reached €200 million (+37%) and deposits €93 million (+56%). CAMEFI-Banque finished its financial year with a profit of €553,000.



**Bail Entreprises**, which specialises in property leasing, experienced a more sustained operating activity than in 2002. Partnerships with the members of Crédit Mutuel have been strengthened, notably with Crédit Mutuel Océan, Crédit Mutuel Anjou, Crédit Mutuel Maine Anjou et Basse Normandie, purchasing and holding in this company. Business increased by 36%, to €55 million. Bail Entreprises realised a profit of €2.17 million in 2003, an increase of 20% compared with 2002.



The venture capital companies are Synergie Finance and Sobrepar. The companies of the capital development arm, Synergie Finance Gestion, Synergie Finance and Sobrepar, carried out venture capital operations, for a total amount of €10.6 million, the net exposure of the portfolio was €75 million. The three companies realised a profit of €4.98 million in 2003 compared with €2.4 million in 2002 after €6.5 million paper profit.

<sup>2</sup> The profits for the subsidiaries are the net profits as at 31/12/2003.

### 2.4.2. Wealth management market

In order to improve their sales, the wealth management subsidiaries strengthened their links with a view to developing more synergy.



**Banque Privée Européenne (BPE)**, a commercial retail bank (with 27 branches), specialised in wealth management and real estate investment, has actively continued its commercial development in 2003. The company reported an increase of 30% in its funds to €493 million, mostly in the form of life-insurance and financial savings. Real estate outstanding loans reached €2 billion, i.e. +11%. BPE made a net profit of €4 million in 2003 as compared with €3.2 million in 2002.



The business of **Banque Federal Finance (BFF)**, a bank specialised in portfolio management, was hit this year by the launch of its reorganization. In addition, the volume of managed funds fell to €590 million. The quality and competitiveness of the proposed SAYE saving scheme products were confirmed in 2003 with a second position in the ranking of the financial newspaper "La Tribune". The amount of deposits peaked at €130 million (+25%). Its net profit amounted to €0.36 million, compared with €2.26 million in 2002.



**Alcor Bank Luxembourg** is a Luxembourg-based bank specialising in financial expertise in international private asset management. In the context of new provisions relating to the campaign against money laundering and to financial control, Alcor Bank Luxembourg experienced a good financial year in 2003 reflected by an increase of 24% in managed capital to €396 million. Its net profit amounted to €0.80 million compared with €0.60 million in 2002.



**Espace Patrimoine Conseil** is a financial product brokerage firm and asset management consultancy. Annual net income grew by 3% and reached €146 million, €11 million of which was related to life insurance products. Its 2003 net profit amounted to €0.8 million.

### 2.4.3 Private and professional market

The specialist subsidiaries that operate in this market are essentially those which tailor their products to the needs of the network customers of the Group: the Local Branches of Crédit Mutuel and subsidiaries of the *Entreprises* (companies) market division and *Patrimoine* (asset management) market division. They invest in line with the diversification and distribution of their products, notably by entering into sales agreements with Crédit Mutuel's partners.

- *Asset management*



In 2003, in the context of a bull market, the growth of outstandings managed by the UCITS management company, **Federal Gestion** reported an increase of 4% to €3.925 million. In the meantime, annual net funds from contributors of businesses increased by 7% to €142 million, with a significant development of the inflow from the subsidiaries of the Group, BCME and CAMEFI-Banque (€72 million compared with €16 million in 2002) and coming from the external networks..

Federal Gestion reorganized its asset management activities and pursued the development of its products in 2003, launching of two new guaranteed funds, a new line of investment funds for Crédit Mutuel Océan and a co-operation with Suravenir in a phone platform for Local Branches. Federal Gestion also went on developing its reputation and demonstrating its expertise and know-how to the media and the public. The creativity award of the index fund "Federal Indicial Apal" and notably, the second position on the podium of the *Corbeille d'Or* awarded for the best investment fund manager for the entire range, illustrate the wish of Federal Gestion to continue to improve its efficiency.

The 2003 net profit was €5.1 million compared with €5.3 million in 2002.

- *Insurance*



Ranked among the 15 leading French life insurance companies, **Suravenir** has supplied its distribution networks with a large range of life-insurance and pension products to manage and transfer family wealth, prepare for and finance retirement and family protection.

The year 2003 has been marked by the growth of the contribution of the multi-support contracts, which reported an increase by 57% to €272 million. Euro funds accounted for 77% of the turnover. Suravenir reported a turnover of €1,189 million in life insurance, an increase of 27% compared with the previous financial year, for a global outstanding amount of €12.4 billion at the end of 2003.

At the same time, the pension turnover increased to €88.4 million, notably owing to strong sales of individual pension contracts, Prévi-Famille, and an increase in the turnover realised in collective pension schemes reaching €82.2 million.

The net profit for 2003 of Suravenir of €40.1 million rose by 14% compared with that of 2002 (€35.23 million).



**Suravenir-Assurances**, a general insurance company, provides a range of products covering all the needs of individuals and families (car, household and complementary health insurance). At 31 December 2003, it managed a portfolio of

1,335,000 insurance contracts, an increase of 13% over the year.

In 2003, 159,000 new policies (excluding Assurcarte contracts) were entered into, notably owing to success in the sale of the *Garantie des Accidents de la Vie* (GAV) contract, which has been on the market since 2001.

The level of accidents in 2003 allowed Suravenir-Assurances to record a net profit of €5.6 million, an increase of 36% compared with 2002.



Formerly named Atlancourtage Bretagne, the company became **Novelia** in 2002: a name change mainly brought about by the widening of its business territory, which now reaches beyond Bretagne. Novélia is an insurance brokerage firm for individual and corporate risk, with strong experience in its core business. In 2003, it went on creating and selling insurance products, developing its network of insurance brokers (525) and promoting its products to the members of Crédit Mutuel.

A profit of €0.585 million was realised in 2003.

- *Consumer credit*



**Financo**, a bank specialised in consumer credit, experienced good business, owing notably to a development in consumer credit (+11%) compared with an increase of 5% in 2002. Its outstanding amounts increased by 17% to €831 million. The growth of outstanding loans was mainly owed to the development of consumer credit on Car-Motorbike-Leisure activities. After recording a €0.36 million benefit in 2002, the 2003 reached €1.9 million. During the financial year 2003, a new business partnership on revolving credit was signed with Cofinoga.

- *Online brokerage*



**Symphonis**, an online brokerage firm, reinforced its national reputation in 2003 by virtue of the quality and competitiveness of its financial products and services on offer. To increase its commercial development, Symphonis opened a branch in Paris. 30% of its customers were located in the Paris region.

Over the year, Symphonis increased its commercial activity by €93 million including life insurance (€8 million). Managed funds reported an increase of 103% to €224 million. Symphonis carried out 215,530 orders (an increase of 60%) over the year.

The deficit of €2.65 million is in conformity with initial forecasts compared with the deficit of €4.6 million in 2002.

#### 2.4.4. Estate Activity

A new division was created in 2003 in the Group to optimize and organize its different real-estate activities.



**Federal Immo**, holding of this division, had to lead all the real-estate activities and develop partnerships with regional agents and other subsidiaries of members of Crédit Mutuel, Ataraxia and Union Française de Gestion (UFG).



**Eurogérance**, managing company of *Sociétés Civiles de Placement Immobilier* ("SCPI"), reported a net increase in value amounting to €6.6 million compared with €1.2 million in 2002. The managed funds reached €60 million at 31 December 2003.



**Europim**. The merger of both Europim companies (Europim Bretagne and Europim Paris) marked this year. The good performance of the real estate market, in 2003, with the need to create additional products for the existing pension fund was favourable to the development of the Group's real-estate business.

Its turnover reached €1.8 million increasing by 42% compared with 2002. A profit of €0.12 million was realized in 2003.

**Foncière Investissement**. At the end of 2003, its assets consisted of 33 buildings for a net book value of €24 million. For the next 3 years, the whole investment program will peak at €60 million. The 2003 net result reached €0.45 million.

## 2.5. Prudential ratios

CFCM's prudential ratios are assessed at the consolidated Group level.

### ➤ Capital adequacy ratio

At 31 December 2003, the ratio was 136%, compared with the required legal standard of 100%. This protection is mainly ensured by 'hard' equity capital (Tier one), which represents 97.8% of the total equity capital of the Group at 31 December 2003.

### ➤ Major risk control ratio

Calculated each quarter, this ratio is constantly respected by the Group:

- The total amount of risk incurred by the same counterparty should not exceed 25% of the Group net equity capital;
- The total amount of risk incurred by counterparties, the risks for each counterparty which exceed, 10% of the consolidated net equity capital, should not exceed eight times the consolidated equity capital.

### ➤ Liquidity ratio

For monitoring short-term liquidity, the one-month regulatory liquidity coefficient stood at 131% at 31 December 2003, compared with the required legal standard of 100%.

### ➤ Equity/permanent resources ratio

For long term outlook, this prudential ratio measures the ratio of capital employed (over more than five years) to resources with a residual life of more than five years. At 31 December, this ratio stood at 91.7% for the group, higher than the regulatory standard of 60%.

## 2.6. Crédit Mutuel Arkéa Group earnings over the past three years

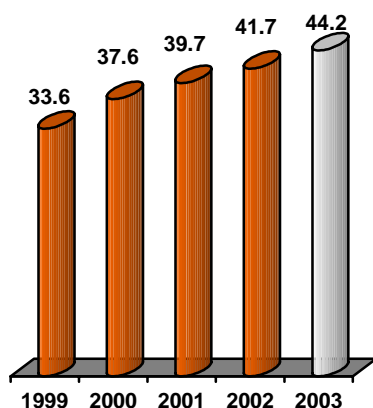
The extent of consolidation for Crédit Mutuel Arkéa Group changed with the inclusion of Camefi-Banque (by full consolidation), Groupement Informatique du Crédit Mutuel (proportionate consolidation), and with the inclusion of Crédit Mutuel Massif Central in the accounts of the consolidating entity (globalised accounts). As for the accounts of the bank, the 2001 consolidated data was not restated. Apart from these new consolidations, CFCM increased its stake in the capital of its subsidiaries Banque Federal Finance, Espace Patrimoine Conseil and Novélia and decreased its stake in the capital of Financo, Synergie Finance and Sodelem.

| €Billion                         | 2001  | 2002  | 2003  |
|----------------------------------|-------|-------|-------|
| Net banking and insurance income | 829.3 | 929.8 | 996.0 |
| Gross operating profit           | 280.5 | 294.1 | 327.1 |
| Net profit (Group share)         | 130.7 | 136.2 | 152.3 |

## ➤ Balance sheet

### Total balance sheet at 31 December

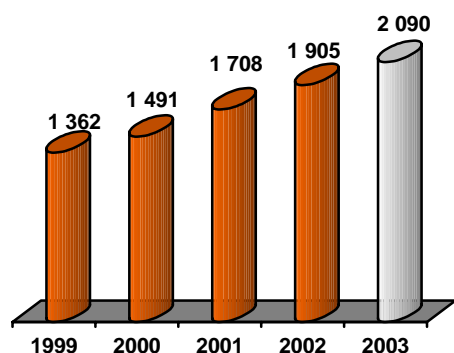
(€billion)



The Crédit Mutuel *Arkéa* Group consolidated balance sheet amounted to €44.2bn at 31 December 2003, an increase of 5.95% compared with 2002. This increase reflects the sustained marketing of loans, saving products and services.

**Group equity capital**, before allocation of the profit stood at €2.09 billion, i.e. +9.7% over one year. The growth of the *Fonds pour Risques Bancaires Généraux* (General Bank Risk Funds) stemmed from CFCM.

### Group equity capital at 31 December (€Million)



The Group equity capital at 31 December 2003, including the full-year results and reduced by payments made on shares, amounted to €2,090 billion. In 2002, the information included the subordinated debt and was reduced by payments made on shares.



### 3. THE ISSUER: COMPAGNIE FINANCIÈRE DU CRÉDIT MUTUEL

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The Issuer was incorporated on 20 October 2000, under the name of Eurobretagne VI and took the form of a *société anonyme* (French limited liability company).

The company is a subsidiary of CICM, which is owned by the Local Branches of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud Ouest and Crédit Mutuel Massif Central. The company adopted the name Compagnie Financière du Crédit Mutuel in May 2001.

Its term of existence is 99 years from the date of its incorporation.

The company is governed by:

- The *Code de commerce* (former Act of 24 July 1966 relating to commercial companies); and
- The *Code monétaire et financier* (former Act of 24 January 1984 relating to the activities and control of credit institutions).

The Issuer has taken over the dual objectives of the former Compagnie Financière du Crédit Mutuel de Bretagne:

- To carry out, on behalf of Crédit Mutuel Arkéa Group, all financial transactions on capital markets and to execute foreign transactions in association with its network of correspondent foreign banks and in particular:
- To carry out all banking and related or supplementary operations, in France and abroad, notably investment services under the terms of Article L.321-1 of the *Code monétaire et financier*, as well as insurance brokerage activities;
- To accept, hold and manage any direct or indirect holdings in any credit establishment, investment firm or financial institution or in any other company or firm which exists or may be set up; and
- To undertake, more generally, any financial, commercial, industrial, securities or property transactions which are directly or indirectly related to its objectives, as well as any similar connected or complementary transactions.
- To carry out the functions of a holding company and thus bring together and develop all of the Crédit Mutuel Arkéa Group holdings, structured as subsidiaries or affiliates of subsidiaries.

The Issuer carries on its business from its headquarters in Brest together with all of the services of the Crédit Mutuel Arkéa Group.

The headquarters of its subsidiaries have been set up in Brittany, in Paris and in Marseille. The Issuer's share capital is almost wholly owned by CICM.

### 3.1 Issuer's activities

#### 3.1.1 Capital markets and investment banking activities

##### 3.1.1.1 Loan financing

CFCM pursued its active policy of diversification and optimization of its financial resources. The setting up of an EMTN (Euro Medium Term Notes) program permitted it to establish the presence of CFCM on the market and to enhance the refinancing structure of Crédit Mutuel Arkéa Group.

This year, CFCM took up financial resources by Caisse de Refinancement de l'Habitat ("CRH") (€500 million) and by Banque Européenne d'Investissement ("BEI") (€35 million). Taking advantage of the good conditions on market, CFCM resorted, at the same time, to classical financing methods:

- EMTN reached €1.7 billion, an increase of 40% in comparison with 2003,
- Outstanding deposit certificates issued by CFCM reached €6.3 billion on 31 December 2003, compared with €6.2 billion at the end of 2002.

The amount of financial resources rose to €1.8 million.

All these operations enable Crédit Mutuel Arkéa Group to take up long term resources with an attractive price.

##### 3.1.1.2. Own account capital management

CFCM took advantage of the short time rate falling during the first half of the year.

Activities in capital management on its own account, reorganised during the financial year 2002, were led in order to reduce the exposure of CFCM to market volatility at the beginning of 2003 and to increase it during the second half of the year. In the end, CFCM stabilized the volume of financial 'assets swaps'.

At the same time, CFCM pursued a strategy of diversification of its own investments, via notably an increase of alternative UCITS amount, funds indexed on indexes (trackers) and index derivatives (options and swaps).

At the end of 2003, the total managed outstanding for own account amounted to €5.7 billion.

##### 3.1.1.3. Sales activities

The development of its trading services to companies and institutions, by delegating to BCME and CAMEFI-Banque, the two corporate banks of the Group increased the business volume.

The front office provides services in relation to three product lines:

- Foreign exchange;
- Debt management; and
- Investment of cash surplus.

##### 3.1.1.4. International services

The volume of international transactions processed by CFCM increased by 33% in 2003 and represented 158,800 operations. This year, Crédit Mutuel Anjou et Crédit Mutuel Océan began to use the international services of CFCM. Without this integration, the growth would have amounted to 4.6%.

New services have been put at the customer's disposal. Customers are now able to consult their import documentary letters of credit and access their foreign exchange accounts on the Internet from

DOMIWEB. The activity of import documentary letters increased by 60% in comparison with 2002. In addition, all customers of the network of international services of CFCM are now able to use IBAN, which improves efficiency and ensures the safety of transactions.

### **3.1.1.5. Specialised financing**

This recent business is carried out by CFCM in order to build up a diversified credit portfolio.

In the 2003 increasing market, investments realised amounted to €76.25 million (10 files).

On 31 December 2003, the total outstanding in exposure amounted to €173 million (29 files) and is shared between CFCM (€155.6 million) and BCME (€17.4 million).

### **3.1.2. Holding company activities**

#### **3.1.2.1. Financial investments**

The ownership of the subsidiaries (which are either fully controlled by Crédit Mutuel Arkéa Group, owned with several Crédit Mutuel groups, or with entities outside Crédit Mutuel) is held by the Issuer on behalf of the Crédit Mutuel Arkéa Group.

During the year 2003, the CFCM invested €28 million on asset, its portfolio of equity investments and assimilated reaching €570 million (net book value) with a 6% growth.

The significant investments were:

- The purchase of €27.6 million worth of subsidiaries' equity mainly from Suravenir (€21.5 million) and from Caisse Interfédérale de Crédit Mutuel (€5.7 million). These operations were achieved with the double aim to simplify the Group's capitalistic organization and to increase the role of CFCM as the holding company.

After these operations, CFCM directly controls:

- Banque Federal Finance at 99%;
  - Espace Patrimoine Conseil at 90%;
  - Novélia at 86%.
- The capital contribution to Union Française de Gestion (UFG SA), a subsidiary of Crédit Mutuel Nord Europe Group. UFG is the French leader in management of SCPI. UFG is a 10.24%-owned company by the Issuer.
- €2.7 million worth of Equity investments' transfer involving the equity from three subsidiaries:
  - Financo (3,5% of the capital);
  - Synergie Finance (3%);
  - Sodelem (1%).

At the beginning of 2004, CFCM sold its total investment in Bourse Direct, an on-line broker, a 17%-owned company. This investment was accounted in securities available for sale.

#### **3.1.2.2. Market guidance for subsidiaries**

Apart from financial investments, CFCM ensures the supervision and co-ordination of the development of its subsidiaries in their markets.

### 3.2. Risk management

The risk management of Crédit Mutuel Arkéa Group is organised in a global framework and filters down to each member of the Group, which comprises CFCM. The Group implemented this process respecting the rules of Confédération Nationale du Crédit Mutuel.

The risk monitoring system is based on five structures:

➤ ***Comité d'Audit du Groupe Crédit Mutuel Arkéa (Audit Committee of Crédit Mutuel Arkéa Group)***

Reformed at the beginning of 2004, this committee has four members. It meets four times a year. It validates the annual plan and examines all the work carried out by the General Inspection and Audit Committee. It oversees the operation of the Group's organs, takes note of measures for the improvement of risk appreciation set up by all the companies of the Group, ensures the correct application of the legislative and regulatory provisions governing the exercise of the profession and oversees the general control of all risks (credit risk, market risk, global rate risk, liquidity risk).

➤ ***Comité des Comptes du Groupe Crédit Mutuel Arkéa (Accounting Committee of Crédit Mutuel Arkéa Group)***

This committee has five members, who are the directors of the Caisse Interfédérale de Crédit Mutuel. It meets at least twice a year and reports on its works and conclusions to the Board of Directors of the Caisse Interfédérale de Crédit Mutuel. Its mission is to assist the Board of Directors in estimating and monitoring accounting information. Started up on 1 January 2004, it examined the 2003 annual accounts.

➤ ***Comité des Risques du Groupe Crédit Mutuel Arkéa (The Crédit Mutuel Arkéa Group Risk Committee)***

The Risk Committee, chaired by the Managing Director of the Group, monitors all the credit, market and operational risks. It determines the procedures, monitors the evolution of global commitments, fixes the maximum limits of intervention regarding quotations and makes all decisions within its competence. It also ensures that each structure of the Group operates within the general prudential framework that it has enacted.

➤ ***Direction de la Gestion des Risques de la Caisse Interfédérale (The Risk Management Division of the Caisse Interfédérale)***

Created in 2001, this Division which is independent from operating channels, carries out the daily monitoring of all the Groups' risk and in this way designs and uses the tools necessary to identify, support, prevent and reduce all risks. This Division is also in charge of the preparation of the Group for the progressive application of the restrictions under the Basel recommendations ("Basel II").

➤ ***Direction de l'Inspection Générale et de l'Audit Interne de la Caisse Interfédérale (The General Inspection and Internal Audit Committee of Caisse Interfédérale)***

The General Inspection and Internal Audit Committee directly connected with the Managing Director oversees the application of internal controls in the Group. The risk control program is drawn up by the Internal Control and Audit Committees. The main risks, linked to credit, capital markets, accounting and IT, are audited on an annual basis. The Group's major subsidiaries are audited at least once a year.

Based on the application of the *Règlement 2001-01 du Comité de Réglementation bancaire et financière*, the risk management depends on efficient internal control and a specific follow-up for each type of risk.

### **3.2.1. Exercise of the internal control**

#### **3.2.1.1. Current methods**

In conformity with the legal provisions, monitoring methods, defined by an internal monitoring Charter, apply to all entities in the Group including subsidiaries with no banking activity (insurance companies, capital management companies, brokerage firms...).

Internal monitoring seeks to verify the application of all the procedures and the organisation aimed at protecting assets, regularity of operations, application of directives, achievement of objectives, quality of information and efficiency of the operation of the business.

The application process works through:

- Updating and watching over compliance rules;
- Developing compliance instruments and monitoring investment services;
- Defining the compliance rules and monitoring their application;
- Checking these rules against the provisions passed.

The general rule is that management bears the responsibility of internal control. In the entities where size and risk justify the need, full time internal control teams are set up.

The organisation of internal control teams is undertaken by the Risk Management Division, in order to ensure uniform practice in the Group, whatever the business. Thirty-one employees were assigned to this task at the end of 2003.

An annual evaluation of internal control is carried out in each structure of the Group, in the form of a questionnaire, followed by interviews, in order to identify and estimate operational risks.

The efficiency of internal control is then estimated, in order to determine any residual risk in each structures. The results produced may give rise, if necessary, to the implementation of corrective measures during the following financial year.

As the extension of internal control, Crédit Mutuel Arkéa Group also oversees the compliance with professional ethics and the campaign against money laundering.

#### **➤ Compliance**

Since 1997, the Group has appointed a person responsible for compliance in the sense of the *Règlement Général du Conseil des Marchés Financiers*. His role is:

- To keep a compendium of the compliance rules applicable in the field of transactions on financial instruments,
- To guide employees in the application of good conduct rules, and
- Finally, to monitor the application of those rules.

He intervenes on behalf of all companies in the Group which holds an investment service provider licence. He is supported by the Group's Inspection and Audit services and also by the internal control teams of each company carrying out investment service provider activities.

The compliance rules of the Crédit Mutuel Arkéa Groupe were updated in 2003.

➤ **The campaign against money laundering and the financing of terrorism**

The Group decided to assign the mission to each operating channel.

This mission must:

- Define the general framework for the campaign in all concerned entities of the Group;
- Develop computer tools for the detection of transactions concerned;
- Assist companies in starting their training programs and participating in their implementation;
- Inform and make the management aware of developments in the law and obligations arising therefrom;
- Manage the "TRACFIN correspondents" appointed in all the companies concerned;
- Report to managers and directors.

It is within this framework that all the companies of the Group define their procedures in the campaign against money laundering, the companies implement their procedure in accordance with legal provisions as amended.

Globally, a committee oversees Internal Control more specifically.

➤ ***Le Comité de Contrôle Interne (Internal Control Committee)***

This committee, is made up of members of the General Management of the Group, including the Managing Director of CFCM. It meets four times per year to examine the results of general audits carried out on the subsidiaries, Local Branches and Central Services. It also implements recommendations issued following audits and examines developments in the Group's risks.

### 3.2.1.2. Developments in progress

#### ➤ Operational risks

At the beginning of 2002, an adjustment structure for the new rules which was imposed by the Basel II reform, was launched under the responsibility of the Risk Management Division.

A new method for the control of operational risks was launched. It produces a more accurate assessment of the risks and the associated controls, the systematic declaration of events and a regular evaluation process of the methods of control. From this important investment the Group expects a better understanding of the risks incurred and a more efficient system of control.

The three major causes of events were:

- Processing error (22%);
- Stealing and external fraud (21%);
- Defaulting customers' services (9%).

#### ➤ Professional risks

The Decree of 5 November 2001, as amended by the circular of 18 April 2002, requires each company to formalise, the results and the evaluation of health and safety risks to personnel in one document in order to set out prevention measures.

Evaluation and risk assessment measures are being applied throughout the Group in co-operation with the CHSCT (*Comité d'Hygiène, de Sécurité, et des Conditions de Travail*) and occupational medicine in accordance with a timeframe adapted to each entity.

### 3.2.2. Credit risk

#### 3.2.2.1. Surveillance and decision making process

Each company of the Group organises its credit committees and its delegation levels for the prudential process and management of risk in the Group.

Within the CFCM, the credit committee is in charge of taking decisions relating to its own transactions as well as those linked to counter-guarantees required by subsidiaries which have reached the prudential limit.

#### ➤ Rating policy

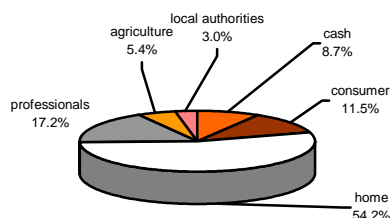
The Group generally rates the most important counterparties on the basis of their external ratings and its general business on its own internal ratings.

The procedure relating to the ratings was reviewed in the financial year 2003 in the framework of the setting up of a simplified internal rating system (IRB) consistent with requirements of Basel II. The tests after adjustments will form in 2004 the basis for the modification of management and decision-making procedures for credit in the entire Group.

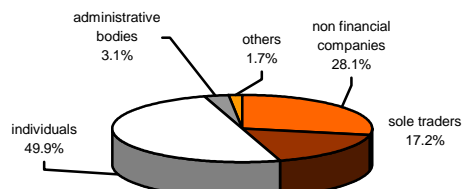
## ➤ Policy and structure of the portfolio

**Crédit Mutuel Arkéa Group** oversaw the diversification of its outstanding loans to clients on the individual as well as the sector level. The allocation of credit type demonstrates this policy:

### Credit allocation by credit type

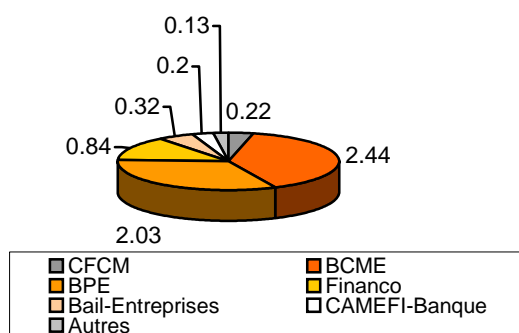


### Credit allocation by counterparty type

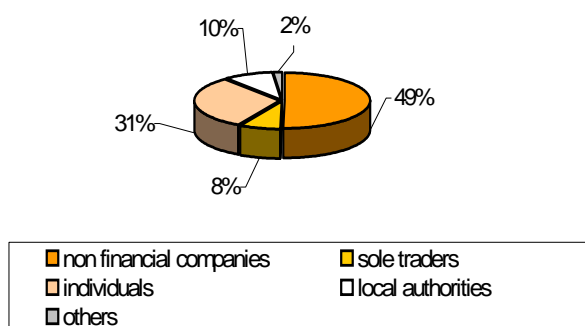


The outstanding loans of CFCM, including leasing operations, reached 9.7% over the year and stood at €6.18 billion at the end of 2003.

### Allocation by entity (€billion)

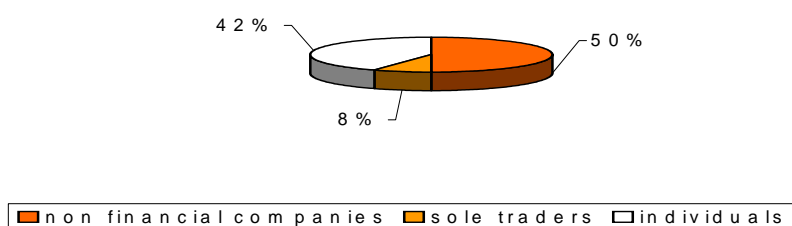


### Allocation by counterparty type



The gross amount of bad and re-structured debt of CFCM and its subsidiaries, including leasing and others, stands at €407 million, which is stable in comparison with €377 million in 2002. The gross outstanding of CEOI-BIE, a 'winding-up' management company (*société en gestion liquidative*), continued to fall (15% compared with 31 December 2002) to €90 million (€14.1 million after provision).

### Amount of bad and contested debt by counterparty type





### ➤ Amount and procedures for funding

The policy for funding is based on the study of the likelihood of recovery by each structure. The policy provides for further allowance based on a centralised review of the type of the doubtful debt, with particular regard to its term. The current implementation of computer tools to automatically review debts will render the process more efficient and in line with the provisions of the Basel II regulation.

The bad debt reserves for CFCM and its subsidiaries amounted to €232 million in 2003. The hedging rate on bad debts amounted to 57% on 31 December 2003 compared with 61% at the end of 2002. In comparison with the total amount of debt, the bad debt rate fell from 6.7% in 2002 compared with 6.3% in 2003.

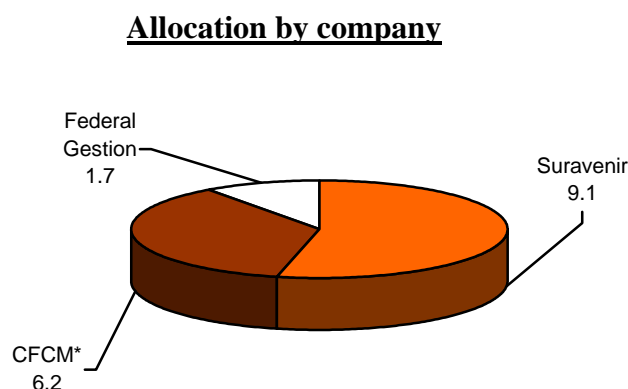
### 3.2.3. Credit risk on market counterparts

The general framework is set by the Group Risk Committee and is used by CFCM for its own activities.

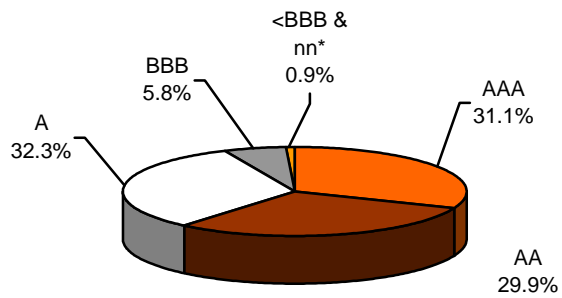
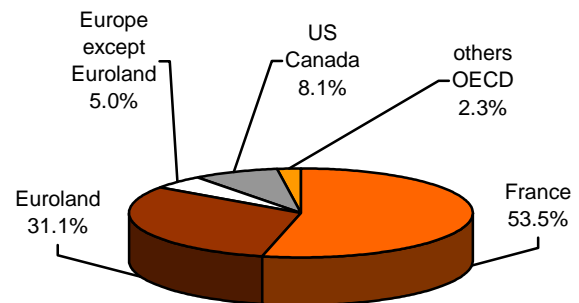
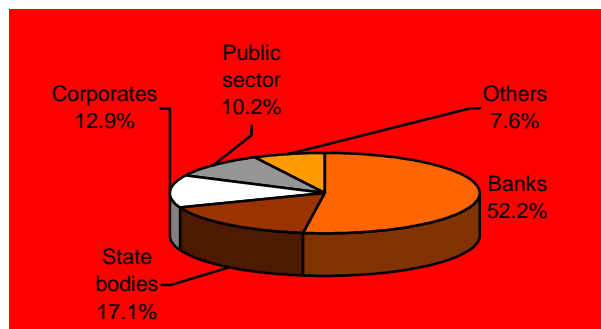
The *Comité de Contreparties* (The Counterparties Committee) of the Issuer meets every quarter. It makes recommendations on the creation and modification of risk, on the basis of analysis carried out by its Credit Analysis department. Its recommendations are presented for approval to the Board of Directors. It assigned limits to each issuer.

The Credit Analysis department also ensures daily reporting of any change in the situation of the counterparties; it produces for senior bodies of CFCM a comparison of the amount outstanding with the limits fixed.

At 31 December 2003, the amount outstanding of all the portfolios reached €17 billion.



Cautious in investment, 61% of the portfolio were rated in the AAA and the AA categories at the end of 2003. The same policy rules the geographical and counterparty allocation with a low geographical and counterparty breaking up.

**Allocation by rating****Allocation by geographical area****Allocation by type**

### 3.2.4. Market risk

Within Crédit Mutuel Arkéa Group, the market risk is almost exclusively borne by CFCM.

Within the Group limits, the Board of Directors of the Caisse Interfédérale de Crédit Mutuel fixes the strategy and the limits for risk exposure and maximum authorised losses on the basis of a proposal from the General Management.

The valuation of market risk and its monitoring carried out on the basis of the requirements of the capital adequacy regulations (Capital Adequacy Directive). Since 2002, a Value At Risk (analytical method) has been calculated with a [confidence interval] of 99% for a 10 day forecast.

At 31 December 2003, under the capital adequacy requirements for the type of market activities of the Issuer, the minimum equity capital, calculated according to the standard method, was mainly represented by the Signature risk and amounted to €64.9 million.

#### Capital adequacy requirements for the trading portfolio (€million) 75.2

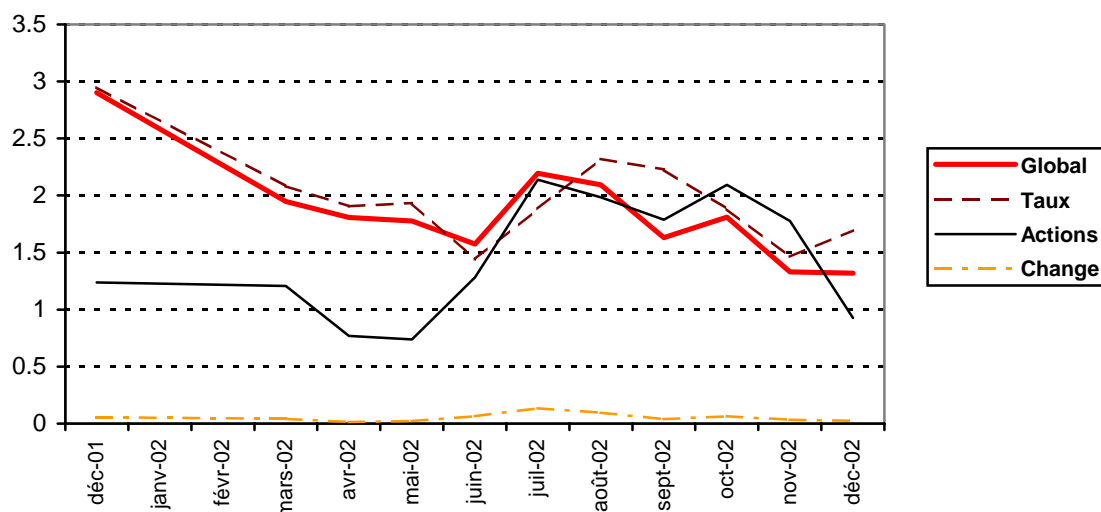
|                    |      |
|--------------------|------|
| Signature Risk     | 60.7 |
| General rate risk  | 9.5  |
| General share risk | 5.0  |
| Exchange risk      | 0.0  |

#### Value At Risk 1.0

|  |      |
|--|------|
| Rate risk                              | 0.8  |
| Share risk                             | 0.8  |
| Exchange risk                          | 0.0  |
| Reducing effect of the diversification | -0.6 |

The level of risk remained stable during the financial year. The Value At Risk was marked by the volatility of the markets and the capital adequacy requirements by the increase of outstandings' maturity.

#### VaR 10 days-99% (€million)



The results of crisis tests confirm this report. An increase of 100 basis points in the rate curve would translate into a loss of €7.1 million.

In the worst case scenario, where there is a flatness of the rate curve on the five years maturity, this loss would be €8.7 million for the same area.

**Crisis tests on the trading portfolio (€million)**

|               |                                 |       |
|---------------|---------------------------------|-------|
| Rate risk     | Uniform rise of rates of 100 bp | -7.1  |
|               | Flatness of the rate curve      | -8.7  |
| Share risk    | Drop in quotation of 20%        | -19.6 |
| Exchange risk | Unfavourable fluctuation of 10% | -0.2  |

### 3.3. Financial elements

The financial year of the Issuer runs from 1 January to 31 December. The annual results of the Issuer shown hereafter are the consolidated accounts. The 1999 and 2000 results are pro-forma, all figures are calculated in relation to pro-forma accounts.

#### 3.3.1. Statutory appropriation of earnings

At least 20% of annual earnings are allocated to legal reserves, which appear on the balance sheet. This obligation ceases when the level of reserves reaches 10% of the share capital.

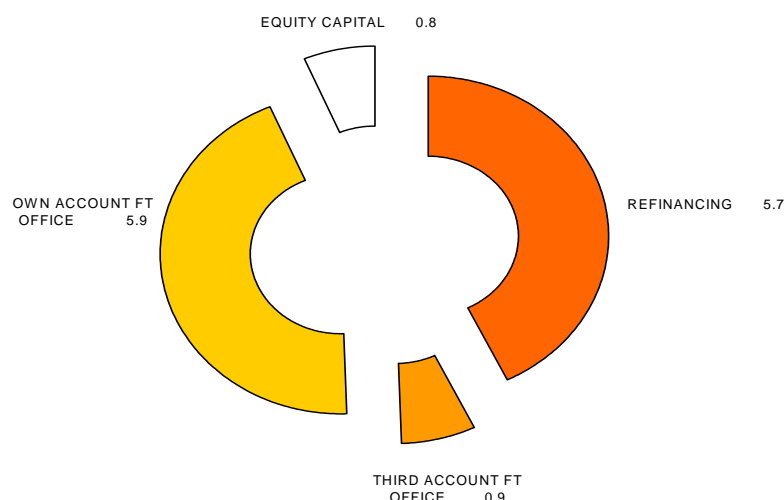
Thereafter, other sums are allocated for the remuneration of shareholders. Dividends may be paid in the form of shares if the Annual General Meeting so decides.

### 3.3.2. Accounts at 31.12.2003

#### 3.3.2.1. Balance sheet

The total balance sheet of CFCM amounted to €13.3 billion at the end of 2003. Its balance sheet is essentially composed of transactions realised on the capital markets. The refinancing of CICM, subsidiaries and other Members of Crédit Mutuel and its own front office transactions represent €5.7 billion and €5.9 billion respectively. The share capital was €715 million.

**CFCM balance sheet structure (€billion)**



#### 3.3.2.2. Off-balance sheet

The off-balance sheet of the Issuer is essentially composed of forward rate agreements financial instruments (€14.2 billion).

#### 3.3.2.3. Income statement

The net banking income increased this year because of the decrease in refinancing rates, the easing of spreads, the level of the stock portfolio and the result of business activities. The net banking income reported an increase of 24.8% to €74.5 million, compared with €59.5 million last year.

The gross operating profit of the last financial year was €60.6 million, compared with €47 million in 2002, which represents a variation of +28.9%. This variation was due to an increase of €1.2 million in management costs. The personnel costs represent almost 50%.

The €2.7 million increase in the cost of risk relates mainly to the provisions made for credit risk (€1.2 million on corporate portfolio and €1.1 million on specialised financing). A recovery of provisions made in the share holding portfolio explains the high increase (+51%) in income before tax which reached €63.5 million compared with €42.1 million in 2002. After the €10 million credit to the reserve for general banking risks and the €15.2 million tax expenses, the net income of the 2003 financial year amounted to €38,265,518.82, an increase of 21.1%.

**Net income (€million)**  
(1999 and 2000 pro-forma)

|      |      |
|------|------|
| 1999 | 25.0 |
| 2000 | 25.9 |
| 2001 | 30.9 |
| 2002 | 31.6 |
| 2003 | 38.3 |

After integration of the amount carried forward of €4,706,082.78, the paid out income of the financial year 2003 amounted to €42,971,601.60.

The net income appropriation proposed to the General Meeting of Shareholders was as follows:

|   |                      |
|---|----------------------|
| <u>Allowance for the legal reserves:</u>        | <u>1,913,275.94</u>  |
| <u>Allowance for the optional reserves:</u>     | <u>21,000,000.00</u> |
| <u>Dividend:</u>                                | <u>15,015,000.00</u> |
| <u>Profit and loss account brought forward:</u> | <u>5,043,325.66</u>  |

The dividend proposed by CFCM amounted to €0.21 per share with a €0.105 tax credit. It was €0.12 per share with a €0.06 tax credit in 2002.

### 3.3.3. Consolidated accounts at 31.12.2003

In the financial year 2003, the consolidation scope of CFCM remained overall stable as described above.

#### 3.3.3.1. Consolidated balance sheet

CFCM's total balance sheet at the end of 2003 amounted to €27.278 billion, an increase of 5.6% compared with the 31 December 2002 accounts.

**In relation to assets**, the two main items correspond with investments carried out by Suravenir (life assurance) for the benefit of its policyholders (€1.86 billion, +8.3%) and with consumer credit realised by its specialist subsidiaries (BCME, Banque Privée Européenne, Financo, Bail Entreprises) for a total amount of €6.18 billion (+9.7%), including leasing transactions.

**In relation to liabilities**, the shareholders' equity Group share increased from 7.5% to €91.7 million and represented 3.60% of the total balance sheet.

#### 3.3.3.2. Consolidated profit and loss

Net banking and insurance income stood at €364.5 million, an increase of 14.8% notably due to the efficient maintenance of income coming from the insurance business and from the investment business of CFCM.

The management costs increased by 6.5%. They reached €193.4 million at the end of December 2003 of which €78.5 million was attributed to personnel costs. The number of employees of the Group increased by more than 97 (+47%).

The consolidated gross operating profit of CFCM was €171.1 million, an increase of 27.1%. The operating ratio of the consolidated CFCM was 53% at the end of December 2003. It improved by 4.2 points in comparison with the end of 2002 (57.2%).

CFCM and its subsidiaries used the good results to boost the hedging of their risks. Thus the annual net reserve for general banking risks reached €8.6 million.

The net income of CFCM and its subsidiaries amounted to €73.7 millions in 2003, up 23% compared with the financial year 2002.

The contribution from subsidiaries to this income increased from 76.8% to 72.5% in 2002.

| €Million                         | 2001  | 2002  | 2003  |
|----------------------------------|-------|-------|-------|
| Net Banking and Insurance income | 280.6 | 317.5 | 364.5 |
| Gross operating profit           | 116.2 | 134.6 | 171.1 |
| Net profit (Group share)         | 57.3  | 60.0  | 73.7  |

### 3.3.4. Share capital

The Issuer's issued share capital is €715 million, made up of 71,500,000 ordinary shares numbered from 1 to 71,500,000 with a par value of €10.

The share capital can be increased in accordance with legal provisions. New shares can be issued either at par value or at a premium.

A capital increase can only be approved by an extraordinary general meeting, on the basis of a report by the Board of Directors.

Any increase in capital at above par value requires the unanimous approval of shareholders, unless such an increase is effected by incorporating reserves, earnings or issue premiums.

An extraordinary general meeting can delegate the necessary powers to the Board of Directors to increase the share capital on one or more occasions, to establish the terms of the increase, to certify that such terms have been carried out and to amend the company's articles of association accordingly.

A reduction in capital can be decided by an extraordinary general meeting of shareholders, which may delegate to the Board of Directors all the necessary powers to carry out such a reduction.

## 3.4. Composition of the management

The Issuer is a *société anonyme* governed by the general law of commercial companies and by the laws applicable to financial and banking institutions.

However, its membership of a mutual and co-operative bank group has an influence on its operational methods.

Thus CFCM committed itself to implementing the "best practice" governance methods.

This is illustrated by:

- The allocation of powers;
- The composition and work of the Board of Directors;
- The rights and duties of the Board of Directors;
- The methods for the indemnification and remuneration of the Directors and Executive Officers.

### **3.4.1. Allocation of powers in the company**

By implementing the proposal of the act on "New Economic Regulation" dated 15 May 2001, the Board of Directors decided to separate the functions of Chairman of the Board of Directors and Managing Director.

The Board of Directors considered that this separation of the function of direction and the function of management, guaranteed the greatest efficiency.

In accordance with the legal provisions:

- The Board of Directors determines the orientation of the company's activities, ensures their implementation, and carries out any necessary monitoring;
- The Chairman, in charge of the Board of Directors, ensures its efficient functioning, the provision of constant and complete information to the Board, and ensures co-ordination with the general management ;
- The Managing Director takes responsibility for the management of the company and represents the company vis-à-vis third parties.

Mr Yves LE BAQUER was the Chairman of CFCM since its establishment in 1991. The board of directors meeting held on 29 April 2004 appointed Mr Christian TOUZALIN as Chairman of CFCM and Mr Yves LE BAQUER as Honorary Chairman.

Mr Louis ECHELARD has been the Managing Director since 1 January 2002 and is responsible for running all operational and executive aspects.



### 3.4.2. Composition and work of the Board of Directors

At 31 December 2003, the Board of Directors consisted of 15 directors who were mainly businessmen and professionals.

Proposals for candidates for the Board are made to the General Meeting by the Board of Directors of Caisse Interfédérale de Crédit Mutuel. The term of office is 3 years and is renewable.

There are 2 employee representatives who take part in the work of the Board of Directors.

#### ➤ Composition of the Board of Directors

| <b>Chairman:</b> | <i>Date of the first appointment<br/>and expiry date of the mandate</i> |
|------------------|---|
|------------------|---|

|           |          |            |
|-----------|----------|------------|
| Christian | TOUZALIN | 1996- 2006 |
|-----------|----------|------------|

#### **Vice Chairman:**

|             |        |           |
|-------------|--------|-----------|
| Jean-Pierre | GUEDON | 1996-2006 |
|-------------|--------|-----------|

#### **Honorary Chairman:**

|      |           |      |
|------|-----------|------|
| Yves | LE BAQUER | 1991 |
|------|-----------|------|

#### **Directors:**

|               |             |           |
|---------------|-------------|-----------|
| Marcel        | BARON       | 1997-2005 |
| Rémy          | CABARET     | 1997-2006 |
| Christian     | CADIOU      | 1998-2007 |
| Jean Pierre   | CORLAY      | 1991-2006 |
| Amand         | DENIEUL     | 1991-2007 |
| Jean-François | DEVAUX      | 2003-2006 |
| Jean Louis    | DUSSOCHAUD  | 2001-2007 |
| Marcel        | GARNIER     | 2000-2005 |
| Albert        | LE GUYADER  | 1996-2005 |
| Jean Jacques  | LE PAPE     | 2001-2007 |
| François      | NICOLAS     | 1997-2006 |
| Michel        | STELLATELLI | 2002-2005 |
| Jean          | QUINTIN     | 2004-2007 |

#### ➤ Work of the Board of Directors

The Board of Directors held several meetings during the year 2003. These meetings mainly concerned:

- Examination of the business and the results of the year 2002;
- Determination of the company's strategies for the year 2004 and adoption of its operational plan for the same year;
- Definition of the internal organisation and method of organisation of the company;
- Follow-up on subsidiaries and investment and dis-investment decisions concerning the stock portfolio;

- Settlement of corporate and consolidated accounts;
- Adoption of mechanisms for monitoring risks on market transactions and business financing;
- Welcoming new partners;
- Discussion of current events linked to the business of the company and its subsidiaries.

### ➤ **Rights and duties of the Directors**

The internal regulations of Crédit Mutuel Arkéa Group define the rights and duties of the directors, but also their commitments in relation to:

- Attendance at meetings
- Training for the performance of their duties
- Independence and the prevention of conflicts-of-interest
- Professional or personal financial relationships with the Group
- Compliance with confidentiality in relation to resolutions.

The age limit of the directors is determined by the articles of association as 65 years of age for first election and 70 years of age for renewal. Their term of office of 3 years is renewable.

### ➤ **Remuneration of the General Management Committee**

The amount of the director's fees actually paid in 2003 was €9,509.

The total amount of direct and indirect remuneration received in 2003 by the members of the General Management Committee of Compagnie Financière du Crédit Mutuel was €567,000.

### ➤ **The General Management Committee**

The members of the General Management Committee:

Mr Louis ECHELARD,  
Managing director and Chairman of the General Management Committee

Mr Gilbert RICHARD,  
Deputy managing director of the Business and Local Authority Market

Mr Jean CHAUSSE,  
Director of Financial and International Markets

Mr Yann LOUARN  
Company Secretary

#### 4. RECENT DEVELOPMENTS

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At the end of December, the Board of Directors of Compagnie Financière du Crédit Mutuel and all of the subsidiaries adopted an annual strategy which defines important goals for 2004, plans of action and budgets.

Within this framework, the Compagnie Financière du Crédit Mutuel will mainly focus on:

- Accompanying the development and presence of its subsidiaries by :
  - Ensuring the complementarity of existing distribution channels;
  - Prioritizing commercial and capitalistic partnerships with the members of Crédit Mutuel;
  - Negotiating new trade agreements out of Crédit Mutuel if necessary.
- Enhancing the commercial solutions of its various network:
  - By internal innovation for products and integration of external solutions in various process providing for customers and needs;
  - By new services to the networks.
- Increasing the profitability of its activities by:
  - Optimizing the methods and the sources of refinancing;
  - Strengthening the security of transactions;
  - Reorganizing the asset management business and the private bank.

On 29 April 2004, the board of directors meeting appointed Mr Christian TOUZALIN as Chairman, Mr Yves LE BAQUER as Honorary-Chairman and Mr Jean-Pierre GUEDON as Vice-Chairman of Compagnie Financière du Crédit Mutuel.

#### 5. LIST OF POSITIONS OF THE REPRESENTATIVES OF CFCM

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##### **Christian TOUZALIN, 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 de Angoulême Ma Campagne
- Director of Caisse Interfédérale de Crédit Mutuel
- Director of Suravenir Assurances Holding
- Chairman of Suravenir Assurances
- Member of the Supervisory Board of Groupement Informatique du Crédit Mutuel
- Chief Executive Officer of STGA
- Director of Top Turbo
- Member of the Supervisory Board of Synergie Transport
- Director of SLEC
- Director of Confédération Nationale du Crédit Mutuel

##### **Jean Pierre GUEDON, Vice Chairman**

- Chairman of the Supervisory Board of Banque Federal Finance
  - Chairman of the Supervisory Board of Federal Gestion
  - Chairman of Caisse de Crédit Mutuel de Châteaugiron
  - Director of Espace Patrimoine Conseil
  - Director of Transports Armor Express
-

- Censor of SEM Agro Rennaise

#### **Yves LE BAQUER, Honorary Chairman**

- Member of the Supervisory Board of Banque Commerciale pour le Marché de l'Entreprise
- Director of Suravenir Assurances Holding
- Director of Suravenir Assurances
- Director of Banque Privée Européenne
- Director of Compagnie Européenne d'Opérations Immobilières
- Chairman of the Board of Federal Immo
- Director of Confédération Nationale du Crédit Mutuel

#### **Marcel BARON, Director**

- Director of Fédération du Crédit Mutuel de Bretagne
- Vice Chairman of Caisse de Crédit Mutuel de St Grégoire
- Chairman of the Supervisory Board of Suravenir

#### **Rémy CABARET, Director**

- Director of Acta-CMB Voyages
- Chairman of Caisse de Crédit Mutuel de Erquy - Pléneuf
- Manager of CABARET Sarl

#### **Christian CADIOU, Director**

- Vice Chairman of the Supervisory Board of the Banque Federal Finance
- Member of the Supervisory Board of the Federal Gestion
- Vice Chairman of Caisse de Crédit Mutuel de Brest Bellevue-Quizac

#### **Jean Pierre CORLAY, Director**

- Vice Chairman of Caisse de Crédit Mutuel de Quimper Centre
- Chairman of Eurogérance
- Member of Supervisory Board of Suravenir
- Director of Novelia
- Director of Symphonis
- Director of Federal Immo

#### **Amand DENIEUL, Director**

- Director of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Janzé - Piré
- Chairman of Caisse de Bretagne de Crédit Agricole Mutuel
- Member of the Supervisory Board of the Banque Commerciale du Marché de l'Entreprise
- Chairman of Fédération du Crédit Mutuel Agricole et Rural
- Chairman of Paysan Breton
- Director of Confédération Nationale du Crédit Mutuel

#### **Jean-François DEVAUX, Director**

- Chairman of Fédération du Crédit Mutuel Massif Central
  - Director of Caisse Interfédérale de Crédit Mutuel
  - Director of Caisse de Crédit Mutuel de Clermont-Fontgrière
  - Director of Confédération Nationale du Crédit Mutuel
  - Member of the Supervisory Board of Groupement Informatique du Crédit Mutuel
  - Censor of Société Clermontoise de Télévision
-

**Jean Louis DUSSOCHAUD, Director**

- Vice Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Director of Caisse Régionale Crédit Mutuel du Sud-Ouest
- Chairman of Caisse de Crédit Mutuel de Pessac - Centre
- Director of Caisse Interfédérale de Crédit Mutuel
- Director of SEM de la Teste de Buch

**Marcel GARNIER, Director**

- Chairman and Chief Executive Officer of SAS Transports Garnier
- Chairman of Banque Commerciale pour le Marché de l'Entreprise
- Vice Chairman of Caisse de Crédit Mutuel de Loudéac-Plouguenast
- Director of Synergie Finance
- Member of the Supervisory Board of Synergie Finance Gestion
- Director of Société Condi Plus

**Albert LE GUYADER, Director**

- Chairman and Chief Executive Officer of Sarrat Industrie
- Member of the Supervisory Board of Banque Commerciale pour le Marché de l'Entreprise
- Vice Chairman of Caisse de Crédit Mutuel de Lorient Porte des Indes
- Director of Sobrepar
- Member of the Supervisory Board of CAMEFI Banque

**Jean Jacques LE PAPE, Director**

- Member of the Supervisory Board of Banque Federal Finance
- Chairman of Caisse de Crédit Mutuel de Pont l'Abbé
- Director of Fédéral Immo
- Director of Armorique Habitat
- Director of Ataraxia

**François NICOLAS, Director**

- Chairman of Sobrepar
- Director of Synergie Finance
- Director of Caisse de Crédit Mutuel de Pays de Goëlo

**Michel STELLATELLI, Director**

- Chairman and Chief Executive Officer of PPS International
- Member of the Supervisory Board of Suravenir
- Member of the Supervisory Board of Federal Gestion
- Director of Caisse de Crédit Mutuel de Ploemeur

**Jean QUINTIN, Director**

- Chairman of Caisse de Crédit Mutuel de Châteaulin
  - Director of Caisse Interfédérale de Crédit Mutuel
  - Director of Fédération du Crédit Mutuel de Bretagne
  - Director of Confédération Nationale du Crédit Mutuel
-

## 6. LIST OF POSITIONS OF MEMBERS OF THE GENERAL MANAGEMENT COMMITTEE

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|                 | Main Function  | Positions held  |
|-----------------|--|---|
| Louis ECHELARD  | Chief Executive Officer                                  | Chairman of Banque Privée Européenne<br>Chairman of Symphonis<br>Chairman of the Executive Board of Suravenir<br>Director of Caisse Régionale Massif Central<br>Director of Novelia<br>Director of Eurogérance<br>Director of Infolis<br>Member of the Supervisory Board of CAMEFI Banque<br>Director of Eurobretagne<br>Director of Manche Atlantique Presse |
| Gilbert RICHARD | Executive Officer of the Business Market                 | Chairman of the Executive Board of Banque Commerciale pour le Marché de l'Entreprise<br>Chairman of the Executive Board of CAMEFI Banque<br>Director of Bail Entreprises<br>Director of Alcor Bank Luxembourg<br>Director of Synergie Finance   |
| Jean CHAUSSE    | Executive Officer of Financial and International Markets | Director of Patrimoine Retraite<br>Director of Banque des Marchés et d'Arbitrage<br>Director of Alcor Bank Luxembourg   |
| Yann LOUARN     | Company Secretary  | Director of Espace Patrimoine Conseil   |

**REPORT OF THE STATUTORY AUDITORS ON  
THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER  
FOR THE YEAR ENDED 31 DECEMBER 2003**

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we have audited the accompanying consolidated financial statements of Compagnie Financière du Crédit Mutuel for the year ended 31 December 2003.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

**I. OPINION ON THE 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, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

We would like to emphasize certain matters, which do not affect our opinion as expressed above:

- the information contained in the chapter entitled "Customer items on the asset side of the balance sheet" in the accounting principles and valuation methods section of the appendix concerning the initial application of Rule No. 2002-03 of the French Accounting Regulation Committee relating to accounting for credit risk.

**II. JUSTIFICATION OF OUR ASSESSMENTS**

In accordance with the requirements of article L. 225-235 of the Commercial Code, relating to the justification of our assessments, introduced by the Financial Security Act of 1 August 2003 and which came into effect for the first time this year, we inform you that the assessments made in the context of the performance of our audit of the financial statements, taken as a whole, in particular regarding the accounting principles used and significant estimates made by the management, as well as the overall financial statements presentation, don't require any specific comment .

**III. SPECIFIC VERIFICATION**

In accordance with professional standards applicable in France, we have also verified the information given in the group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris and Brest 24 March, 2004

The Statutory Auditors

MAZARS & GUERARD  
Jean-Gabriel Rangeon

SA STERENN  
Patrick Franchet

## CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEAR ENDED 31 DECEMBER 2003

### Balance sheet

| Assets (in thousands of euros)  | Notes | 2003              | 2002              | 2001              |
|---|-------|-------------------|-------------------|-------------------|
| Interbank and money market items  | 1     | 2 617 429         | 3 186 626         | 3 498 672         |
| Customer items  | 2     | 6 177 243         | 5 631 044         | 4 911 770         |
| Bonds, equities and other fixed and variable income instruments   | 3     | 5 634 851         | 5 230 113         | 5 445 565         |
| Insurance company investments   | 4     | 11 865 870        | 10 956 790        | 10 687 060        |
| Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment | 5     | 55 774            | 55 034            | 60 667            |
| Tangible and intangible assets  | 6     | 95 837            | 106 108           | 83 115            |
| Goodwill  | 7     | 2 565             | 4 904             | 2 986             |
| Sundry accounts and other assets  | 8     | 828 565           | 661 353           | 578 181           |
| <b>Total</b>  |       | <b>27 278 134</b> | <b>25 831 972</b> | <b>25 268 016</b> |

| Liabilities (in thousands of euros)             | Notes | 2003              | 2002              | 2001              |
|---|-------|-------------------|-------------------|-------------------|
| Interbank and money market items                | 10    | 3 147 324         | 2 997 371         | 3 678 438         |
| Customer items                                  | 11    | 881 789           | 769 615           | 731 015           |
| Debt securities                                 | 12    | 8 702 303         | 8 931 386         | 8 169 133         |
| Technical reserves of insurance companies       | 13    | 12 670 630        | 11 460 507        | 11 165 181        |
| Sundry accounts and other liabilities           | 14    | 663 059           | 515 810           | 435 932           |
| Provisions for contingencies and charges        | 15    | 23 589            | 23 222            | 25 157            |
| Subordinated debts                              | 16    | 66 017            | 85 296            | 95 480            |
| Reserve for general banking risks               |       | 14 655            | 6 240             | 6 866             |
| Minority interests in consolidated subsidiaries |       | 141 755           | 135 357           | 117 010           |
| Shareholders' equity                            | 17    | 967 013           | 907 168           | 843 804           |
| Share capital                                   |       | 715 000           | 715 000           | 715 000           |
| Consolidated retained earnings                  |       | 178 281           | 132 195           | 71 532            |
| Net income                                      |       | 73 732            | 59 973            | 57 272            |
| <b>Total</b>                                    |       | <b>27 278 134</b> | <b>25 831 972</b> | <b>25 268 016</b> |

### Off-balance sheet items

| Off-balance sheet items (in thousands of euros)                   | Notes | 2003              | 2002              | 2001              |
|---|-------|-------------------|-------------------|-------------------|
| <b>Commitments given</b>  | 18    | <b>2 017 772</b>  | <b>2 020 341</b>  | <b>1 646 434</b>  |
| Commitments given relating to banks and financial institutions    |       | 2 017 772         | 2 020 341         | 1 646 434         |
| Financing commitments   |       | 1 225 641         | 1 226 939         | 1 154 079         |
| Guarantees  |       | 723 471           | 606 166           | 439 838           |
| Commitments given on securities                                   |       | 68 660            | 187 236           | 52 517            |
| <b>Commitments received</b>                                       | 18    | <b>1 102 825</b>  | <b>1 094 721</b>  | <b>932 616</b>    |
| Commitments received relating to banks and financial institutions |       | 334 152           | 326 088           | 164 532           |
| Financing commitments   |       | 5 094             | 25 150            | 20 279            |
| Guarantees  |       | 204 716           | 190 916           | 144 253           |
| Commitments received on securities                                |       | 124 342           | 110 022           |                   |
| Commitments received relating to insurance activities             |       | 768 673           | 768 633           | 768 084           |
| <b>Financial futures and other forward agreements</b>             | 19    | <b>13 623 321</b> | <b>16 877 865</b> | <b>14 677 304</b> |



## Income statements

| (in thousands of euros)  | Notes | 2003           | 2002           | 2001           |
|--|-------|----------------|----------------|----------------|
| Interest income  | 20    | 785 203        | 806 162        | 920 720        |
| Interest expense   | 20    | -573 762       | -605 013       | -758 602       |
| Income on equities and other variable income instruments   | 21    | 4 528          | 2 637          | 2 658          |
| Net commission income  | 22    | 64 300         | 44 431         | 48 658         |
| Net gains (losses) on sales of trading account securities  | 23    | 2 772          | 3 850          | -3 138         |
| Net gains (losses) on sales of securities available for sale   | 24    | 7 258          | -9 583         | -7 019         |
| Net other banking income   |       | 7 567          | 12 599         | 7 007          |
| Underwriting result and net investment income of insurance companies   | 25    | 66 611         | 62 431         | 70 365         |
| <b>Net banking income</b>  |       | <b>364 477</b> | <b>317 514</b> | <b>280 649</b> |
| Operating expense  | 26    | -181 062       | -169 587       | -154 627       |
| Depreciation, amortization and provisions on tangible and intangible assets  |       | -12 320        | -13 295        | -9 826         |
| <b>Gross operating income</b>  |       | <b>171 095</b> | <b>134 632</b> | <b>116 196</b> |
| Net additions to provisions for credit risks   | 27    | -28 038        | -30 429        | -16 826        |
| <b>Operating income</b>  |       | <b>143 057</b> | <b>104 203</b> | <b>99 370</b>  |
| Share of earnings of companies carried under equity method   |       | 565            | 569            | 474            |
| Gains (losses) on disposals of long-term investments and changes in provisions   | 28    | 2 541          | 1 664          | 8 806          |
| <b>Income before tax, non-recurring items, amortization of goodwill and movements in the reserve for general banking risks</b> |       | <b>146 163</b> | <b>106 436</b> | <b>108 650</b> |
| Income taxes   | 29    | -50 561        | -38 164        | -40 940        |
| Amortization of goodwill   |       | -2 853         | -1 241         | -967           |
| Movements in the reserve for general banking risks   |       | -8 577         | 627            | -1 352         |
| Minority interests   |       | -10 439        | -7 685         | -8 119         |
| <b>Net income</b>  |       | <b>73 732</b>  | <b>59 973</b>  | <b>57 272</b>  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

The consolidated financial statements of Compagnie Financière du Crédit Mutuel have been prepared in accordance with French generally accepted principles applicable in the banking industry. They are presented in compliance with rule 00-04 of the Account Regulation Committee (Comité de la Réglementation Comptable) relating to the business consolidation rules of the French Banking Regulation Committee (Comité de la Réglementation Bancaire et Financière).

### **CONSOLIDATION PRINCIPLES**

#### Consolidation criteria

Companies that are not material for consolidation are excluded from the scope of consolidation.

#### *Fully consolidated companies*

Companies under sole control are fully consolidated. Sole control is assumed from the moment that Compagnie Financière du Crédit Mutuel Group holds, directly or indirectly, at least 40% of the voting rights for the company and provided that no other associate or shareholder possesses, directly or indirectly, a larger percentage. This rule applies to financial companies and also to companies whose operations are a continuation of the banking and financial sectors, for example insurance companies and property development companies.

#### *Companies consolidated by the proportionate method*

Companies, for which Compagnie Financière du Crédit Mutuel Group ensures joint control with a limited number of shareholders, are consolidated under the proportionate method.

#### *Companies accounted for under the equity method*

Companies under significant influence and those under sole or joint control, whose operations are not a continuation of the banking and financial sectors, are accounted for under the equity method. Significant influence is assumed when Compagnie Financière du Crédit Mutuel Group holds, directly or indirectly, at least 20% of the voting rights for this company.

#### *Main changes in scope of consolidation*

With regards to the consolidation scope, no significant changes took place during fiscal year 2003 .

The consolidated entities are presented in note 31.

#### **Balance sheet date**

All consolidated companies close their accounts on 31 December.

#### Goodwill arising on consolidation

#### *Variation of evaluation*

Variation of evaluation amounts to the difference between the book value of assets, liabilities and off-balance sheet items, and their evaluation at the date the company entered into the scope of consolidation.

#### *Goodwill*

Goodwill represents the difference between acquisition cost and the evaluation of assets, liabilities and off-balance sheet items.

Goodwill is being amortized over 10 years on the straight-line basis.

#### Consolidation adjustments

#### *Inter-company transactions*

Inter-company transactions between fully or proportionally consolidated companies are eliminated, from the moment they assume significant importance.

Dividends received during the fiscal year are put back into reserves.

### ***Leases***

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

### ***Insurance***

The application of rule 2000-05 of the Account Regulation Committee regarding the consolidated financial accounts of insurance companies notably lead to the restatements of the capitalization reserve, the equalization reserve and to exchange differences. In return, the profit-sharing reserves representing rights of policyholders or third-party beneficiaries were rediscounted in proportion to their participation.

Given the difficulty in obtaining a sufficiently accurate evaluation of the life insurance contract acquisition costs at the level of the Group's networks, these acquisition costs, in observance of the principle of conservatism, were no spread. Moreover, in consideration of these acquisition costs, the life insurance contracts integrate the application charges on each customer contribution.

### ***Deferred taxes***

Deferred taxes stem from temporary differences between the book value of assets or liabilities and their tax values. Deferred tax assets are only taken into account if their recovery by the company is likely, thanks to anticipated future accounting profits or deferred tax liabilities. Deferred taxes are reported net for the same tax unit.

Deferred taxes are assessed in accordance with the tax rate and fiscal regulations resulting from texts in force at the end of the fiscal year and which will apply when the temporary differences are realized.

## **ACCOUNTING PRINCIPLES AND EVALUATION METHODS**

### **Fixed assets**

Fixed assets appear at historical costs, minus accumulated depreciation. Depreciation is exercised using the straight-line method for the following periods of time :

|                           |          |
|---------------------------|----------|
| - Buildings               | 25 years |
| - Fixtures and fittings   | 10 years |
| - Furniture and equipment | 10 years |
| - Computers               | 4 years  |
| - Software                | 3 years  |

Due to the difference in depreciation rates between the parent company and certain subsidiaries, depreciation reprocessing of the latter is carried out.

### **Reserve for general banking risks**

In accordance with rule 90-02 of the French Banking Regulation Committee, Compagnie Financière du Crédit Mutuel Group has set up a general provision, in order to cover risks inherent to banking.

Provisions and releases are recorded in the income statement under "Net allowance to the reserve for general banking risks."

### **Provisions for contingencies and charges**

Provisions for contingencies and charges are set up in order to cover clearly identified and measurable risks and charges.

Provisions for contingencies and charges unrelated to banking operations are set up according to the CRC n° 00-06 regulation : they depend on the existence of a third-party obligation without future consideration. The first application of regulation n° 00-06 did not result in adjustments at the beginning of fiscal year 2002.

## Pensions commitments

Pension commitments that are not incurred under defined contribution plans are fully provisioned in the balance sheet under "Provisions for contingencies and charges." Retirement benefits and work medals are recorded in this same account .

An actuarial evaluation for the above commitments is conducted for each employee using the retrospective method. This evaluation factors in the salary at the end of the employee's career, entitlements, the mobility rate and the 1988/1990 life expectancy table or the prospective table of life annuities (TPRV93).

## Foreign currency transactions

In accordance with rule 89-01 of the French Banking Regulation Committee, assets, liabilities and off-balance sheet items denominated in foreign currencies are assessed at the prevailing year-end exchange rate. Forward exchange commitments follow the same method.

## Securities Portfolio

Securities transactions are accounted for in accordance with rule 90-01 of the French Banking Regulation Committee.

### *Trading securities*

Trading securities are recorded at their cost price, accrued interest and charges included. At each year-end, these securities are revalued at their market price, the appraisal increment being recorded on a statement of profit and loss.

### *Securities available for sale*

Bonds are recorded at cost excluding acquisition costs and accrued interest. Accrued interest at acquisition date is recorded as « Interest purchased ». At year-end, net accrued interest is recognized as income. Money market securities are recorded at cost, including accrued interest.

The difference between the acquisition price and the redemption price is amortized over the remaining life of the securities. The straight-line method applies to bonds and the actuarial method to money market securities.

Securities available for sale that do not fall under a hedging strategy give rise to a reserve from the moment their market value is less than their book value. Unrealized capital gains are not recorded.

### *Investment securities*

Securities recorded as investment securities are backed either with long-term resources assigned to the financing of these securities or to interest rate hedging instruments. Backing resources can include stockholders' equity within the limit of stockholders' equity after investments, subordinated debts and other fixed assets have been deducted. The depreciation rule of the difference between the acquisition price and the redemption price is identical to that which is applied to securities held for sale. Unrealized capital losses resulting from the difference in book value and the market price are not provided for. Only the risk of issuer credit failure can constitute a provision.

### *Equity securities available for sale in the medium-term*

Investments falling within this category are investments made on a regular basis for the sole purpose of realizing a capital gain in the medium-term with no intention of investing sustainably in the development of the business of the issuing company. It pertains particularly to venture capital investments. Equity securities available for sale in the medium-term are stated at the lower cost of either the acquisition costs or the fair value.

### *Equity securities held for long-term investment*

Equity securities held for long-term investment are shares or related instruments that are held with the intention of furthering the development of lasting business relationships by establishing special ties with the issuing company without, however, actively participating in the management of the said company, due to the low number of voting rights linked to these securities.

Equity securities held for long-term investment are stated at the lower cost of either their acquisition cost or their fair value.

### ***Securities bought and sold under repurchase agreements***

Securities bought and sold under repurchase agreements are kept in the assets of Compagnie Financière du Crédit Mutuel Group and are valued according to the rules applying to the category they belong to. Assignee debt is accounted for as liability.

### ***Equity investments and equity in affiliated Companies***

Equity investments and equity in affiliated companies include shares in companies accounted for under the equity method and in non-consolidated societies.

Investments in non-consolidated undertakings are composed of shares and related instruments for which durable possession is deemed useful to the development of the company and which enable the investor to exert significant influence over the issuer or ensure control of the issuing company. This influence is presumed when a controlling percentage is greater than or equal to 10%.

Equity investments are stated at the lower cost of either their acquisition cost or their fair value.

### **Accounting for derivative instruments and hedging activities**

Financial instruments are recorded in accordance with the provisions of Rules 88-02, 90-15 , 92-04 of the French Banking Regulation Committee , and rule 2002-01 of the French Account Regulation Committee.

Off-balance sheet commitments on future financial instruments are recorded at their face value. This total only gives an indication of the volume of transactions in progress at the end of the fiscal year, and does not reflect the market risks for these instruments.

Rule 2002-01, applicable as of 1 January 2003, deals with the valuation of homogenous sets of financial instruments and the recording of hedging using financial instruments. This rule had no significant impact on the opening balance of shareholders' equity or on net income.

### ***Interest rate instruments***

#### ***Organized markets***

Future market contracts are revalued at the end of each fiscal year at their market value. Income and expense relating to hedging operations are applied symmetrically to those arising in connection with the item hedged. For stand-alone positions, the gains and losses shown in the revaluation are directly recorded in the statement of profit and loss.

#### ***Principal-to-principal markets***

The exchange contracts of interest rates (swaps) and future rate agreements ("FRA") are recognized *prorata temporis* over their respective life. Income and expense related to a single contract are netted.

Accrued interest and premiums on options contracts (cap, floor, and collar) are recorded *prorata temporis*.

Isolated open positions are re-valued according to the "zero coupon" method and unrealized capital losses are covered by a reserve for contingencies and charges.

### ***Foreign exchange instruments***

With regard to currency swaps, the exchange rate difference arising from the valuation of the swap is recorded, at each balance sheet date, as income or expense.

For foreign currency option contracts, premiums are spread out over the duration of the contract. When the option reaches maturity, currencies are either bought or sold.

### **Doubtful accounts receivable**

### ***Customer items on the asset side of the balance sheet***

On the asset side of the balance sheet, customer items include all of the amounts due from customers other than banks, except for those evidenced by a security. They are recorded on the balance sheet at face value. Loans that have been confirmed but not yet disbursed are recorded as off balance sheet commitments under "Financing commitments given."

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Rule 2002-03 of 12 December 2002 of the Account Regulation Committee regarding accounting for credit risk in companies supervised by the Banking and Financial Regulation Committee has been applied since 1 January 2003.

### ***Classification***

Loans are separated into performing and non performing loans.

Loans for which there is a likely risk of partial or total default and that meet one of the following two conditions are classified into non performing loans:

- payments are behind by more than six months on mortgages or by more than three months on any other kinds of loans.
- borrower whose financial condition has deteriorated or against whom action has been taken to collect.

When a loan is classified as non performing, all of the loans to the same borrower are classified as non performing loans.

Loans that have been formally declared to be in default or downgraded into non performing for more than one year, and for which payments are behind by more than six months for mortgages and by more than three months for all other kinds of loans, are classified as bad debts. The recording of interest is suspended when the loans are classified as bad debts.

The definition of non performing loans includes non performing loans and bad debts.

Loans are upgraded back to performing when regular payments on them have resumed. Restructured loans for which the likelihood of collection is considered satisfactory are also classified into performing loans.

### ***Provisions***

Doubtful loans and accounts receivable are provisioned for on a loan-by-loan basis if there is a probable risk of total or partial non-recovery. Provisions are recorded in the balance sheet as a deduction of the corresponding receivable. The interests on recognized doubtful account receivable in revenues are fully provisioned for.

In the statement of Income, allowances and release of provisions, losses on bad debts, and recoveries on bad debts written off are recorded under "Net additions to credit risk provisions" with the exception of the allowances and releases of provisions relating to interests on doubtful accounts presented in the Net Banking Income.

### ***Tax status***

The consolidated tax return includes mainly Caisse Interfédérale de Crédit Mutuel, Compagnie Financière du Crédit Mutuel, Compagnie Européenne d'Opérations Immobilières, Murs II and Symphonis.

### ***Non-recurring income and expense***

Extraordinary items, which are not linked with current business, are recorded under this paragraph.

### ***Investments held by insurance companies***

#### ***Investments representing contracts in units of account***

Investments affected by representing contracts in units of account are assessed at their current value at the end of the fiscal year, so that their total value corresponds to the value commitments towards policyholders on this same date.

#### ***Other investments***

##### ***Real-estate and related investments***

Real-estate investments include land and buildings owned directly by insurance companies, as well as those stocks held in special real estate investment companies (*sociétés civiles immobilières*) and the current accounts of these entities. They are registered at their acquisition cost or cost price including accessory expense.

Stocks and similar securities are recorded at cost, with no acquisition costs included. Output is carried out at cost, using the first-in first-out method (FIFO).

Buildings are depreciated over 25 years on the straight-line basis.

A provision for permanent decline in value is recorded when an investment asset shows an unrealized capital loss, which is deemed to be long-term and significant.

Investments with an unrealized loss of more than 20% of the gross value continuously over the last six months are broken down according to the “filter” procedure. This rate can be increased to 30% in the event of increased volatility. The 30% rate was used for the financial statements for the year ended 31 December 2002. This provision is calculated for each investment.

A holding period is determined based on the characteristics of the liability covered and the management goals. It is determined by a date and not by duration.

A capitalization rate is determined based on the risk-free curve and risk premium related to the characteristics of the shares. In 2003, the rates used were 4.5% (risk-free rate) and 3.5% (share risk premium), i.e. a capitalization rate of 8%.

The recoverable value is defined as the stock market value on December 31 of the financial year capitalized up to the holding period. If the company does not agree to hold the investment, the recoverable value is equal to the market value on 31 December of the financial year closed.

If the recoverable value falls below the purchase value of the investments, it is marked down by the difference between these two amounts for permanent loss in value.

A provision for payability risk of technical commitments is set up in the statement of profit and loss, when the market value amount of the assets ruled by section R332-20 of the Insurance Code is lower than the net book value.

Market value of the assets is computed as follows :

- *marketable securities are retained for the last quoted market value on the day of inventory,*
- *the shares of mutual funds (FCP / SICAV) are evaluated based on the last redemption price, published on the day of inventory day,*
- *non-listed securities are reported at their fair value, which is estimated by using a variety of techniques such as cash-flow analysis, market value, net asset value,*
- *fair value of buildings and of non-quoted stocks in real-estate companies is based on an appraisal performed every five years. A professional certified by the Insurance Control Commission conducts the appraisal. In-between appraisals, the fair value is adjusted in accordance with the general evolution of the market.*

### **Debt securities**

Debt securities are recorded on the balance sheet at their cost excluding outstanding purchased interest or acquisition costs. Output is carried out at cost, using the first-in first-out method (FIFO).

In accordance with rules set forth in the 28 December 1991 decree, the difference between the redemption value and the historical cost (not including interest bought) is spread out over the remaining life of the securities. This rule is applied whether the difference is positive or negative. The calculation is made using the discounting method. For fixed rate securities, the calculation takes into account future coupon flow.

Unrealized capital losses, which could be recorded between their acquisition price and their market or redemption value at closing, are not provisioned.

However, when overdue payments or interests remain outstanding at the end of the year, the borrower’s financial situation is analyzed and, if necessary, a provision is recorded.

### **Technical reserves of insurance companies**

Technical reserves cover the commitments with regard to policyholders and beneficiaries of insurance contracts.

#### **Mathematical annuity reserves**

Mathematical annuity reserves represent the commitment of insurance companies with respect to policyholders. For life insurance, mathematical reserves are capitalized using the technical interest rate plus profit sharing allocated to policyholders. Mathematical provisions are based on the TPRV 93 mortality table.

As for provision activities, the applicable present value is 3%.

Mathematical reserves for disability annuities are calculated using the old tables of the *Bureau Commun des Assurances Collectives* (BCAC) for the insurance of borrowers, and the new tables stipulated in the 28 March 1996 order regarding personal and group provisions. Mathematical provisions with respect to temporary annuities are calculated using the INSEE

88-90 table.

### ***Claims reserve***

For non-life insurance, the claims reserve is intended to cover the costs of all claims incurred, which have not been settled by 31 December. Claims are evaluated at gross value, the reinsurer's share being registered in the assets.

### ***Reserve for unearned premiums***

The reserve for unearned premiums is intended to record, for each policy, the share of the issued premiums relating to the time between the fiscal year closing and policy expiry date.

### ***Reserve for claims incurred but not yet reported***

With regards to the period between the fiscal year end and the term of contracts in progress on this date, the reserve for claims incurred but not yet reported makes it possible, if necessary, to cover for the estimated future charge of claims and contract-related expense (administration and acquisition) which would not be covered by the reserve for unearned premiums.

### ***Administrative cost reserve***

An administrative cost reserve is made when future administrative costs are not covered by weighting of premiums or by withdrawals of envisaged investment income. These charges are calculated according to administrative expense of the contracts evaluated by using actual data from the previous year.

### ***Profit-sharing reserve***

The profit-sharing reserve represents earnings yields obtained for the policyholders' account, but which have not yet been credited.

### ***Provision for investment yields***

A provision for investment yields is provided if, at the time of the statement of profit and loss, the actual yield of assets discounted by 20% is lower than the quotient for the total amount of technical interests and profit-sharing guaranteed under the total portfolio of policies divided by the average amount of mathematical reserves.

### ***Mathematical reserves on unit-linked insurance policies***

Mathematical reserves on unit-linked insurance policies are estimated based on the value of the underlying assets comprising these policies. Gains and losses resulting from the revaluation of the underlying assets are recorded in the statement of profit and loss in order to neutralize the variation impact of technical provisions.

### **■ *Reserve for minimum coverage***

The minimum coverage for equity-based life insurance contracts is covered by a reserve that is calculated according to the insured capital method at the closing of the financial year. The amount of this reserve equals the difference between the insurer's commitment, calculated according to the greater of the puts method and the determinist method, and the insured's commitment, calculated based on the management fees charged for this coverage.



## NOTES TO BALANCE SHEET, OFF-BALANCE SHEET ITEMS AND STATEMENTS OF INCOME

### Note 1. Interbank and money market items - Assets

|  | In thousands of euros |                  |
|--|-----------------------|------------------|
|  | 2003                  | 2002             |
| Cash, due from central banks and french postal system  | 104 413               | 117 542          |
| Treasury bills and similar items                       | 422 165               | 850 900          |
| Due from banks   | 2 090 851             | 2 218 184        |
| Ordinary deposits                                      | 87 781                | 55 478           |
| Loans, securities purchased under agreements to resell | 1 991 225             | 2 147 165        |
| Accrued interest receivable                            | 11 845                | 15 541           |
| <b>TOTAL</b>   | <b>2 617 429</b>      | <b>3 186 626</b> |

#### Analysis of treasury bills and similar items :

|  | 2003               |               |                | 2002               |                |                |
|--|--------------------|---------------|----------------|--------------------|----------------|----------------|
|  | Available for sale | Investment    | Total          | Available for sale | Investment     | Total          |
| Security holdings (gross value)                        | 386 500            | 28 075        | 414 575        | 690 482            | 143 033        | 833 515        |
| Accrued interest receivable                            | 7 233              | 357           | 7 590          | 12 465             | 4 920          | 17 385         |
| <b>TOTAL</b>   | <b>393 733</b>     | <b>28 432</b> | <b>422 165</b> | <b>702 947</b>     | <b>147 953</b> | <b>850 900</b> |
| Increase in value                                      | 5 852              | 604           | 6 456          | 22 375             | 2 795          | 25 170         |
| Difference between purchase price and redemption price |                    | -50           | -50            | 4 827              | -519           | 4 308          |

There were no transfers in 2003 between the different portfolio categories, and no sales of investment securities prior to their maturity date. Listed securities accounted for 100 % in 2003 compared to 100% in 2002 .

### Note 2. Customer items – Assets

#### ♦ Synthesis

|                                      | In thousands of euros |                  |
|--------------------------------------|-----------------------|------------------|
|                                      | 2003                  | 2002             |
| <b>ADVANCES TO CUSTOMERS</b>         | <b>5 802 826</b>      | <b>5 281 711</b> |
| Discounted Bills                     | 111 376               | 101 048          |
| Loans and credit                     | 5 029 157             | 4 604 686        |
| Accrued interest receivable          | 25 966                | 29 358           |
| Customer current accounts-receivable | 457 582               | 395 809          |
| Accrued interest receivable          | 5 994                 | 6 672            |
| Restructured and doubtful accounts   | 391 834               | 364 116          |
| Allowances                           | -219 083              | -219 978         |
| <b>LEASE AND SIMILAR ITEMS</b>       | <b>374 417</b>        | <b>349 333</b>   |
| Lease                                | 530 318               | 478 547          |
| Accrued interest receivable          | 3 516                 | 2 731            |
| Amortization and allowances          | -161 989              | -133 992         |
| Doubtful accounts                    | 16 036                | 13 041           |
| Allowances                           | -13 464               | -10 994          |
| <b>TOTAL</b>                         | <b>6 177 243</b>      | <b>5 631 044</b> |

Loans qualifying at the Banque de France amounted to 39,733 thousand euros in 2003 compared to 41,297 thousand euros in 2002. The assignment of receivables accounted for 75,5% of the qualifying loans compared to 97% in 2002.

### ♦ Credit risk

The coverage rate of allowances for doubtful accounts amounted to 57,01% in 2003 compared to 61,24% in 2002. With relation to the debt total, the coverage rate went from 3,94% in 2002 to 3,63% in 2003.

The allocation of credits according to counterparts-types breaks down as follows :

| in thousands of euros       |              | Debt total   |              | Doubtful accounts |           | Bad debt  |           |
|-----------------------------|--------------|--------------|--------------|-------------------|-----------|-----------|-----------|
|                             |              | 2003         | 2002         | 2003              | 2002      | 2003      | 2002      |
| Consumers                   | Gross amount | 2 009        | 1 831        | 37                | 37        | 132       | 145       |
|                             | Allowances   | -97          | -101         | -11               | -10       | -86       | -91       |
|                             | Net amount   | 1 912        | 1 730        | 26                | 27        | 46        | 54        |
| Self employed entrepreneurs | Gross amount | 487          | 428          | 8                 | 7         | 24        | 12        |
|                             | Allowances   | -14          | -8           | -1                | -1        | -13       | -7        |
|                             | Net amount   | 473          | 420          | 7                 | 6         | 11        | 5         |
| Corporates                  | Gross amount | 3 322        | 3 022        | 71                | 50        | 135       | 127       |
|                             | Allowances   | -122         | -121         | -17               | -18       | -105      | -103      |
|                             | Net amount   | 3 200        | 2 901        | 54                | 32        | 30        | 24        |
| Others                      | Gross amount | 592          | 580          |                   | 2         |           |           |
|                             | Allowances   |              |              |                   |           |           |           |
|                             | Net amount   | 592          | 580          |                   | 2         |           |           |
| <b>TOTAL</b>                |              | <b>6 177</b> | <b>5 631</b> | <b>87</b>         | <b>67</b> | <b>87</b> | <b>83</b> |

France represents more than 99 % of the credits .

Provisions on the credit risk set up on customer items is broken down into :

|   | In thousands of euros |                   |                |                  |                |
|---|-----------------------|-------------------|----------------|------------------|----------------|
|   | 2002                  | Amounts set aside | Releases       | Reclassification | 2003           |
| Provisions deducted from assets                         | 230 972               | 69 232            | -68 880        | 1 223            | 232 547        |
| Provisions accounted for as a liability with regards to | 14 418                | 3 543             | -5 677         | -1 223           | 11 061         |
| - commitments by signature                              | 5 951                 | 580               | -4 846         | -1 223           | 462            |
| - customer debts ( sectorial provisions included)       | 8 467                 | 2 963             | -831           |                  | 10 599         |
| <b>TOTAL PROVISIONS</b>                                 | <b>245 390</b>        | <b>72 775</b>     | <b>-74 557</b> |                  | <b>243 608</b> |

### Note 3. Bonds, equities and other fixed and variable income instruments

|  | 2003               |                  |                  | 2002               |                |                  |
|--|--------------------|------------------|------------------|--------------------|----------------|------------------|
|  | Available for sale | Investment       | Total            | Available for sale | Investment     | Total            |
| <b>BONDS AND OTHER FIXED-INCOME SECURITIES</b>         |                    |                  |                  |                    |                |                  |
| Security holdings (gross value)                        | 4 372 139          | 1 004 597        | 5 376 736        | 4 165 985          | 857 303        | 5 023 288        |
| Accrued interest receivable                            | 57 508             | 22 060           | 79 568           | 61 596             | 18 643         | 80 239           |
| <b>Gross total</b>                                     | <b>4 429 647</b>   | <b>1 026 657</b> | <b>5 456 304</b> | <b>4 227 581</b>   | <b>875 946</b> | <b>5 103 527</b> |
| Allowances   | -9 121             |                  | -9 121           | -11 005            |                | -11 005          |
| <b>Net Total</b>                                       | <b>4 420 526</b>   | <b>1 026 657</b> | <b>5 447 183</b> | <b>4 216 576</b>   | <b>875 946</b> | <b>5 092 522</b> |
| <b>SHARES AND OTHER DIVIDEND-BEARING SECURITIES</b>    |                    |                  |                  |                    |                |                  |
| Security holdings                                      | 202 348            |                  | 202 348          | 150 305            |                | 150 305          |
| Accrued interest receivable                            | 1 253              |                  | 1 253            | 1 459              |                | 1 459            |
| <b>Gross total</b>                                     | <b>203 601</b>     |                  | <b>203 601</b>   | <b>151 764</b>     |                | <b>151 764</b>   |
| Allowances   | -15 933            |                  | -15 933          | -14 173            |                | -14 173          |
| <b>Net Total</b>                                       | <b>187 668</b>     |                  | <b>187 668</b>   | <b>137 591</b>     |                | <b>137 591</b>   |
| <b>TOTAL</b>   | <b>4 608 194</b>   | <b>1 026 657</b> | <b>5 634 851</b> | <b>4 354 167</b>   | <b>875 946</b> | <b>5 230 113</b> |
| <b>BONDS AND OTHER FIXED-INCOME SECURITIES</b>         |                    |                  |                  |                    |                |                  |
| Increase (decrease) in value                           | 67 298             | 21 095           | 88 393           | 76 252             | -34 629        | 41 623           |
| Difference between purchase price and redemption price | 16 951             | 4 268            | 21 219           | -1 389             | 1 369          | -20              |
| <b>SHARES AND OTHER DIVIDEND-BEARING SECURITIES</b>    |                    |                  |                  |                    |                |                  |
| Increase in value                                      | 13 601             |                  | 13 601           | 3 515              |                | 3 515            |

There were no transfers between trading securities available for sale and investment securities in 2003. Sales of investment securities prior to their maturity amounted to 155,687 thousand euros including convertible bonds reimbursed before final maturity for 124,829 thousand euros . They generated a capital loss of 131 thousand euros.

Securities issued by public agencies amounted to 148,906 thousand euros in 2003 compared to 271,233 thousand euros in 2002.

Fixed income instruments accounted for 74,14 % in 2003 compared to 54,21 % in 2002.

## Analysis of mutual funds :

In thousands of euros

| Mutual funds      | 2003           |              |                |              | 2002           |              |                |              |
|-------------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|                   | France         |              | Abroad         |              | France         |              | Abroad         |              |
|                   | Capitalization | Distribution | Capitalization | Distribution | Capitalization | Distribution | Capitalization | Distribution |
| Security holdings | 108 752        | 245          | 18             |              | 53 521         | 245          | 107            | 3            |

**Note 4. Insurance company investments**

In thousands of euros

|  | 2003              | 2002              |
|--|-------------------|-------------------|
| Investments related to equity type life insurance contracts                    | 1 693 974         | 1 589 703         |
| Other investments  | 10 171 896        | 9 367 087         |
| Investments of affiliated companies with which exists a participating interest | 183 528           | 148 507           |
| Shares, mutual funds and other dividend-bearing securities                     | 367 547           | 498 883           |
| Bonds and other fixed-income securities  | 9 397 973         | 8 476 612         |
| Miscellaneous  | 222 848           | 243 085           |
| <b>TOTAL</b>   | <b>11 865 870</b> | <b>10 956 790</b> |

**Note 5. Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment**

In thousands of euros

|  | 2003          | 2002          |
|--|---------------|---------------|
| OTHER EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT    | 14 867        | 14 143        |
| Gross amount   | 21 412        | 20 686        |
| Allowances   | -6 545        | -6 543        |
| INVESTMENTS IN NON CONSOLIDATED UNDERTAKINGS             | 21 377        | 21 131        |
| Gross amount   | 29 693        | 30 390        |
| Allowances   | -8 316        | -9 259        |
| INVESTMENTS IN COMPANIES CARRIED UNDER THE EQUITY METHOD | 19 530        | 19 760        |
| Non financial companies                                  | 3 754         | 3 050         |
| Financial companies                                      | 15 776        | 16 710        |
| <b>TOTAL</b>   | <b>55 774</b> | <b>55 034</b> |

## List of the main investments in non-consolidated undertakings :

In thousands of euros

| Company name and address  | Capital share held | Shareholders' equity | Last year-end net income |
|---|--------------------|----------------------|--------------------------|
| <b>COMPANIES IN WHICH CFCM GROUP HOLDS AN INTEREST GREATER THAN 3 MILLION EUROS</b> |                    |                      |                          |
| GACM<br>34, rue du Wacken - 67010 STRASBOURG  | 0,72%              | 1 642 683            | 180 310                  |

**Note 6. Tangible and intangible assets**

| In thousands of euros    |                                |               |               |                              |
|--------------------------|--------------------------------|---------------|---------------|------------------------------|
|                          | Amount<br>at beginning of year | Increase      | Decrease      | Amount<br>at the end of year |
| <b>TANGIBLE ASSETS</b>   |                                |               |               |                              |
| Gross amount             | 97 846                         | 2 096         | -11 633       | 88 309                       |
| Depreciation             | -31 136                        | -4 818        | 6 634         | -29 320                      |
| <b>Net amount</b>        | <b>66 710</b>                  | <b>-2 722</b> | <b>-4 999</b> | <b>58 989</b>                |
| <b>INTANGIBLE ASSETS</b> |                                |               |               |                              |
| Gross amount             | 63 655                         | 5 153         | -3 103        | 65 705                       |
| Depreciation             | -24 257                        | -4 480        | -120          | -28 857                      |
| <b>Net amount</b>        | <b>39 398</b>                  | <b>673</b>    | <b>-3 223</b> | <b>36 848</b>                |
| <b>TOTAL</b>             | <b>106 108</b>                 | <b>-2 049</b> | <b>-8 222</b> | <b>95 837</b>                |

**Note 7. Goodwill**

| In thousands of euros |              |              |
|-----------------------|--------------|--------------|
|                       | 2003         | 2002         |
| GROSS VALUE           | 3 206        | 13 452       |
| AMORTIZATION          | 641          | 8 548        |
| <b>NET VALUE</b>      | <b>2 565</b> | <b>4 904</b> |

**Note 8. Sundry accounts and other assets**

| In thousands of euros                             |                |                |
|---|----------------|----------------|
|   | 2003           | 2002           |
| <b>SUNDRY ACCOUNTS AND PREPAID EXPENSE</b>        | 723 136        | 562 712        |
| Checks and notes in course of collection          | 42 075         | 43 785         |
| Adjustment accounts                               | 56 779         | 25 714         |
| Deferred charges                                  | 7 919          | 7 083          |
| Miscellaneous sundry accounts and prepaid expense | 616 363        | 486 130        |
| <b>OTHER ASSETS</b>                               | 66 249         | 61 498         |
| Codevi management                                 | 30             | 15             |
| Securities transactions                           | 101            | 104            |
| Deferred Taxes                                    | 5 073          | 6 377          |
| Other miscellaneous receivables                   | 61 045         | 55 002         |
| <b>Re-insurers' share in technical reserves</b>   | 12 436         | 15 182         |
| <b>Other assets of insurance companies</b>        | 25 405         | 20 622         |
| <b>Uncalled subscribed capital</b>                | 1 339          | 1 339          |
| <b>TOTAL</b>                                      | <b>828 565</b> | <b>661 353</b> |

**Note 9. Subordinated assets**

| In thousands of euros |        |        |
|-----------------------|--------|--------|
|                       | 2003   | 2002   |
| Due from banks        | 27 991 | 22 189 |

**Note 10. Interbank and money market items**

In thousands of euros

|   | 2003           |                  |                  | 2002           |                  |                  |
|---|----------------|------------------|------------------|----------------|------------------|------------------|
|   | On demand      | On time          | Total            | On demand      | On time          | Total            |
| Current accounts  | 515 410        |                  | 515 410          | 366 066        |                  | 366 066          |
| Borrowings and securities given under repurchase agreements | 124 000        | 2 037 659        | 2 161 659        |                | 1 495 211        | 1 495 211        |
| Securities and bills sold under repurchase agreements       |                | 452 467          | 452 467          |                | 1 117 649        | 1 117 649        |
| Accrued interest payable                                    | 276            | 17 512           | 17 788           | 609            | 17 836           | 18 445           |
| <b>TOTAL</b>  | <b>639 686</b> | <b>2 507 638</b> | <b>3 147 324</b> | <b>366 675</b> | <b>2 630 696</b> | <b>2 997 371</b> |

**Note 11. Customer items**

In thousands of euros

|  | 2003           |                |                | 2002           |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | On demand      | On time        | Total          | On demand      | On time        | Total          |
| Special savings accounts                             | 153 661        | 25 259         | 178 920        | 157 921        | 13 081         | 171 002        |
| <b>TOTAL</b>   | <b>153 661</b> | <b>25 259</b>  | <b>178 920</b> | <b>157 921</b> | <b>13 081</b>  | <b>171 002</b> |
| Current accounts                                     | 494 359        |                | 494 359        | 398 472        |                | 398 472        |
| Customer time deposits and borrowings                |                | 188 082        | 188 082        |                | 113 457        | 113 457        |
| Securities or bills sold under repurchase agreements |                | 17 536         | 17 536         |                | 84 793         | 84 793         |
| Accrued interest payable                             | 1 397          | 1 495          | 2 892          | 1 320          | 571            | 1 891          |
| <b>TOTAL</b>   | <b>495 756</b> | <b>207 113</b> | <b>702 869</b> | <b>399 792</b> | <b>198 821</b> | <b>598 613</b> |
| <b>GENERAL TOTAL</b>                                 | <b>649 417</b> | <b>232 372</b> | <b>881 789</b> | <b>557 713</b> | <b>211 902</b> | <b>769 615</b> |

**Note 12. Debt securities**

In thousands of euros

|  | 2003             |                          |                  | 2002             |                          |                  |
|--|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|  | Gross value      | Accrued interest payable | Total            | Gross value      | Accrued interest payable | Total            |
| Certificates of deposit                                      | 216              | 5                        | 221              | 262              | 6                        | 268              |
| Interbank market instruments and negotiable debt instruments | 6 620 836        | 43 893                   | 6 664 729        | 7 394 504        | 105 591                  | 7 500 095        |
| Debenture loans  | 2 015 960        | 21 393                   | 2 037 353        | 1 409 056        | 21 967                   | 1 431 023        |
| <b>TOTAL</b>   | <b>8 637 012</b> | <b>65 291</b>            | <b>8 702 303</b> | <b>8 803 822</b> | <b>127 564</b>           | <b>8 931 386</b> |

**Note 13. Technical reserves of insurance companies**

In thousands of euros

|   | 2003              | 2002              |
|---|-------------------|-------------------|
| Technical reserves for                  |                   |                   |
| . life insurance contracts              | 10 858 438        | 9 778 166         |
| . non-life insurance contracts          | 118 218           | 92 637            |
| . equity based life insurance contracts | 1 693 974         | 1 589 704         |
| <b>TOTAL</b>                            | <b>12 670 630</b> | <b>11 460 507</b> |

## Note 14. Sundry accounts and other liabilities

| In thousands of euros                                    |                |                |
|--|----------------|----------------|
|  | 2003           | 2002           |
| <b>SUNDRY ACCOUNTS AND UNEARNED INCOME</b>               | <b>447 734</b> | <b>375 484</b> |
| Tied-up collection accounts relating to recoveries       | 41 829         | 65 451         |
| Miscellaneous sundry accounts and unearned income        | 405 905        | 310 033        |
| <b>OTHER LIABILITIES</b>                                 | <b>157 456</b> | <b>87 198</b>  |
| Security payments in progress                            | 26             | 26             |
| Settlement accounts relating to security transactions    | 28             | 16             |
| Miscellaneous  | 157 402        | 87 156         |
| <b>OTHER LIABILITIES RELATED TO INSURANCE ACTIVITIES</b> | <b>57 869</b>  | <b>53 128</b>  |
| <b>TOTAL</b>   | <b>663 059</b> | <b>515 810</b> |

## Note 15. Provisions for contingencies and charges

| In thousands of euros                           |               |                   |                 |                     |                  |               |
|---|---------------|-------------------|-----------------|---------------------|------------------|---------------|
|   | 2002          | Amounts set aside | Releases (used) | Releases (not used) | Reclassification | 2003          |
| Provision for off-balance sheet commitments (1) | 5 951         | 580               | -4 640          | -206                | -1 223           | 462           |
| Provisions for pension costs                    | 4 077         | 2 283             | -171            |                     |                  | 6 189         |
| Other provisions                                | 13 193        | 7 834             | -1 299          | -2 790              |                  | 16 938        |
| <b>TOTAL</b>                                    | <b>23 221</b> | <b>10 697</b>     | <b>-6 110</b>   | <b>-2 996</b>       | <b>-1 223</b>    | <b>23 589</b> |
| Net variation                                   |               |                   | 1 591           |                     |                  |               |

(1) The provision for off-balance sheet commitments includes the provisions for financial instruments.

Allowances and releases of provisions for liabilities and charges are broken down as follows :

|  | 2003         | 2002          |
|--|--------------|---------------|
| Net banking income   | -1 232       | -787          |
| Operating expenses   | 4 585        | -1 566        |
| Net additions to provisions for credit risks                                   | -1 221       | 451           |
| Gains (losses) on disposals of long-term investments and changes in provisions | -376         |               |
| Income taxes   | -165         | 165           |
| <b>TOTAL</b>   | <b>1 591</b> | <b>-1 737</b> |

## Note 16. Subordinated debts

| In thousands of euros   |               |          |                        |          |
|---|---------------|----------|------------------------|----------|
| Subordinated debts representing at least 10 % of the total subordinated debts | AMOUNT        | CURRENCY | RATE                   | DUE      |
| Caisse Centrale de Crédit Mutuel  | 9 147         | Euro     | 8,86                   | 23/11/04 |
|   | 12 196        | Euro     | 6,44                   | 15/11/05 |
|   | 1 219         | Euro     | 4,73                   | 15/12/04 |
|   | 1 067         | Euro     | 4,73                   | 27/12/06 |
|   | 711           | Euro     | Pibor 3 months + 0,50% | 31/12/07 |
|   | 1 525         | Euro     | Pibor 3 months + 1%    | 20/12/12 |
| Others  | 6098          | Euro     | 4,73                   | 15/12/04 |
|   | 6860          | Euro     | 4,73                   | 27/12/04 |
| Accrued interest payable  | 188           |          |                        |          |
| Redeemable subordinated securities  | 24 043        | Euro     | 8,25                   | 28/09/04 |
|   | 1 678         | Euro     | Pibor 3 months +0,75%  | 20/12/12 |
|   | 762           | Euro     | Pibor 3 months +0,75%  | 19/12/13 |
| Accrued interest payable  | 523           |          |                        |          |
| <b>TOTAL</b>  | <b>66 017</b> |          |                        |          |

Subordinated debt expense amounted to 6,506 thousand euros in 2003 compared to 7,297 thousand euros in 2002.

## Note 17. Shareholders' equity

In thousands of euros

|   | SHAREHOLDERS' EQUITY |                |                         |               |                |
|---|----------------------|----------------|-------------------------|---------------|----------------|
|   | Share capital        | Reserves (1)   | Revaluation adjustments | Net income    | Total          |
| Position at the beginning of the year                           | 715 000              | 192 168        |                         |               | 907 168        |
| Changes in capital stock of consolidating company               |                      |                |                         |               |                |
| Consolidated net income for the year (before appropriation)     |                      |                |                         | 73 732        | 73 732         |
| Distributions for the year                                      |                      | -8 433         |                         |               | -8 433         |
| Impacts of translation rate variations                          |                      |                |                         |               |                |
| Impacts of Group reorganization and internal disposal of assets |                      |                |                         |               |                |
| Effects of changes in scope of consolidation                    |                      | 873            |                         |               | 873            |
| Effects of changes in consolidation method                      |                      |                |                         |               |                |
| RGBR changes  |                      |                |                         |               |                |
| Other changes   |                      | -6 327         |                         |               | -6 327         |
| <b>POSITION AT THE END OF THE YEAR</b>                          | <b>715 000</b>       | <b>178 281</b> |                         | <b>73 732</b> | <b>967 013</b> |

(1) Including last year's net income.

## Note 18. Banking activity commitments

In thousands of euros

|   | 2003             | 2002             |
|---|------------------|------------------|
| <b>Commitments given</b>                      | <b>2 017 772</b> | <b>2 020 341</b> |
| - Financing commitments given                 | 1 225 641        | 1 226 939        |
| in favour of banks and financial institutions | 814              | 6 133            |
| in favour of customers                        | 1 224 827        | 1 220 806        |
| - Guarantees given                            | 723 471          | 606 166          |
| relating to banks and financial institutions  | 34 019           | 31 559           |
| relating to customers                         | 689 452          | 574 607          |
| - Commitments given on securities             | 68 660           | 187 236          |
| <b>Commitments received</b>                   | <b>334 152</b>   | <b>326 088</b>   |
| - Financing commitments                       | 5 094            | 25 150           |
| relating to banks and financial institutions  | 5 094            | 25 150           |
| - Guarantees received                         | 204 716          | 190 916          |
| relating to banks and financial institutions  | 204 716          | 190 916          |
| - Commitments given on securities             | 124 342          | 110 022          |

**Note 19. Transactions in financial futures and other forward agreements***- According to contract type*

In thousands of euros

|  | 2003                           |                    |                   | 2002                           |                    |                   |
|--|--------------------------------|--------------------|-------------------|--------------------------------|--------------------|-------------------|
|  | Financial futures transactions | Other transactions | Total             | Financial futures transactions | Other transactions | Total             |
| <b>FIRM TRANSACTIONS</b>                   |                                |                    |                   |                                |                    |                   |
| Organized market transactions              |                                |                    |                   |                                |                    |                   |
| Interest rate contracts                    | 50 000                         |                    | 50 000            | 2 981                          | 2 270              | 5 251             |
| Other transactions                         |                                |                    |                   |                                |                    |                   |
| Principal-to-principal market transactions |                                |                    |                   |                                |                    |                   |
| Future rate agreements                     | 59 200                         | 20 000             | 79 200            | 716                            |                    | 716               |
| Interest rate swaps                        | 9 363 326                      | 15 937             | 9 379 263         | 12 450 126                     | 323 157            | 12 773 283        |
| <b>CONDITIONAL TRANSACTIONS</b>            |                                |                    |                   |                                |                    |                   |
| Organized market transactions              |                                |                    |                   |                                |                    |                   |
| Interest rate options                      |                                |                    |                   |                                |                    |                   |
| Bought                                     | 110 438                        |                    | 110 438           | 141 406                        | 4 336              | 145 742           |
| Sold                                       | 16 238                         |                    | 16 238            | 15 711                         |                    | 15 711            |
| Currency options                           |                                |                    |                   |                                |                    |                   |
| Bought                                     | 20 675                         |                    | 20 675            |                                |                    |                   |
| Sold                                       | 12 104                         |                    | 12 104            |                                |                    |                   |
| Principal-to-principal market transactions |                                |                    |                   |                                |                    |                   |
| Interest rate contracts (floor, cap)       |                                |                    |                   |                                |                    |                   |
| Bought                                     | 2 189 407                      |                    | 2 189 407         | 1 996 180                      |                    | 1 996 180         |
| Sold                                       | 1 716 514                      |                    | 1 716 514         | 1 699 691                      |                    | 1 699 691         |
| Interest rate options, currency and other  |                                |                    |                   |                                |                    |                   |
| Bought                                     | 27 107                         |                    | 27 107            | 102 876                        |                    | 102 876           |
| Sold                                       | 22 375                         |                    | 22 375            | 123 876                        | 14 539             | 138 415           |
| <b>TOTAL</b>                               | <b>13 587 384</b>              | <b>35 937</b>      | <b>13 623 321</b> | <b>16 533 563</b>              | <b>344 302</b>     | <b>16 877 865</b> |

*- According to fixed term remaining*

| In thousands of euros          |                     |                          |                 |            |
|--------------------------------|---------------------|--------------------------|-----------------|------------|
|                                | 2003                |                          |                 |            |
|                                | Less than<br>1 year | Over 1 year<br>- 5 years | Over<br>5 years | Total      |
| INTEREST RATE INSTRUMENTS      |                     |                          |                 |            |
| Purchases                      | 30 000              | 130 000                  |                 | 160 000    |
| Principal-to-principal markets |                     |                          |                 |            |
| Purchases                      | 217 155             | 995 202                  | 1 043 789       | 2 256 146  |
| Sales                          | 147 027             | 797 380                  | 801 244         | 1 745 651  |
| Interest rate swaps            | 3 859 333           | 3 125 524                | 2 407 362       | 9 392 219  |
| FOREIGN EXCHANGE INSTRUMENTS   |                     |                          |                 |            |
| Principal-to-principal markets |                     |                          |                 |            |
| Purchases                      | 34 826              |                          |                 | 34 826     |
| Sales                          | 34 479              |                          |                 | 34 479     |
| TOTAL                          | 4 322 820           | 5 048 106                | 4 252 395       | 13 623 321 |



*- Financial futures, credit risks*

|   | In thousands of euros |                |
|---|-----------------------|----------------|
|   | 2003                  | 2002           |
| Central administrations and related, network          | 4 655                 | 6 937          |
| Financial institutions and OECD local administrations | 110 164               | 209 608        |
| Customers   | 225                   | 644            |
| <b>TOTAL</b>  | <b>115 044</b>        | <b>217 189</b> |

The credit risk equivalent is determined according to the market price method.

**Note 20. Interest income and expense, related revenues and costs**

|   | 2003           |                 | 2002           |                 |
|---|----------------|-----------------|----------------|-----------------|
|   | Income         | Expense         | Income         | Expense         |
| Interbanking transactions                 | 230 315        | -320 654        | 198 788        | -287 457        |
| Customer transactions                     | 282 870        | -9 746          | 285 083        | -9 455          |
| Bonds and other fixed-interest securities | 241 710        | -236 100        | 296 436        | -302 886        |
| Lease and similar items                   | 30 308         | -7 263          | 25 855         | -5 215          |
| <b>TOTAL</b>                              | <b>785 203</b> | <b>-573 763</b> | <b>806 162</b> | <b>-605 013</b> |

**Note 21. Income on equities and other variable income instruments**

|   | In thousands of euros |              |
|---|-----------------------|--------------|
|   | 2003                  | 2002         |
| Shares and other dividend-bearing securities                                | 1 097                 | 956          |
| Investments in non-consolidated undertakings, other participating interests | 3 431                 | 1 681        |
| <b>TOTAL</b>  | <b>4 528</b>          | <b>2 637</b> |

**Note 22. Net commission income**

|                                | 2003          |                | 2002          |                |
|--------------------------------|---------------|----------------|---------------|----------------|
|                                | Income        | Expense        | Income        | Expense        |
| Interbanking transactions      | 546           | -1 604         | 278           | -1 634         |
| Customer transactions          | 19 264        | -8 010         | 20 702        | -8 806         |
| Securities transactions        |               | -1 471         | 2             | -3 141         |
| Foreign exchange transactions  | 2 608         |                | 2 949         |                |
| Financial futures transactions | 279           | -286           |               | -15            |
| Financial services income      | 65 467        | -12 493        | 46 515        | -12 419        |
| <b>TOTAL</b>                   | <b>88 164</b> | <b>-23 864</b> | <b>70 446</b> | <b>-26 015</b> |
| <b>Commission income</b>       | <b>64 300</b> |                | <b>44 431</b> |                |

**Note 23. Gains and losses on sales of trading account securities**

|  | In thousands of euros |              |
|--|-----------------------|--------------|
|  | 2003                  | 2002         |
| <b>Net transactions on trading securities</b>                                | <b>-3</b>             | <b>422</b>   |
| <b>Net currency transactions</b>   | <b>1 943</b>          | <b>2 055</b> |
| <b>Total transactions on derivative instruments and hedging transactions</b> | <b>832</b>            | <b>1 373</b> |
| Interest rate  | 975                   | 3 126        |
| Foreign exchange   | 63                    | -398         |
| Other derivative instruments and hedging transactions                        | -206                  | -1 355       |
| <b>TOTAL</b>   | <b>2 772</b>          | <b>3 850</b> |

**Note 24. Gains and losses on sales of securities available for sale**

|   | In thousands of euros |               |
|---|-----------------------|---------------|
|   | 2003                  | 2002          |
| Certificates and bonds transactions     |                       |               |
| Gains on sale of securities             | 10 618                | 1 100         |
| Losses on sale of securities            | -4 415                | -2 667        |
| Provisions made for depreciation        | -22 265               | -17 632       |
| Releases of allowances for depreciation | 23 320                | 9 616         |
| <b>TOTAL</b>                            | <b>7 258</b>          | <b>-9 583</b> |

**Note 25. Underwriting result and net investment income of insurance companies**

|   | In thousands of euros |               |
|---|-----------------------|---------------|
|   | 2003                  | 2002          |
| LIFE ACTIVITY                                 |                       |               |
| Premiums or vested contributions              | 1 243 828             | 980 256       |
| Net investment income                         | 534 103               | 403 530       |
| Other technical income                        | 226 233               | 48 551        |
| Claims expense and changes in claims reserves | -1 388 360            | -459 560      |
| Other technical expense and losses            | -581 775              | -943 355      |
| <b>TOTAL</b>                                  | <b>34 029</b>         | <b>29 422</b> |
| NON -LIFE ACTIVITY                            |                       |               |
| Premiums or vested contributions              | 82 527                | 65 488        |
| Net technical investment income               | 1 622                 | 2 487         |
| Dividend received                             |                       | 5 626         |
| Other technical income                        | 15 312                | 14 060        |
| Claims expense and changes in claims reserves | -92 084               | -68 715       |
| Other technical expense and losses            | -2 244                | -2 885        |
| <b>TOTAL</b>                                  | <b>5 133</b>          | <b>16 061</b> |
| Non technical net income                      | 27 449                | 16 948        |
| <b>TECHNICAL AND FINANCIAL MARGINS</b>        | <b>66 611</b>         | <b>62 431</b> |

Insurance companies are the most significant non-banking companies of Compagnie Financière du Crédit Mutuel Group. Their contribution to the consolidated net banking income is as follows :

|  | 2003    | 2002    |
|--|---------|---------|
| Contribution to the net banking and insurance income before internal transactions eliminations     | 106 679 | 93 931  |
| Inter-company transactions   | -39 851 | -37 424 |
| Contribution to the net banking and insurance income after inter-company transactions eliminations | 66 828  | 56 507  |

**Note 26. Operating expense**

|                                     | In thousands of euros          |                 |
|-------------------------------------|--------------------------------|-----------------|
|                                     | 2003                           | 2002            |
| <b>Personnel costs</b>              | <b>-78 562</b>                 | <b>-71 105</b>  |
| Salaries and wages                  | -50 308                        | -46 202         |
| Fringe benefits                     | -20 202                        | -18 100         |
|                                     | <i>including pension costs</i> |                 |
| Profit sharing and incentive scheme | -2 450                         | -1 846          |
| Payroll-related taxes               | -5 602                         | -4 957          |
| <b>Other administrative expense</b> | <b>-102 500</b>                | <b>-98 482</b>  |
| <b>TOTAL</b>                        | <b>-181 062</b>                | <b>-169 587</b> |

The number of salaried employees is as follows :

| Average number         | 2003               | 2002               |
|------------------------|--------------------|--------------------|
|                        | Salaried staff (*) | Salaried staff (*) |
| Employees              | 597                | 567                |
| Executives and experts | 704                | 637                |
| <b>TOTAL</b>           | <b>1 301</b>       | <b>1 204</b>       |

(\*) Including the staff of companies consolidated under the proportional method: 44 employees and 20 executives and experts in 2003 compared to 44 employees and 19 executives and experts in 2002.

Total remuneration allocated to members of the Board of Directors for 2003 is 17 thousand euros. The remuneration paid to the members of the Executive Board Committee amounts to 567 thousand euros.

## Note 27. Net additions to provisions for credit risks

|  |                                    | In thousands of euros |                |
|--|------------------------------------|-----------------------|----------------|
|  |                                    | 2003                  | 2002           |
| DEBT   | Provisions                         | -52 525               | -50 232        |
|  | Releases used                      | 33 583                | 33 863         |
|  | Releases made available            | 14 185                | 15 527         |
|  | Recoveries on bad debt written off | 4 621                 | 5 456          |
| OFF-BALANCE SHEET<br>COMMITMENTS               | Provisions                         | -580                  | -906           |
|  | Releases used                      | 67                    | 1 870          |
|  | Releases made available            | 4 779                 |                |
| BAD DEBT                                       | Covered                            | -28 190               | -31 546        |
|  | Non covered                        | -1 846                | -1 924         |
| PROVISIONS FOR<br>CONTINGENCIES AND<br>CHARGES | Provisions                         | -2 963                | -2 619         |
|  | Releases                           | 831                   | 82             |
| <b>BALANCE</b>                                 |                                    | <b>-28 038</b>        | <b>-30 429</b> |

## Note 28. Gains (losses) on disposals of long-term investments and changes in provisions

| In thousands of euros          |                 |                |                     |               |              |
|--------------------------------|-----------------|----------------|---------------------|---------------|--------------|
|                                | Provisions made | Losses on sale | Allowances released | Gains on sale | Net amount   |
| EQUITY INVESTMENTS             |                 | -2 051         |                     | 2 413         | 362          |
| INVESTMENT SECURITIES          |                 | -324           |                     | 193           | -131         |
| OTHER FINANCIAL ASSETS         | -106            |                | 1 046               |               | 940          |
| <b>TOTAL FINANCIAL ASSETS</b>  | <b>-106</b>     | <b>-2 375</b>  | <b>1 046</b>        | <b>2 606</b>  | <b>1 171</b> |
| TANGIBLE AND INTANGIBLE ASSETS |                 | -5 211         |                     | 6 581         | 1 370        |
| <b>TOTAL ASSETS</b>            | <b>-106</b>     | <b>-7 586</b>  | <b>1 046</b>        | <b>9 187</b>  | <b>2 541</b> |

**Note 29. Income taxes**

In thousands of euros

|  | 2003           | 2002           |
|--|----------------|----------------|
| Current income tax expense   | -50 655        | -37 312        |
| Net deferred income tax expense  | 93             | -852           |
| <b>NET INCOME TAX EXPENSE</b>  | <b>-50 561</b> | <b>-38 164</b> |
| Income before taxes , amortization of goodwill and income of companies accounted for under the equity method ,<br>RGBR | 145 597        | 105 866        |
| <b>Effective rate CFCM Group</b>   | <b>-34,73%</b> | <b>-36,05%</b> |

The effective tax rate of CFCM group at December 31,2003 can be analyzed as follows :

|   | 2003          | 2002          |
|---|---------------|---------------|
| Normal tax rate (including contributions) | 35,43%        | 35,43%        |
| Permanent differences                     | -0,65%        | 0,14%         |
| Impact unprofitable situations            | 0,68%         | 1,45%         |
| Others                                    | -0,73%        | -0,97%        |
| <b>Effective tax rate</b>                 | <b>34,73%</b> | <b>36,05%</b> |

Deferred income taxes recorded in the balance sheet at december 31, 2003 are allocated as follows :

|                                     | 2003         | 2002         |
|-------------------------------------|--------------|--------------|
| <b>ASSETS</b>                       |              |              |
| Temporary differences               | 5 073        | 6 377        |
| <b>TOTAL ASSETS</b>                 | <b>5 073</b> | <b>6 377</b> |
| <b>LIABILITIES</b>                  |              |              |
| Temporary differences               | 4 818        | 7 658        |
| <b>TOTAL LIABILITIES</b>            | <b>4 818</b> | <b>7 658</b> |
| <b>NET DEFERRED TAX LIABILITIES</b> | <b>-255</b>  | <b>1 281</b> |

**Note 30. Consolidated management report**

In application of rule 94-03 of the French Banking Regulation Committee (Comité de la Réglementation Bancaire et Financière), the consolidated management report is made available to the public at the following location:

Compagnie Financière du Crédit Mutuel  
32, rue Mirabeau  
29480 Le Relecq Kerhuon / Brest

## Note 31. List of the consolidated entities

| Nom   | Activity                                | Controlling %        |         | Interest % Group     |       |
|---|---|----------------------|---------|----------------------|-------|
|   |   | 2003                 | 2002    | 2003                 | 2002  |
| COMPAGNIE FINANCIERE DU CREDIT MUTUEL             | Holding and lending institution         | Consolidating entity |         | Consolidating entity |       |
| Full consolidated companies                       |   |                      |         |                      |       |
| ALCOR BANK LUXEMBOURG                             | Banking                                 | 99,9                 | 99,9    | 99,9                 | 99,9  |
| BAIL ENTREPRISES                                  | Real-estate leasing                     | 92,0                 | 99,9    | 92,0                 | 99,9  |
| BANQUE COMMERCIALE POUR LE MARCHE DE L'ENTREPRISE | Banking                                 | 80,0                 | 79,7    | 80,0                 | 79,7  |
| BANQUE FEDERAL FINANCE                            | Banking                                 | 99,0                 | 98,0    | 99,0                 | 96,2  |
| BANQUE PRIVEE EUROPEENNE                          | Banking                                 | 100,0                | 100,0   | 100,0                | 100,0 |
| CAMEFI BANQUE                                     | Banking                                 | 51,0                 | 51,0    | 51,0                 | 51,0  |
| COMPAGNIE EUROPEENNE D'OPERATIONS IMMOBILIERES    | Special purpose vehicle                 | 100,0                | 100,0   | 100,0                | 100,0 |
| ESPACE PATRIMOINE CONSEIL                         | Financial investment consultant         | 90,0                 | 89,0    | 90,0                 | 73,2  |
| EUROBRETAGNE                                      | Group services management center        | 100,0                | 100,0   | 100,0                | 100,0 |
| EUROGERANCE                                       | Real-estate fund management             | 65,8                 | 65,8    | 65,8                 | 65,7  |
| FEDERAL GESTION                                   | Mutual funds management                 | 100,0                | 100,0   | 99,1                 | 95,5  |
| FEDERAL INVEST (**)                               | Mutual funds management                 |                      | 100,0   |                      | 98,1  |
| FINANCO   | Sales point and consumer credit         | 79,2                 | 82,6    | 79,2                 | 82,6  |
| FONCIERE INVESTISSEMENT                           | Real-estate investment                  | 100,0                | 100,0   | 97,2                 | 97,1  |
| MURS II   | Special purpose vehicle                 | 100,0                | 100,0   | 100,0                | 100,0 |
| NOVELIA   | Insurance broker                        | 96,0                 | 96,0    | 94,0                 | 84,8  |
| SOBREPAR  | Venture capital                         | 95,3                 | 95,3    | 95,3                 | 95,3  |
| SURAVENIR   | Life insurance                          | 82,7                 | 81,8    | 82,7                 | 81,8  |
| SYMPHONIS   | E-broker                                | 100,0                | 100,0   | 100,0                | 100,0 |
| SYNERGIE FINANCE                                  | Venture capital                         | 44,5                 | 47,5    | 44,5                 | 47,5  |
| SYNERGIE FINANCE GESTION                          | Portfolio management                    | 85,0                 | 85,0    | 85,0                 | 85,0  |
| Proportionate consolidation                       |   |                      |         |                      |       |
| INFOLIS   | IT company                              | (*)50,0              | (*)50,0 | 50,0                 | 50,0  |
| SURAVENIR ASSURANCES                              | Property, car and casual risk insurance | (*)32,5              | (*)32,5 | 32,5                 | 32,5  |
| SURAVENIR ASSURANCES HOLDING                      | Insurance holding company               | 50,0                 | 50,0    | 50,0                 | 50,0  |
| Investments accounted for under the equity method |   |                      |         |                      |       |
| ACTA / CMB VOYAGES                                | Travel agency                           | 40,0                 | 40,0    | 40,0                 | 40,0  |
| BANQUE DE MARCHES ET D'ARBITRAGE                  | Investment banking                      | 33,7                 | 33,7    | 33,7                 | 33,7  |
| FEDERAL IMMO                                      | Real-estate investment                  | 100,0                | 100,0   | 99,1                 | 99,1  |
| SODELEM   | Leasing                                 | 26,1                 | 27,0    | 26,1                 | 27,0  |

(\*) Interest percentage, the controlling percentage not being representative in this case .

(\*\*) This company was dissolved in 2003.

**REPORT OF THE STATUTORY AUDITORS ON THE NON-CONSOLIDATED FINANCIAL  
STATEMENTS OF THE ISSUER  
FOR THE YEAR ENDED 31 DECEMBER 2003**

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 December 2003, on:

- The audit of the accompanying financial statements of Compagnie Financière du Crédit Mutuel,
- The justification of our assessments,
- The specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

**I. Opinion on the financial statements**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, as of 31 December 2003, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

We would like to emphasize certain matters, which do not affect our opinion as expressed above:

- the information contained in the chapter entitled "Customer items on the asset side of the balance sheet" in the accounting principles and valuation methods section of the appendix concerning the initial application of Rule No. 2002-03 of the French Accounting Regulation Committee relating to accounting for credit risk.

**II. Justification of our assessments**

In accordance with the requirements of article L. 225-235 of the Commercial Code, relating to the justification of our assessments, introduced by the Financial Security Act of 1 August 2003 and which came into effect for the first time this year, we inform you that the assessments made in the context of the performance of our audit of the financial statements, taken as a whole, in particular regarding the accounting principles used and significant estimates made by the management, as well as the overall financial statements presentation, don't require any specific comment .

**III. Specific verifications and information**

We also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the associates with respect to the financial position and the financial statements.

Paris and Brest 24 March 2004

The Statutory Auditors

MAZARS & GUERARD  
Jean-Gabriel Rangeon

SA STERENN  
Patrick Franchet

**NON-CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**Balance sheet**

| <b>Assets (in thousands of euros)</b>                                  | <b>Notes</b> | <b>2003</b>       | <b>2002</b>       | <b>2001</b>       |
|--|--------------|-------------------|-------------------|-------------------|
| Cash, due from central banks and French postal system                  |              | 85 285            | 104 313           | 127 998           |
| Treasury bills and similar items                                       | 1            | 422 165           | 850 900           | 1 322 646         |
| Due from banks   | 2            | 6 064 413         | 5 814 079         | 5 258 786         |
| Customer items   | 3            | 251 262           | 302 952           | 251 900           |
| Bonds and other fixed-income instruments                               | 4            | 5 557 998         | 5 202 603         | 5 437 308         |
| Shares and other dividend-bearing securities                           | 5            | 87 002            | 57 174            | 46 536            |
| Equity investments and equity securities held for long-term investment | 6            | 44 778            | 42 856            | 39 905            |
| Equity in affiliated companies   | 6            | 525 425           | 494 865           | 441 030           |
| Tangible assets  |              | 17 496            | 18 094            | 19 818            |
| Other assets   | 7            | 17 370            | 3 135             | 5 659             |
| Sundry accounts and prepaid expenses                                   | 8            | 263 871           | 120 741           | 100 955           |
| <b>Total</b>   |              | <b>13 337 065</b> | <b>13 011 712</b> | <b>13 052 541</b> |

| <b>Liabilities (in thousands of euros)</b> | <b>Notes</b> | <b>2003</b>       | <b>2002</b>       | <b>2001</b>       |
|--|--------------|-------------------|-------------------|-------------------|
| Due to banks                               | 10           | 2 559 697         | 2 706 429         | 3 346 299         |
| Customer items                             | 11           | 394 129           | 259 063           | 262 659           |
| Debt represented by a security             | 12           | 9 332 877         | 9 074 848         | 8 502 683         |
| Other liabilities                          | 13           | 63 614            | 17 935            | 65 170            |
| Sundry accounts and unearned income        | 14           | 123 749           | 112 256           | 53 451            |
| Provisions for contingencies and charges   | 15           | 4 558             | 2 384             | 202               |
| Subordinated debts                         | 16           | 46 842            | 66 882            | 74 606            |
| Reserves for general banking risks         |              | 11 500            | 1 500             | 1 500             |
| Shareholders' equity                       | 17           | 800 099           | 770 415           | 745 971           |
| Share capital                              |              | 715 000           | 715 000           | 715 000           |
| Retained earnings                          |              | 42 128            | 19 549            |                   |
| Carried forward                            |              | 4 706             | 4 273             |                   |
| Net income                                 |              | 38 265            | 31 593            | 30 971            |
| <b>Total</b>                               |              | <b>13 337 065</b> | <b>13 011 712</b> | <b>13 052 541</b> |

| <b>Off-balance sheet items (in thousands of euros)</b> | <b>Notes</b> | <b>2003</b>       | <b>2002</b>       | <b>2001</b>       |
|--|--------------|-------------------|-------------------|-------------------|
| <b>Commitments given</b>                               | 21           |                   |                   |                   |
| Financing commitments given                            |              | 541 464           | 617 743           | 799 218           |
| Guarantees given                                       |              | 486 197           | 367 310           | 277 953           |
| Commitments given on securities                        |              | 30 850            | 184 186           | 40 853            |
| <b>Commitments received</b>                            | 21           |                   |                   |                   |
| Guarantees received                                    |              | 54 646            | 43 471            | 10 494            |
| Commitments received on securities                     |              | 11 119            | 22                |                   |
| <b>Financial futures and other forward agreements</b>  | 22           | <b>14 170 540</b> | <b>17 184 409</b> | <b>15 473 102</b> |

## Income statements

| <i>(in thousands of euros)</i>   | <i>Notes</i> | <i>2003</i>   | <i>2002</i>   | <i>2001</i>   |
|--|--------------|---------------|---------------|---------------|
| Interest income and related revenues   | 23           | 627 598       | 664 327       | 786 686       |
| Interest expense and related costs   | 23           | -580 881      | -617 502      | -752 671      |
| Income on equities and other variable income instruments                       | 24           | 21 178        | 19 644        | 19 201        |
| Commissions (income)   | 25           | 5 732         | 5 074         | 6 448         |
| Commissions (expense)  | 25           | -4 121        | -3 496        | -5 096        |
| Net gains (losses) on sales of trading account securities                      | 26           | 2 395         | 2 791         | -4 039        |
| Net gains (losses) on sales of securities available for sale                   | 26           | 2 287         | -11 017       | -7 688        |
| Other operating income arising from banking activities                         |              | 470           | 1 196         | 319           |
| Other operating expense from banking activities                                |              | -411          | -1 513        | -200          |
| <b>Net banking income</b>  |              | <b>74 247</b> | <b>59 504</b> | <b>42 960</b> |
| Operating expense  | 27           | -13 079       | -11 551       | -9 720        |
| Depreciation, amortization and provisions on tangible and intangible assets    |              | -598          | -967          |               |
| <b>Gross operating income</b>  |              | <b>60 570</b> | <b>46 986</b> | <b>33 240</b> |
| Net additions to provisions for credit risks                                   | 28           | -2 680        | -3 031        | -390          |
| <b>Operating income</b>  |              | <b>57 890</b> | <b>43 955</b> | <b>32 850</b> |
| Gains (losses) on disposals of long-term investments and changes in provisions | 29           | 5 571         | -1 896        | 7 794         |
| <b>Income before tax</b>   |              | <b>63 461</b> | <b>42 059</b> | <b>40 644</b> |
| Net non-recurring expense or income  |              |               |               |               |
| Income taxes   | 30           | -15 196       | -10 466       | -8 173        |
| Movements in the reserve for general banking risks                             |              | -10 000       |               | -1 500        |
| <b>Net income</b>  |              | <b>38 265</b> | <b>31 593</b> | <b>30 971</b> |



## **ACCOUNTING PRINCIPLES AND EVALUATION METHODS**

### **Presentation of the financial statements**

The presentation of the financial statements is done in accordance with rule 00-03 of the Account Regulation Committee (Comité de la Réglementation Comptable) relating to the publication of individual financial statements of financial institutions.

### **General principles and evaluation methods**

#### ***General principles***

The financial statements of Compagnie Financière du Crédit Mutuel have been prepared in accordance with the generally accepted accounting principles as well as the regulatory provisions applicable to banks in France.

#### ***Evaluation options and methods***

##### ***Fixed assets***

Fixed assets appear at historical cost, minus accumulated depreciation. Depreciation is exercised using the straight-line method. The main depreciation periods are as follows:

- Buildings : 25 years
- Fixtures and fittings : 10 years
- Furniture and equipment : 10 years

##### ***Foreign currency transactions***

In accordance with rule 89-01 of the French Banking Regulation Committee, assets, liabilities and off-balance sheet items denominated in foreign currencies are assessed at the prevailing year-end exchange rate. Forward exchange commitments follow the same method.

##### ***Securities Portfolio***

Securities transactions are accounted for in accordance with rule 90-01 of the French Banking Regulation Committee and with rule 00-02 of the French Account Regulation Committee.

##### **Trading securities**

Trading securities are recorded at their cost price, accrued interest and charges included. At each year-end, these securities are revalued at their market price, the appraisal increment being recorded on a statement of profit and loss.

##### **Securities available for sale**

Bonds are recorded at cost excluding acquisition costs and accrued interest. Accrued interest at acquisition date is recorded as "Interest purchased". At year-end net accrued interest is recognized as income. Money market securities are recorded at cost, including accrued interest.

The difference between the acquisition price and the redemption price is amortized over the remaining life of the securities. The straight-line method applies to bonds and the actuarial method to money market securities.

Securities available for sale that do not fall under a hedging strategy give rise to a reserve from the moment their market value is less than their book value. Unrealized capital gains are not recorded.

##### **Investment securities**

Securities recorded as investment securities are backed either with long-term resources assigned to the financing of these securities or to interest rate hedging instruments. Backing resources can include stockholders' equity within the limit of stockholders' equity after investments, subordinated debts and other fixed assets have been deducted.

The depreciation rule of the difference between the acquisition price and the redemption price is identical to that which is applied to securities held for sale. Unrealized capital losses resulting from the difference in book value and the market price are not provided for. Only the risk of issuer credit failure can constitute a provision.

#### Equity securities available for sale in the medium-term

Investments falling within this category are investments made on a regular basis for the sole purpose of realizing a capital gain in the medium-term with no intention of investing sustainably in the development of the business of the issuing company. It pertains particularly to venture capital investments. Equity securities available for sale in the medium-term are stated at the lower cost of either the acquisition costs or the fair value.

#### Equity securities held for long-term investment

Equity securities held for long-term investment are shares or related instruments that are held with the intention of furthering the development of lasting business relationships by establishing special ties with the issuing company without, however, actively participating in the management of the said company due to the low number of voting rights linked to these securities.

Equity securities held for long-term investment are stated at the lower cost of either their acquisition cost or their fair value.

#### Equity investments and equity in affiliated companies

Equity investments and equity in affiliated companies are composed of shares and related instruments for which durable possession is deemed useful to the development of the company and which enable the investor to exert significant influence over the issuer or ensure control of the issuing company. This influence is presumed when a controlling percentage is greater than or equal to 10%.

Equity investments and equity in affiliated companies are valued at the lower cost of either the value in use or book value.

#### Securities bought and sold under repurchase agreements

Securities bought and sold under repurchase agreements are kept in the assets of Compagnie Financière du Crédit Mutuel and are valued according to the rules applying to the category they belong to. Assignee debt is accounted for as liability.

#### **Accounting for derivative instruments and hedging activities**

Financial instruments are recorded in accordance with the provisions of rules 88-02, 90-15, 92-04 and instruction 94-04 of the French Banking Regulation Committee, and rule 2002-01 of the French Account Regulation Committee.

Off-balance sheet commitments on future financial instruments are recorded at their face value. This total only gives an indication of the volume of transactions in progress at the end of the fiscal year, and does not reflect the market risks for these instruments.

Rule 2002-01, applicable as of 1 January 2003, deals with the valuation of homogenous sets of financial instruments and the recording of hedging using financial instruments. This rule had no significant impact on the opening balance of shareholders' equity or on net income.

#### Interest rate instruments

##### *Organized markets*

Future market contracts are revalued at the end of each fiscal year at their market value. Income and expense relating to hedging operations are applied symmetrically to those arising in connection with the item hedged. For stand-alone positions, the gains and losses shown in the revaluation are directly recorded in the statement of profit and loss.

##### *Principal-to-principal markets*

The exchange contracts of interest rates (swaps) and future rate agreements ("FRA") are recognized *prorata temporis* over their respective life. Income and expense related to a single contract are netted.

Accrued interest and premiums on options contracts (cap, floor and collar) are recorded *pro- rata temporis*.

Isolated open positions are re-valued according to the "zero coupon" method and unrealized capital losses are covered by a reserve for contingencies and charges

### Foreign exchange instruments

With regard to currency swaps, the exchange rate difference arising from the valuation of the swap is recorded, at each balance sheet date, as income or expense.

For foreign currency option contracts, premiums are spread out over the duration of the contract. When the option reaches maturity, currencies are either bought or sold.

### **Customer items on the asset side of the balance sheet**

On the asset side of the balance sheet, customer items include all of the amounts due from customers other than banks, except for those evidenced by a security. They are recorded on the balance sheet at face value. Loans that have been confirmed but not yet disbursed are recorded as off balance sheet commitments under "Financing commitments given."

Rule 2002-03 of 12 December 2002 of the Account Regulation Committee regarding accounting for credit risk in companies supervised by the French Banking Regulation Committee has been applied since 1 January 2003.

### **Classification**

Loans are separated into performing and non performing loans.

Loans for which there is a likely risk of partial or total default and that meet one of the following two conditions are classified into non performing loans:

- payments are behind by more than six months on mortgages or by more than three months on any other kinds of loans
- borrower whose financial condition has deteriorated or against whom action has been taken to collect.

When a loan is classified as non performing, all of the loans to the same borrower are classified as non performing loans.

Loans that have been formally declared to be in default or downgraded into non performing for more than one year, and for which payments are behind by more than six months for mortgages and by more than three months for all other kinds of loans, are classified as bad debt. The recording of interest is suspended when the loans are classified as bad debt.

The definition of non performing loans includes non performing loans and bad debts.

Loans are upgraded back to performing when regular payments on them have resumed. Restructured loans for which the likelihood of collection is considered satisfactory are also classified into performing loans.

### **Provisions**

Doubtful loans and accounts receivable are provisioned for on a loan-by-loan basis if there is a probable risk of total or partial non-recovery. Provisions are recorded in the balance sheet as a deduction of the corresponding receivable. The interests on recognized doubtful account receivable in revenues are fully provisioned for.

In the Statement of Income, allowances and release of provisions, losses on bad debts, and recoveries on bad debts written off are recorded under "Net Additions to Credit Risk Provisions", with the exception of the allowances and releases of provisions relating to interests on doubtful accounts presented in the Net Banking Income.

### **Reserve for general banking risks**

In accordance with rule 90-02 of the French Banking Regulation Committee, some consolidated financial institutions have set up a general provision in order to cover risks inherent to banking.

Provisions and releases are recorded in the income statement under “Net allowance to the reserve for general banking risks.”

### ***Provisions for contingencies and charges***

Provisions for contingencies and charges are set up in order to cover clearly identified and measurable risks and charges. Provisions for contingencies and charges unrelated to banking operations are set up according to the CRC n° 00-06 regulation: they depend on the existence of a third-party obligation without future consideration. The first application of regulation n° 00-06 did not result in adjustments at the beginning of fiscal year 2002.

General provisions for credit risk are booked for corporate loans to medium and large businesses that are not contained in the investment portfolio. These provisions are booked as the interest representing the risk premium is recorded as income. Releases are booked either when a confirmed risk arises or by capping the provision for unconfirmed unrealized losses in the portfolios concerned.

### ***Pension commitments***

Insurance policies are taken out or provisions recorded for pension commitments that are not incurred under defined contribution plans, retirement benefits and work medals.

An actuarial evaluation for the above commitments is conducted for each employee using the retrospective method. This evaluation factors in the salary at the end of the employee’s career, entitlements, the mobility rate and the 1988/1990 life expectancy table or the prospective table of life annuities (TPRV93).

### ***Integration tax***

Compagnie Financière du Crédit Mutuel falls within the fiscal integration scope of the Caisse Interfédérale de Crédit Mutuel.

### ***Non-recurring income and expense***

Extraordinary items, which are not linked to current business, are recorded under this paragraph.

## **NOTES TO BALANCE SHEET, OFF- BALANCE SHEET ITEMS AND STATEMENT OF INCOME**

### **Note 1. Treasury bills and similar items**

| In thousands of euros                         |                    |               |                |                    |                |                |
|---|--------------------|---------------|----------------|--------------------|----------------|----------------|
|   | 2003               |               |                | 2002               |                |                |
|   | Available for sale | Investment    | Total          | Available for sale | Investment     | Total          |
| Security holdings (gross value)               | 386 500            | 28 075        | 414 575        | 690 482            | 143 033        | 833 515        |
| Accrued interest receivable                   | 7 233              | 357           | 7 590          | 12 465             | 4 920          | 17 385         |
| <b>GROSS TOTAL</b>                            | <b>393 733</b>     | <b>28 432</b> | <b>422 165</b> | <b>702 947</b>     | <b>147 953</b> | <b>850 900</b> |
| Allowances                                    |                    |               |                |                    |                |                |
| <b>NET TOTAL</b>                              | <b>393 733</b>     | <b>28 432</b> | <b>422 165</b> | <b>702 947</b>     | <b>147 953</b> | <b>850 900</b> |
| Increase in value                             | 5 852              | 604           | 6 456          | 22 375             | 2 795          | 25 170         |
| Difference acquisition price redemption price |                    | -50           | -50            | 4 827              | -519           | 4 308          |

There were no transfers in 2003 between the different portfolio categories, and no sales of investment securities prior to their maturity date.

Listed securities accounted for 100 % in 2003.

### **Note 2. Due from banks**

| In thousands of euros                                  |                |                  |                  |                |                  |                  |
|--|----------------|------------------|------------------|----------------|------------------|------------------|
|  | 2003           |                  |                  | 2002           |                  |                  |
|  | On demand      | On time          | Total            | On demand      | On time          | Total            |
| Ordinary deposits                                      | 176 388        |                  | 176 388          | 6 438          |                  | 6 438            |
| Loans, securities purchased under agreements to resell |                | 5 851 989        | 5 851 989        | 103 530        | 5 654 539        | 5 758 069        |
| Accrued interest receivable                            | 40             | 35 996           | 36 036           | 137            | 49 435           | 49 572           |
| <b>TOTAL</b>   | <b>176 428</b> | <b>5 887 985</b> | <b>6 064 413</b> | <b>110 105</b> | <b>5 703 974</b> | <b>5 814 079</b> |

### **Note 3. Customer items**

| In thousands of euros                |                |                |
|--------------------------------------|----------------|----------------|
|                                      | 2003           | 2002           |
| Loans and credit                     | 126 493        | 199 650        |
| Accrued interest receivable          | 739            | 1 377          |
| Customer current accounts receivable | 119 623        | 96 649         |
| Accrued interest receivable          | 685            | 894            |
| Restructured and doubtful accounts   | 7 408          | 7 623          |
| Allowances                           | -3 686         | -3 241         |
| <b>TOTAL</b>                         | <b>251 262</b> | <b>302 952</b> |

In 2003, Compagnie Financière had no more loans qualifying at the Banque de France for her own account. She had 39,733 thousand euros in eligible claims on behalf of the Group on deposit with Banque de France, down from 41,297 thousand euros in 2002. The assignment of receivables accounted for 75,5 % of the qualifying loans compared to 97 % in 2002.

The coverage rate of allowances for doubtful accounts amounted to 49,76% in 2003 compared to 42,52% in 2002. With relation to the debt total, the coverage rate went from 1,07% in 2002 to 1,45% in 2003.

## Note 4. Bonds and other fixed-income instruments

| In thousands of euros                         |                    |                  |                  |                    |                |                  |
|---|--------------------|------------------|------------------|--------------------|----------------|------------------|
|   | 2003               |                  |                  | 2002               |                |                  |
|   | Available for sale | Investment       | Total            | Available for sale | Investment     | Total            |
| Security holdings (gross value)               | 4 482 634          | 1 004 596        | 5 487 230        | 4 275 827          | 857 302        | 5 133 129        |
| Accrued interest receivable                   | 57 699             | 22 060           | 79 759           | 61 822             | 18 643         | 80 465           |
| <b>GROSS TOTAL</b>                            | <b>4 540 333</b>   | <b>1 026 656</b> | <b>5 566 989</b> | <b>4 337 649</b>   | <b>875 945</b> | <b>5 213 594</b> |
| Allowances                                    | 8 991              |                  | 8 991            | 10 991             |                | 10 991           |
| <b>NET TOTAL</b>                              | <b>4 531 342</b>   | <b>1 026 656</b> | <b>5 557 998</b> | <b>4 326 658</b>   | <b>875 945</b> | <b>5 202 603</b> |
| Increase in value                             | 66 801             | 21 095           | 87 896           | 75 976             | -34 629        | 41 347           |
| Difference acquisition price redemption price | 16 833             | 4 268            | 21 101           | -1 509             | 1 369          | -140             |

There were no transfers between the different portfolio categories in 2003. The sales of investment securities prior to their maturity amounted to 155,687 thousand euros including convertible bonds reimbursed before final maturity for 124,829 thousand euros .

They generated a capital loss of 131 thousand euros.

Listed securities accounted for 72,54 % in 2003 compared to 53,76 % in 2002.

Securities issued by public agencies amounted to 144,576 thousand euros in 2003 compared to 271,223 thousand euros in 2002.

## Note 5. Shares and other dividend-bearing securities

| In thousands of euros |               |               |
|-----------------------|---------------|---------------|
|                       | 2003          | 2002          |
| Security holdings     | 88 716        | 60 833        |
| Allowances            | 1 714         | 3 659         |
| <b>NET TOTAL</b>      | <b>87 002</b> | <b>57 174</b> |
| Increase in value     | 9 103         | 3 552         |

All of these securities are classified as available for sale securities. The listed securities represent 87,22% of the portfolio.

## Analysis of mutual funds :

| In thousands of euros |                |              |                |              |                |              |                |              |
|-----------------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| Mutual funds          | 2003           |              |                |              | 2002           |              |                |              |
|                       | France         |              | Abroad         |              | France         |              | Abroad         |              |
|                       | Capitalization | Distribution | Capitalization | Distribution | Capitalization | Distribution | Capitalization | Distribution |
| Security holdings     | 46 784         |              |                |              | 19 158         |              |                |              |

## Note 6. Equity investments, equity securities held for long-term investment and equity in affiliated companies

### Changes in net book values

|  | In thousands of euros |          |          |         |
|--|-----------------------|----------|----------|---------|
|  | 2002                  | Increase | Decrease | 2003    |
| <b>Equity investments</b>                              |                       |          |          |         |
| Gross amount   | 29 613                | 1 597    | -867     | 30 343  |
| Allowances   | 901                   | -469     |          | 432     |
| <i>Net amount</i>                                      | 28 712                | 2 066    | -867     | 29 911  |
| <b>Equity securities held for long-term investment</b> |                       |          |          |         |
| Gross amount   | 20 686                | 883      | -157     | 21 412  |
| Allowances   | 6 542                 | 3        |          | 6 545   |
| <i>Net amount</i>                                      | 14 144                | 880      | -157     | 14 867  |
| <b>Equity in affiliated companies</b>                  |                       |          |          |         |
| Gross amount   | 705 169               | 27 992   | -1 746   | 731 415 |
| Allowances   | 210 304               | 2 051    | -6 365   | 205 990 |
| <i>Net amount</i>                                      | 494 865               | 25 941   | 4 619    | 525 425 |

The amount of equity investments and equity in affiliated companies held in financial institutions totaled 247,457 thousand euros .

The aggregate of the equity investments and equity in affiliated companies portfolio is not listed.

The part of the portfolio valued according to net worth amounted to 47.22 % with regards to the equity investments, and to 54.89 % for the affiliated companies.

The other securities are valued at their economic value .

### List of the main investments in subsidiaries and in non-consolidated undertakings

|   | In thousands of euros |                      |                          |
|---|-----------------------|----------------------|--------------------------|
| Company name and address  | Capital share held    | Shareholders' equity | Last year-end net income |
| SECURITIES HAVING A VALUE EXCEEDING 1% OF THE CAPITAL   |                       |                      |                          |
| <b>1. AFFILIATES (COMPANIES IN WHICH MORE THAN 50 % OF THE SHARES ARE HELD BY COMPAGNIE FINANCIERE)</b>     |                       |                      |                          |
| BANQUE COMMERCIALE POUR LE MARCHE DE L'ENTREPRISE<br>19, rue Romain Desfossés - BP117 - 29802 BREST CEDEX 9 | 96 000                | 139 337              | 8 550                    |
| COMPAGNIE EUROPEENNE D'OPERATIONS IMMOBILIERES<br>62, rue du Louvre - 75068 PARIS Cédex 02                  | 19 839                | 16 724               | 2 136                    |
| ALCOR BANK LUXEMBOURG<br>25, Boulevard Royal - BP 746 - L2017 LUXEMBOURG                                    | 9 141                 | 10 857               | 805                      |
| BANQUE FEDERAL FINANCE<br>32, rue Mirabeau - 29480 LE RELECQ KERHUON/BREST                                  | 20 015                | 26 024               | 359                      |
| SOBREPAP<br>32, rue Mirabeau - 29480 LE RELECQ KERHUON/BREST  | 13 339                | 16 321               | 1 249                    |
| SURAVENIR<br>232, rue Général Paulet BP 103 - 29802 BREST CEDEX 9   | 165 434               | 300 332              | 40 143                   |
| MURS II<br>62, rue du Louvre - 75068 PARIS CEDEX 02   | 5 218                 | 10 317               | 1 773                    |
| FINANCO-SOFEMO<br>2, quai de la Douane - 29266 BREST CEDEX  | 25 328                | 37 087               | 1 908                    |
| SYMPHONIS<br>232, rue Général Paulet - BP 45 - 29801 BREST CEDEX 9  | 16 200                | 11 025               | -2 657                   |
| CAMEFI BANQUE<br>521, avenue du Prado - 13008 MARSEILLE   | 23 801                | 46 783               | 526                      |
| ESPACE PATRIMOINE CONSEIL<br>126, bd Haussman 75008 PARIS   | 8 775                 | 8 755                | -799                     |
| <b>2. EQUITY INVESTMENTS HELD BETWEEN 10% AND 50%</b>   |                       |                      |                          |
| BANQUE PRIVEE EUROPEENNE<br>62, rue du Louvre - 75968 PARIS Cédex 02  | 29 760                | 74 999               | 4 003                    |
| BANQUE DE MARCHES ET D'ARBITRAGE<br>9, rue Chauchat - 75009 PARIS   | 6 272                 | 32 700               | 327                      |
| SYNERGIE FINANCE<br>32, rue Mirabeau - 29480 LE RELECQ KERHUON/BREST  | 10 413                | 28 342               | 3 652                    |
| SURAVENIR ASSURANCE HOLDING<br>1, rond point des Antons - 44931 NANTES Cédex 9                              | 12 016                | 24 103               | -2                       |

*Equities in affiliated companies and equity investments*

| In thousands of euros                      |   |                |                      |                  |
|--|---|----------------|----------------------|------------------|
|  | Equity investment and equity securities held for a long-term investment |                | Affiliated companies |                  |
|  | 2003  | 2002           | 2003                 | 2002             |
| <b>ASSETS</b>                              |   |                |                      |                  |
| CAPITAL INVESTMENT                         | 51 755  | 50 299         | 731 415              | 705 169          |
| OTHER ASSETS                               | 267 520   | 144 064        | 4 269 818            | 3 887 134        |
| . Accounts receivable                      | 220 735   | 66 418         | 4 151 714            | 3 769 001        |
| . Bonds and other fixed-income instruments | 46 785  | 77 646         | 118 104              | 118 133          |
| <b>TOTAL ASSETS</b>                        | <b>319 275</b>  | <b>194 363</b> | <b>5 001 233</b>     | <b>4 592 303</b> |
| <b>LIABILITIES</b>                         |   |                |                      |                  |
| . Debts                                    | 21 530  |                | 263 707              | 413 469          |
| . Debts securities                         | 15 245  |                | 871 881              | 516 977          |
| <b>TOTAL LIABILITIES</b>                   | <b>36 775</b>   |                | <b>1 135 588</b>     | <b>930 446</b>   |
| <b>COMMITMENTS GIVEN</b>                   |   |                |                      |                  |
| . Financing commitments                    | 42  |                | 10 000               | 124 493          |
| . Guarantees given                         |   | 870            | 71 200               | 4 581            |
| <b>TOTAL</b>                               | <b>42</b>   | <b>870</b>     | <b>81 200</b>        | <b>129 074</b>   |
| <b>COMMITMENTS RECEIVED</b>                |   |                |                      |                  |
| . Financing commitments                    |   |                |                      |                  |
| . Guarantees received                      |   |                | 51 771               | 43 227           |
| <b>TOTAL</b>                               |   |                | <b>51 771</b>        | <b>43 227</b>    |

**Note 7. Other assets**

| In thousands of euros     |               |              |
|---------------------------|---------------|--------------|
|                           | 2003          | 2002         |
| Government                | 111           | 4            |
| Securities transactions   | 41            | 104          |
| Other various receivables | 17 218        | 3 027        |
| <b>TOTAL</b>              | <b>17 370</b> | <b>3 135</b> |

**Note 8. Sundry accounts and prepaid expense**

| In thousands of euros                             |                |                |
|---|----------------|----------------|
|   | 2003           | 2002           |
| Cheks and note in course of collection            | 5 123          | 9 316          |
| Adjustment accounts                               | 56 786         | 25 774         |
| Deferred charges                                  | 7 809          | 6 947          |
| Deferred assets                                   | 54 022         | 27 584         |
| Accrued assets                                    | 48 196         | 41 760         |
| Miscellaneous sundry accounts and prepaid expense | 91 935         | 9 360          |
| <b>TOTAL</b>                                      | <b>263 871</b> | <b>120 741</b> |

**Note 9. Subordinated assets**

| In thousands of euros |        |         |
|-----------------------|--------|---------|
|                       | 2003   | 2002    |
| Due from banks        | 52 669 | 144 220 |



## Note 10. Due to banks

| In thousands of euros                                       |                |                  |                  |                |                  |                  |
|---|----------------|------------------|------------------|----------------|------------------|------------------|
|   | 2003           |                  |                  | 2002           |                  |                  |
|   | On demand      | On time          | Total            | On demand      | On time          | Total            |
| Current accounts  | 478 888        |                  | 478 888          | 522 968        |                  | 522 968          |
| Borrowings and securities given under repurchase agreements | 124 009        | 1 488 282        | 1 612 291        |                | 1 051 215        | 1 051 215        |
| Securities or bills sold under repurchase agreements        |                | 452 467          | 452 467          |                | 1 117 649        | 1 117 649        |
| Accrued interest payable                                    | 284            | 15 767           | 16 051           | 790            | 13 807           | 14 597           |
| <b>TOTAL</b>  | <b>603 181</b> | <b>1 956 516</b> | <b>2 559 697</b> | <b>523 758</b> | <b>2 182 671</b> | <b>2 706 429</b> |

## Note 11. Customer items

| In thousands of euros                                |                |                |                |               |                |                |
|--|----------------|----------------|----------------|---------------|----------------|----------------|
|  | 2003           |                |                | 2002          |                |                |
|  | On demand      | On time        | Total          | On demand     | On time        | Total          |
| Current accounts                                     | 205 608        |                | 205 608        | 63 261        |                | 63 261         |
| Customer time deposits and borrowings                |                | 164 710        | 164 710        |               | 105 820        | 105 820        |
| Securities or bills sold under repurchase agreements |                | 17 536         | 17 536         |               | 84 793         | 84 793         |
| Accrued interest payable                             |                | 6 275          | 6 275          |               | 5 189          | 5 189          |
| <b>TOTAL</b>   | <b>205 608</b> | <b>188 521</b> | <b>394 129</b> | <b>63 261</b> | <b>195 802</b> | <b>259 063</b> |

## Note 12. Debt represented by a security

| In thousands of euros  |                  |                          |                  |                  |                          |                  |
|--|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|  | 2003             |                          |                  | 2002             |                          |                  |
|  | Gross value      | Accrued interest payable | Total            | Gross value      | Accrued interest payable | Total            |
| Interbank market instruments and negotiable debt instruments | 6 907 799        | 45 476                   | 6 953 275        | 7 193 932        | 107 693                  | 7 301 625        |
| Debenture loans  | 2 357 427        | 22 175                   | 2 379 602        | 1 750 550        | 22 673                   | 1 773 223        |
| <b>TOTAL</b>   | <b>9 265 226</b> | <b>67 651</b>            | <b>9 332 877</b> | <b>8 944 482</b> | <b>130 366</b>           | <b>9 074 848</b> |

As part of its "Euro Medium Term Note" (EMTN) program, Compagnie Financière du Crédit Mutuel issued international bonds in the amount of 645 million euros in 2003.

## Note 13. Other liabilities

| In thousands of euros   |               |               |
|---|---------------|---------------|
|   | 2003          | 2002          |
| Security payments in progress                                       | 3 852         | 3 852         |
| Salaries and wages  | 396           | 327           |
| Social security taxes   | 737           | 594           |
| Government  | 15 525        | 10 744        |
| Security deposits received in connection with financial instruments | 42 012        |               |
| Miscellaneous   | 1 092         | 2 418         |
| <b>TOTAL</b>  | <b>63 614</b> | <b>17 935</b> |

## Note 14. Sundry accounts and unearned income

|   | In thousands of euros |                |
|---|-----------------------|----------------|
|   | 2003                  | 2002           |
| Tied-up collection operation accounts                   | 3 068                 | 33 421         |
| Gains on financial futures and other forward agreements | 48                    | 9              |
| Deferred revenue  | 45 453                | 33 744         |
| Accrued liabilities                                     | 66 403                | 44 054         |
| Miscellaneous sundry accounts and unearned income       | 8 777                 | 1 028          |
| <b>TOTAL</b>  | <b>123 749</b>        | <b>112 256</b> |

## Note 15. Provisions for contingencies and charges

|                                    | In thousands of euros |                   |          |              |
|------------------------------------|-----------------------|-------------------|----------|--------------|
|                                    | 2002                  | Amounts set aside | Releases | 2003         |
| General provisions for credit risk | 2 384                 | 2 174             |          | 4 558        |
| <b>TOTAL</b>                       | <b>2 384</b>          | <b>2 174</b>      |          | <b>6 561</b> |

## Note 16. Subordinated debts

|   | In thousands of euros |          |       |          |
|---|-----------------------|----------|-------|----------|
| Subordinated debts representing at least 10 % of the total subordinated debts | Amount                | Currency | Rate  | Due      |
| Caisse Centrale de Crédit Mutuel  | 9 147                 | EURO     | 8,86  | 23/11/04 |
| Caisse Centrale de Crédit Mutuel  | 12 196                | EURO     | 6,44  | 15/11/05 |
| Accrued interest payable  | 187                   |          |       |          |
| Redeemable subordinated securities  | 24 789                | EURO     | 8,250 | 28/09/04 |
| Accrued interest payable  | 523                   |          |       |          |
| <b>TOTAL</b>  | <b>46 842</b>         |          |       |          |

Subordinated debt expense amounted to 6,361 thousand euros in 2003 compared to 7,076 thousand euros in 2002.

## Note 17. Shareholders' equity

|                     | In thousands of euros |  |                     |                 |
|---------------------|-----------------------|--|---------------------|-----------------|
|                     | Beginning of the year | Allocation of the previous year result | Changes of the year | End of the year |
| SHARE CAPITAL       | 715 000               |  |                     | 715 000         |
| RESERVES            | 19 549                | 22 579                                 |                     | 42 128          |
| . Legal reserve     | 1 549                 | 1 579                                  |                     | 3 128           |
| . Statutory reserve | 18 000                | 21 000                                 |                     | 39 000          |
| CARRIED FORWARD     | 4 273                 | 433                                    |                     | 4 706           |
| NET INCOME          | 31 593                | -31 593                                | 38 265              | 38 265          |
| <b>TOTAL</b>        | <b>770 415</b>        | <b>-8 581</b>                          | <b>38 265</b>       | <b>800 099</b>  |

Capital is made up of 71,500,000 ordinary shares with a par value of EUR 10.

## Note 18. Breakdown of certain assets / liabilities according to maturity date

| In thousands of euros  |                    |                        |                       |              |                                       |           |
|--|--------------------|------------------------|-----------------------|--------------|---------------------------------------|-----------|
| Maturity   | Less than 3 months | Over 3 months - 1 year | Over 1 year - 5 years | Over 5 years | Debts and accrued interest receivable | TOTAL     |
| <b>Assets</b>  |                    |                        |                       |              |                                       |           |
| <i>Due from banks</i>  | 1 603 182          | 1 468 634              | 1 397 815             | 1 558 746    | 36 036                                | 6 064 413 |
| <i>Advances to customers</i>                                   | 190 986            | 11 750                 | 21 087                | 26 015       | 1 424                                 | 251 262   |
| . Other customer loans   | 71 363             | 11 750                 | 21 087                | 26 015       | 739                                   | 130 954   |
| . current accounts   | 119 623            |                        |                       |              | 685                                   | 120 308   |
| <i>Bonds and other fixed-income instruments</i>                | 484 041            | 766 800                | 3 875 671             | 351 727      | 79 759                                | 5 557 998 |
| <b>Liabilities</b>   |                    |                        |                       |              |                                       |           |
| <i>Due to banks</i>  | 1 330 513          | 93 450                 | 318 172               | 801 511      | 16 051                                | 2 559 697 |
| <i>Customer deposits and related</i>                           | 240 914            | 1 568                  | 85 372                | 60 000       | 6 275                                 | 394 129   |
| . Customer time deposits                                       | 17 770             | 1 568                  | 85 372                | 60 000       | 6 273                                 | 170 983   |
| . Customer demand deposits                                     | 205 608            |                        |                       |              |                                       | 205 608   |
| . Securities or bills under repurchase agreements              | 17 536             |                        |                       |              | 2                                     | 17 538    |
| <i>Debts represented by a security</i>                         | 6 215 270          | 794 359                | 979 858               | 1 275 739    | 67 651                                | 9 332 877 |
| . Interbank market instruments and negotiable debt instruments | 6 064 860          | 257 882                | 434 511               | 150 546      | 45 476                                | 6 953 275 |
| . Debenture loans  | 150 410            | 536 477                | 545 347               | 1 125 193    | 22 175                                | 2 379 602 |

There are no undated receivables.

## Note 19. Assets and liabilities in foreign currency

At 31st December 2003, foreign currency assets and liabilities amounted respectively to 436,980 thousand euros and 75,828 thousand euros.

## Note 20. Assets pledged or received as collateral

| In thousands of euros                         |      |        |
|---|------|--------|
|   | 2003 | 2002   |
| Assets pledged as collateral                  |      | 20 400 |
| <i>in relation to third party commitments</i> |      | 20 400 |
| Assets received as collateral                 |      | 20 400 |

## Note 21. Off-balance sheet items

| In thousands of euros                         |         |         |
|---|---------|---------|
|   | 2003    | 2002    |
| <b>Commitments given</b>                      |         |         |
| . <i>Financing commitments given</i>          | 541 464 | 617 743 |
| in favour of banks and financial institutions | 10 000  | 128 730 |
| in favour of customers                        | 531 464 | 489 013 |
| . <i>Guarantees given</i>                     | 486 197 | 367 310 |
| relating to banks and financial institutions  | 103 518 | 33 136  |
| relating to customers                         | 382 679 | 334 174 |
| <b>Commitments received</b>                   |         |         |
| . <i>Guarantees received</i>                  | 56 646  | 43 471  |
| relating to banks and financial institutions  | 54 402  | 43 227  |
| relating to customers                         | 244     | 244     |

## Note 22. Transactions in financial futures and other forward agreements

According to contract type (nominal value of contracts)

| In thousands of euros                      |                                |                    |                   |                                |                    |
|--|--------------------------------|--------------------|-------------------|--------------------------------|--------------------|
|  | 2003                           |                    | Total             | 2002                           |                    |
|  | Financial futures transactions | Other transactions |                   | Financial futures transactions | Other transactions |
| <b>Firm transactions</b>                   |                                |                    |                   |                                |                    |
| Organized market transactions              |                                |                    |                   |                                |                    |
| interest rate contracts                    | 50 000                         |                    | 50 000            | 2 000                          | 2 270              |
| Principal-to-principal market transactions |                                |                    |                   |                                |                    |
| future rate agreements                     | 59 200                         | 20 000             | 79 200            | 716                            |                    |
| interest rate swaps                        | 9 675 053                      | 15 937             | 9 690 990         | 12 665 303                     | 323 157            |
| <b>Conditional transactions</b>            |                                |                    |                   |                                |                    |
| Organized market transactions              |                                |                    |                   |                                |                    |
| Interest rate options                      |                                |                    |                   |                                |                    |
| bought                                     | 438                            |                    | 438               | 31 406                         | 4 336              |
| sold                                       | 16 238                         |                    | 16 238            | 14 156                         |                    |
| Principal-to-principal market transactions |                                |                    |                   |                                |                    |
| Interest rate contracts (floor, cap)       |                                |                    |                   |                                |                    |
| bought                                     | 2 189 529                      |                    | 2 189 529         | 1 996 314                      |                    |
| sold                                       | 2 074 840                      |                    | 2 074 840         | 1 921 326                      |                    |
| Interest rate options, currency and other  |                                |                    |                   |                                |                    |
| bought                                     | 34 826                         |                    | 34 826            | 84 042                         |                    |
| sold                                       | 34 479                         |                    | 34 479            | 124 844                        | 14 539             |
| <b>TOTAL</b>                               | <b>14 134 603</b>              | <b>35 937</b>      | <b>14 170 540</b> | <b>16 840 107</b>              | <b>344 302</b>     |

Financial futures transactions come under micro-hedge.

According to fixed term remaining

| In thousands of euros               |                  |                       |                  |                   |
|-------------------------------------|------------------|-----------------------|------------------|-------------------|
|                                     | 2003             |                       |                  |                   |
|                                     | Less than 1 year | Over 1 year - 5 years | Over 5 years     | TOTAL             |
| <b>Interest rate instruments</b>    |                  |                       |                  |                   |
| Organized markets                   |                  |                       |                  |                   |
| Purchases                           | 30 000           | 20 000                |                  | 50 000            |
| Principal-to-principal markets      |                  |                       |                  |                   |
| Purchases                           | 217 155          | 991 324               | 1 041 488        | 2 249 967         |
| Sales                               | 147 027          | 981 456               | 981 795          | 2 110 278         |
| Interest rate swaps                 | 3 948 349        | 3 271 266             | 2 471 375        | 9 690 990         |
| <b>Foreign exchange instruments</b> |                  |                       |                  |                   |
| Principal-to-principal markets      |                  |                       |                  |                   |
| Purchases                           | 34 826           |                       |                  | 34 826            |
| Sales                               | 34 479           |                       |                  | 34 479            |
| <b>TOTAL</b>                        | <b>4 411 836</b> | <b>5 264 046</b>      | <b>4 494 658</b> | <b>14 170 540</b> |

Financial futures – credit risks

The credit risk equivalent is determined according to the market price method.

| In thousands of euros                                 |                |                |
|---|----------------|----------------|
|   | 2003           | 2002           |
| Central administrations and related, network          | 4 655          | 6 937          |
| Financial institutions and OECD local administrations | 110 164        | 209 608        |
| Customers   | 225            | 644            |
| <b>TOTAL</b>  | <b>115 044</b> | <b>217 189</b> |

**Note 23. Interest income and expense, related revenues and costs**

|   | In thousands of euros |                 |                |                 |
|---|-----------------------|-----------------|----------------|-----------------|
|   | 2003                  |                 | 2002           |                 |
|   | Income                | Expense         | Income         | Expense         |
| Interbank and money market items          | 366 541               | -312 397        | 348 860        | -281 921        |
| Customers items                           | 15 373                | -8 336          | 15 871         | -7 162          |
| Bonds and other fixed-interest securities | 245 684               | -260 148        | 301 596        | -328 419        |
| <b>TOTAL</b>                              | <b>627 598</b>        | <b>-580 881</b> | <b>666 327</b> | <b>-617 502</b> |

**Note 24. Income on equities and other variable income instruments**

|   | In thousands of euros |               |
|---|-----------------------|---------------|
|   | 2003                  | 2002          |
| Shares and other dividend-bearing securities                                | 1 049                 | 882           |
| Investments in non-consolidated undertakings, other participating interests | 2 057                 | 1 400         |
| Equity in affiliated companies  | 18 072                | 17 362        |
| <b>TOTAL</b>  | <b>21 178</b>         | <b>19 644</b> |

**Note 25. Commissions**

|                                | In thousands of euros |               |              |               |
|--------------------------------|-----------------------|---------------|--------------|---------------|
|                                | 2003                  |               | 2002         |               |
|                                | Income                | Expense       | Income       | Expense       |
| Interbanking transactions      | 110                   | -1 490        | 71           | -1 589        |
| Customer transactions          | 215                   |               | 96           |               |
| Securities transactions        | 250                   | -2 345        | 189          | -1 892        |
| Foreign exchange transactions  | 948                   | -286          | 1 376        |               |
| Financial futures transactions | 279                   |               |              | -15           |
| Financial services income      | 3 930                 |               | 3 342        |               |
| <b>TOTAL</b>                   | <b>5 732</b>          | <b>-4 121</b> | <b>5 074</b> | <b>-3 496</b> |

**Note 26. Gains and losses on financial transactions****- Net gains on sales of trading accounts securities**

|  | In thousands of euros |              |
|--|-----------------------|--------------|
|  | 2003                  | 2002         |
| <b>Net transactions on trading securities</b>          | <b>-3</b>             | <b>6</b>     |
| <b>Net currency transactions</b>                       | <b>1 591</b>          | <b>1 508</b> |
| <b>Derivative instruments and hedging transactions</b> | <b>807</b>            | <b>1 277</b> |
| Interest rate  | 974                   | 1 568        |
| Foreign exchange                                       | 45                    | 9            |
| Other derivative instruments and hedging transactions  | -212                  | -300         |
| <b>TOTAL</b>   | <b>2 395</b>          | <b>2 791</b> |

## - Net gains on sales of securities available for sale

|  |  | In thousands of euros |                |
|--|--|-----------------------|----------------|
|  |  | 2003                  | 2002           |
| <b>Certificates and bonds transactions</b> |  |                       |                |
| Gains on sale of securities                |  | 2 757                 | 38             |
| Losses on sale of securities               |  | -4 415                | -2 589         |
| Provisions made for depreciation           |  | -17 231               | -17 259        |
| Releases of allowances for depreciation    |  | 21 176                | 8 793          |
| <b>TOTAL</b>                               |  | <b>2 287</b>          | <b>-11 017</b> |

**Note 27. Operating expense**

|                                     |  | In thousands of euros |                |
|-------------------------------------|--|-----------------------|----------------|
|                                     |  | 2003                  | 2002           |
| <b>Personnel costs</b>              |  |                       |                |
| Salaries and wages                  |  | -9 619                | -7 894         |
| Fringe benefits                     |  | -2 226                | -1 795         |
| <i>including pension costs</i>      |  | -686                  | -554           |
| Profit sharing and incentive scheme |  | -366                  | -309           |
| Payroll-related taxes               |  | -779                  | -633           |
| <b>Taxes</b>                        |  | <b>-2 250</b>         | <b>-1 716</b>  |
| <b>Other operating charges</b>      |  | <b>-8 722</b>         | <b>-7 001</b>  |
| <b>Recoverable expense</b>          |  | <b>7 512</b>          | <b>5 060</b>   |
| <b>TOTAL</b>                        |  | <b>-13 079</b>        | <b>-11 551</b> |

**Staff :**

| Average number         |  | 2003           | 2002           |
|------------------------|--|----------------|----------------|
|                        |  | Salaried staff | Salaried staff |
| Employees              |  | 20             | 18             |
| Executives and experts |  | 87             | 74             |
| <b>TOTAL</b>           |  | <b>107</b>     | <b>92</b>      |

Total remuneration allocated to members of the Board of Directors for 2003 is 17 thousand euros. The remuneration paid to the members of the Executive Board Committee amounts to 567 thousand euros.

**Note 28. Net additions to provisions for credit risks**

|  |                         | In thousands of euros |               |
|--|-------------------------|-----------------------|---------------|
|  |                         | 2003                  | 2002          |
| DEBT   | Provisions              | -445                  | -800          |
|  | Releases made available |                       | 275           |
| BAD DEBT                                       | Non covered             | -61                   | -122          |
| PROVISIONS FOR OTHER CONTINGENCIES AND CHARGES | Provisions              | -2 174                | -2 384        |
|  | Releases                |                       |               |
| <b>BALANCE</b>                                 |                         | <b>-2 680</b>         | <b>-3 031</b> |

## Note 29. Gains (losses) on disposals of long-term investments and changes in provisions

| In thousands of euros          |                    |                   |                        |                  |               |
|--------------------------------|--------------------|-------------------|------------------------|------------------|---------------|
|                                | Provisions<br>made | Losses<br>on sale | Allowances<br>released | Gains<br>on sale | Net<br>amount |
| EQUITY INVESTMENTS             | -3                 | -469              | 469                    | 238              | 235           |
| EQUITY IN AFFILIATED COMPANIES | -2 051             |                   | 6 365                  | 1 153            | 5 467         |
| INVESTMENTS SECURITIES         |                    | -324              |                        | 193              | -131          |
| <b>TOTAL</b>                   | <b>-2 054</b>      | <b>-793</b>       | <b>6 834</b>           | <b>1 391</b>     | <b>5 571</b>  |

## Note 30. Income taxes

| thousands of euros  |                |                |
|---|----------------|----------------|
|   | 2003           | 2002           |
| Corporate income tax of Compagnie Financière du Crédit Mutuel |                |                |
| normal rate   | -14 281        | -9 838         |
| additional contribution                                       | -915           | -628           |
| <b>TOTAL</b>  | <b>-15 196</b> | <b>-10 466</b> |
| <i>Income before tax</i>                                      | 63 461         | 42 059         |
| <i>Effective tax rate</i>                                     | 23,95%         | 24,88%         |

The effective tax rate can be analyzed as follows :

|   | 2003    | 2002    |
|---|---------|---------|
| Normal tax rate (including contributions) | 35,43%  | 35,43%  |
| Permanent differences                     | -13,11% | -12,65% |
| Temporary differences                     | 1,91%   | 2,36%   |
| Others                                    | -0,28%  | -0,26%  |
| <i>Effective tax rate</i>                 | 23,95%  | 24,88%  |

## Note 31. Income appropriation

| In thousands of euros                     |               |               |
|---|---------------|---------------|
|   | 2003          | 2002          |
| <b>ORIGIN</b>                             |               |               |
| . Carried forward from the previous years | 4 706         | 4 273         |
| . Net income                              | 38 265        | 31 593        |
| <b>Distributable result</b>               | <b>42 971</b> | <b>35 866</b> |
| <b>APPROPRIATION</b>                      |               |               |
| . Legal reserve                           | 1 913         | 1 580         |
| . Optional reserves                       | 21 000        | 21 000        |
| . Carried forward                         | 5 043         | 4 706         |
| . Dividends                               | 15 015        | 8 580         |

## Note 32. Consolidated financial statements

Compagnie Financière du Crédit Mutuel prepares consolidated financial statements. It is itself consolidated within "Crédit Mutuel Arkéa" Group.

**Note 33. Management report**

In application of Rule 94-03 of the French Banking Regulation Committee (Comité de la Réglementation Bancaire et Financière), the management report is made available to the public at the following location:

COMPAGNIE FINANCIERE DU CREDIT MUTUEL

32, rue Mirabeau

29480 LE RELECQ-KERHUON / BREST



**CONSOLIDATED CAPITALISATION TABLE OF THE ISSUER  
AS OF 31 DECEMBER 2003**

| In millions of euros                     |                  |
|--|------------------|
|  | 31/12/2003       |
| Share capital                            | 715.000          |
| Consolidated retained earnings           | 178.281          |
| Net income for the year                  | 73.732           |
| <b>Total shareholders' equity</b>        | <b>967.013</b>   |
| <b>Reserve for general banking risks</b> | <b>14.655</b>    |
| <b>Long-medium and short term debt *</b> | <b>2,103.370</b> |
| <b>TOTAL CAPITALISATION</b>              | <b>3,085.038</b> |

|                              |                    |           |
|------------------------------|--------------------|-----------|
| * comprising the following : | Subordinated debts | 66.017    |
|                              | Debenture loans    | 2,037.353 |

Except as set forth in this Offering Circular, there has been no material adverse change in the capitalisation of the Issuer since 31 December 2003

**FORM OF PRICING SUPPLEMENT**

The form of Pricing Supplement that will be issued in respect of each Tranche is set out below:

**Pricing Supplement**

[LOGO, if document is printed]

**COMPAGNIE FINANCIERE DU CREDIT MUTUEL**

€4,000,000,000

Euro Medium Term Note Programme

**SERIES NO: [ ● ]**

**TRANCHE NO: [ ● ]**

**[Brief Description and Amount of Notes]**

Issue Price: [ ● ] per cent

**[Name(s) of Dealer(s)]**

The date of this Pricing Supplement is [ ● ].

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [●] [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date].]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

- |          |  |   |
|----------|--|---|
| <b>1</b> | <b>Issuer:</b>   | Compagnie Financière du Crédit Mutuel   |
| <b>2</b> | <b>[(i)] Series Number:</b>  | [ ● ]   |
|          | <b>[(ii)] Tranche Number:</b>  | [ ● ]   |
|          | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> |   |
| <b>3</b> | <b>Specified Currency or Currencies:</b>   | [ ● ]   |
| <b>4</b> | <b>Aggregate Nominal Amount:</b>   |   |
|          | <b>[(i)] Series:</b>   | [ ● ]   |
|          | <b>[(ii)] Tranche:</b>   | [ ● ]   |
| <b>5</b> | <b>[(i)] Issue Price:</b>  | [ ● ] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ( <i>in the case of fungible issues or broken first coupon, if applicable</i> )] |
|          | <b>[(ii)] Net proceeds:</b>  | [ ● ] ( <i>Required only for listed issues</i> )  |
| <b>6</b> | <b>Specified Denominations:</b>  | [ ● ] <sup>1</sup> ( <i>one denomination only for Dematerialised Notes</i> )  |
| <b>7</b> | <b>(i) Issue Date:</b>   | [ ● ]   |
|          | <b>(ii) Interest Commencement Date:</b>  | [ ● ]   |
| <b>8</b> | <b>Maturity Date:</b>  | <i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>   |

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<sup>1</sup> Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and having a maturity of less than one year (a) must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and (b) no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or its equivalent in other currencies).

- 9 Interest Basis:** [[ ● ] per cent. Fixed Rate]  
 [[*specify reference rate*] +/- [ ● ] per cent. Floating Rate]  
 [Zero Coupon]  
 [Index Linked Interest]  
 [Other (*specify*)]  
 (further particulars specified below)
- 10 Redemption/Payment Basis:** [Redemption at par]  
 [Index Linked Redemption]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]  
 [Other (*specify*)]
- 11 Change of Interest or Redemption/Payment Basis:** [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options:** [Call]  
 [Put]  
 [(*further particulars specified below*)]
- 13 Status of the Notes:** [Senior/Dated/Undated]  
 [Unsubordinated/Subordinated]
- 14 Listing:** [Luxembourg/Other (*specify*)]  
 [None]
- 15 Method of distribution:** [Syndicated/Non-syndicated]
- 16 Rating:** [Not Applicable/Applicable (*specify*)]  
 A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 17 Fixed Rate Note Provisions :** [Applicable/Not Applicable]  
 (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted] *(Note this item relates to interest period end dates and not to the date and place of payment, to which item 27 relates)*
- (iii) Fixed Coupon Amount[(s)]: [●] per [●] in nominal amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)]]*
- (v) Day Count Fraction (Condition 5(a)): [●] *(Day Count Fraction should be Actual/Actual-ISMA for all fixed rate issues other than those denominated in U.S. Dollars )*
- (vi) Determination Date(s) (Condition 5(a)): [●] in each year. *[Insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon]<sup>2</sup>*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 18 Floating Rate Note Provisions :** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Date(s): [●]

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<sup>2</sup> Only to be completed for an issue denominated in euro where Day Count Fraction is Actual/Actual-ISMA

- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (iv) Additional Business Centre(s) (Condition 5(a)): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination /FBF Determination/other (*give details*)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (vii) Screen Rate Determination (Condition 5(c)(iii)(B)):
- Relevant Time: [●]
  - Interest Determination Date(s): [●] [TARGET] Business Days in [*specify city*] for [*specify currency*] prior to [*the first day in each Interest Accrual Period/each Interest Payment Date*]
  - Primary Source for Floating Rate: [*Specify relevant screen page or "Reference Banks"*]
  - Reference Banks (if primary source is "Reference Banks"): [*Specify four*]
  - Relevant Financial Centre: [*The financial centre most closely connected to the benchmark - specify if not Paris*]
  - Benchmark: [*LIBOR, EURIBOR, EONIA or other benchmark*]
  - Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]

- Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
  - Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (viii) FBF Determination (Condition 5(c)(iii)(A)):
- Floating Rate (*Taux Variable*): *[●] (specify Benchmark and months e.g. EURIBOR 3 months)*
  - Floating Rate Determination Date (*Date de Détermination du Taux Variable*): *[●]*
  - FBF Definitions (if different from those set out in the Conditions): *[●] (specify how rate determined (e.g. relevant page) if different or not specified in FBF Definitions)*
- (ix) Margin(s): *[+/-][●] per cent. per annum*
- (x) Minimum Rate of Interest: *[Not Applicable / [●] per cent. per annum]*
- (xi) Maximum Rate of Interest: *[Not Applicable / [●] per cent. per annum]*
- (xii) Day Count Fraction (Condition 5(a)): *[●]*
- (xiii) Rate Multiplier: *[●]*
- (xiv) [Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:] *[●]*
- 19 Zero Coupon Note Provisions** *[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Amortisation Yield (Condition 6(e)(i)): *[●] per cent. per annum*



- (ii) Day Count Fraction (Condition 5(a)): [●]
- (iii) Any other formula/basis of determining amount payable: [●]
- 20 Index Linked Interest Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [●]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [●]
- (iv) Interest Period(s): [●]
- (v) Specified Interest Payment Dates: [●]
- (vi) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)] (*Note that this item relates to interest period end dates and not to the place of payment, to which item 27 relates*)
- (vii) Additional Business Centre(s) (Condition 5(a)): [●]
- (viii) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (ix) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (x) Day Count Fraction (Condition 5(a)): [●]

- (xi) Interest Determination Date [●], subject to adjustment in accordance with [Floating Rate Business Day Convention/Following Rate Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)].]

## 21 Dual Currency Note Provisions

[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(-ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 5(a)): [●]

## PROVISIONS RELATING TO REDEMPTION

### 22 Call Option

[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note [of [●] specified denomination]
- (iii) If redeemable in part: [●]
- (a) Minimum nominal amount to be redeemed: [●]
- (b) Maximum nominal amount to be redeemed: [●]

- (iv) Option Exercise Date(s): [●]
- (v) Description of any other Issuer's option: [●]
- (vi) Notice period<sup>3</sup>: [●]

## 23 Put Option

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note [of [●] specified denomination]
- (iii) Option Exercise Date(s): [●]
- (iv) Description of any other Noteholders' option: [●]
- (v) Notice period<sup>4</sup>: [●]

## 24 Final Redemption Amount of each Note: [[●] per Note [of [●] specified denomination]/Nominal Amount/Other/See Appendix]

## 25 Early Redemption Amount

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(f)) or pursuant to an event of default (Condition 9) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(f)): [Yes/No]

<sup>3</sup> If setting notice periods which are different to those provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example clearing systems, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent

<sup>4</sup> If setting notice periods which are different to those provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example clearing systems, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent

- (iii) Unmatured Coupons to become void upon early redemption (Materialised Notes only) (Condition 7(f)): [Yes/No/Not Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 26 Form of Notes:** [Dematerialised Notes/ Materialised Notes] (*Materialised Notes are only in bearer form*)  
[Delete as appropriate]
- (i) Form of Dematerialised Notes: [Not Applicable /if Applicable specify whether bearer form (au porteur) / administered registered form (au nominatif administré) / fully registered form (au nominatif pur)]
- (ii) Registration Agent [Not Applicable/if Applicable give name and details] (*Note that a Registration Agent must be appointed in relation to Fully Registered Dematerialised Notes only*)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [●] (the "Exchange Date"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)
- 27 Additional Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:** [Not Applicable/Give details]. (*Note that this item relates to the date and place of payment, and not interest period end dates, to which items 17(ii), 18(iv) and 20 (vii) relate*)
- 28 Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature):** [Yes/No/Not Applicable/(If Yes, give details)] (*Only applicable to Materialised Notes*)

- 29 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay:** [Not Applicable/*give details*]
- 30 Details relating to Instalment Notes:** [Not Applicable/*give details*]
- (i) Instalment Amount(s): [ ● ]
- (ii) Instalment Date(s): [ ● ]
- (iii) Minimum Instalment Amount: [ ● ]
- (iv) Maximum Instalment Amount: [ ● ]
- 31 Redenomination, renominatisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition 1(d)] [annexed to this Pricing Supplement] apply]
- 32 Consolidation provisions:** [Not Applicable/The provisions [in Condition 14(b)] [annexed to this Pricing Supplement] apply]
- 33 *Masse* (Condition 11)** [Applicable/Not Applicable/  
Condition 11 replaced by the full provisions of the *Code de Commerce* relating to the *Masse*] (*Note that: (i) in respect of any Tranche of Notes issued or deemed to be issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the full provisions of the Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if full provisions of the Code de commerce relating to the Masse apply, insert details of Representative and Alternative Representative and remuneration, if any*)
- 34 Other terms or special conditions:** [Not Applicable/*give details*]

**DISTRIBUTION**

- 35 If syndicated,**
- (i) names of Managers: [Not Applicable/*give names*]
  - (ii) Stabilising Agent (if any): [Not Applicable/*give name*]
  - (iii) Dealer's Commission: [ ● ]
- 36 If non-syndicated, name of Dealer:** [Not Applicable/*give name*]
- 37 Additional selling restrictions:** [Not Applicable/*give details*]

**OPERATIONAL INFORMATION**

- 38 ISIN Code:** [ ● ]
- 39 Common Code:** [ ● ]
- 40 Depository (ies)**
- (i) Euroclear France to act as Central Depository [Yes/No]
  - (ii) Common Depository for Euroclear and Clearstream, Luxembourg [Yes/No]
- 41 Any clearing system(s) other than Euroclear France, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):** [Not Applicable/*give name(s) and number(s)*]
- 42 Delivery:** Delivery [against/free of] payment
- 43 The Agents appointed in respect of the Notes are:** [ ● ]
- 44 The aggregate principal amount of Notes issued has been converted into euro at the rate of [ ● ], producing a sum of:** [Not Applicable/€[ ● ]] (*Only applicable for Notes not denominated in euro*)

**[LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the Euro 4,000,000,000 Euro Medium Term Note Programme of Compagnie Financière du Crédit Mutuel.]

### **[STABILISING**

In connection with this issue, [*insert name of Stabilising Manager*] (the "**Stabilising Agent**") or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of it to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]

### **MATERIAL ADVERSE CHANGE STATEMENT**

[Except as disclosed in this document, there/There]<sup>3</sup> has been no significant change in the financial or trading position of the Issuer or of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer or of the Group since [*insert date of last published annual accounts.*]]

### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

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<sup>3</sup> If any change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

## SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 27 June 2003 as supplemented by a supplemental dealer agreement dated 23 June 2004 between the Issuer, the Arranger and the Permanent Dealers (the "**Dealer Agreement**"), the Notes will be offered by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealers have agreed to indemnify the Issuer against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### **Selling Restrictions**

#### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular, any other offering material or any Pricing Supplement, in any jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefore.

#### **United States of America**

The Notes have not been and will not be registered under the Securities Act, and subject to certain exceptions, may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell the Notes of any identifiable Tranche within the United States, except as permitted by the Dealer Agreement.



Materialised Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (ii) in relation to any Notes which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **Germany**

Each Dealer has agreed not to offer or sell Notes in the Federal Republic of Germany other than in compliance with the Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 9 September 1998 (as amended), or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **The Netherlands**

Each Dealer represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in the Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business which includes banks, stock brokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises.

### **Kingdom of Spain**

Each Dealer has represented and agreed that the Notes may not be offered or sold in the Kingdom of Spain save in accordance with the requirements of the Spanish Securities Market Law (*Ley del Mercado de Valores*) of 28 July 1988 as amended and restated and Royal Decree 291/1992 on Issues and Public Offering of Securities (*Real Decreto 291/1992 sobre Emisiones y Ofertas Publicas de Valores*) as amended and restated.

### **Switzerland**

Each Dealer has agreed that any issue of Notes denominated in Swiss Francs will be in compliance with the guidelines of the Swiss National Bank regarding issues of Swiss Francs denominated debt securities.

### **France**

- (i) Unless the relevant Pricing Supplement otherwise specifies, each of the Dealers and the Issuer acknowledges that the Notes are being issued or deemed to be issued outside the Republic of France, in which case:

- (a) In respect of syndicated issues of Notes denominated in currencies other than euro, each of the Dealers and the Issuer represents and agrees that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions will only be made in the Republic of France through an international syndicate to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and decree no. 98-880 dated 1 October 1998.
  - (b) In respect of non-syndicated issues of Notes denominated in currencies other than euro, each of the Dealers and the Issuer represents and agrees that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes in and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Offering Circular or any other offering material relating to the Notes, and each subscriber will be domiciled or resident for tax purposes outside the Republic of France.
  - (c) In respect of syndicated and non-syndicated issues of Notes denominated in euro, each of the Dealers and the Issuer represents and agrees that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions will be made in the Republic of France only to qualified investors (*investisseurs qualifiés*), as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and decree no. 98-880 dated 1 October 1998.
- (ii) If the relevant Pricing Supplement specifies that the Notes are not being issued or deemed to be issued outside the Republic of France, in respect of non-syndicated issues of Notes denominated in currencies other than euro, each of the Dealers and the Issuer represents and agrees that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions will be made in the Republic of France only to qualified investors (*investisseurs qualifiés*), as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and decree no. 98-880 dated 1 October 1998.
  - (iii) Each of the Dealers and the Issuer has represented and agreed that Materialised Notes may only be issued outside the Republic of France.

## GENERAL INFORMATION

- (1) In connection with the application to list the Notes issued under the Programme on the Luxembourg Stock Exchange a legal notice relating to the issue of the Notes and copies of the *statuts* of the Issuer will be deposited prior to listing with the Luxembourg Trade and Companies Register ("*Registre du Commerce et des Sociétés de Luxembourg*") where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated to the Programme the number 12609 for listing purposes.
- (2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the establishment of the Programme. Any issuance of Notes under the Programme, to the extent that such Notes constitute *obligations* under French law, requires the prior authorisation the Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the shareholders of the Issuer or, as the case may be, the decision of the Board of Directors (*Conseil d'Administration*) of the Issuer acting by delegation of the Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the shareholders of the Issuer. For this purpose the Board of Directors (*Conseil d'Administration*) of the Issuer has been granted on 29 April 2004 by the Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the shareholders of the Issuer the power to issue *obligations* up to a maximum aggregate amount of 7 billion euros for five years which authority will, unless previously cancelled, expire on 28 April 2009. The Board of Directors (*Conseil d'Administration*) of the Issuer has delegated on 14 May 2004 to its Chairman (*Président*) all powers to determine the terms and conditions in respect of any issue of *obligations*. Any drawdown of Notes, to the extent that such Notes do not constitute *obligations* under French law, fall within the general powers of the Chairman of the Board of Directors (*Président du Conseil d'Administration*) or a *directeur général* of the Issuer.
- (3) Save as disclosed in this Offering Circular, there has been no material adverse change in the financial position of the Issuer or the Group since 31 December 2003.
- (4) Neither the Issuer nor any other member of the Group is or has been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes and no such litigation or arbitration is pending or threatened.
- (5) Application may be made for Notes to be accepted for clearance through Euroclear France and/or Euroclear and Clearstream, Luxembourg. The Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.
- (6) So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available, free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s) for the time being in Paris and Luxembourg:
  - (i) the *statuts* of the Issuer;
  - (ii) the non consolidated and consolidated audited financial statements of the Issuer in

respect of the financial years ended 31 December 2002 and 2003;

- (iii) the most recently published annual audited financial statements and unaudited interim financial statements of the Issuer;
  - (iv) the Dealer Agreement and the Agency Agreement (which includes the form of the *Lettre comptable*, the Temporary Global Certificates, the Definitive Materialised Notes, the Coupons, the Receipts and the Talons);
  - (v) a copy of this Offering Circular;
  - (vi) a copy of any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference;
  - (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, such subscription agreement (or equivalent document).
- (7) The Council of the European Union adopted a new directive regarding the taxation of savings income on 3 June 2003 (the "**Directive**").

Under the Directive, and subject to certain conditions being met, the Member States will be required, as from 1 January 2005, the expected date of entry into force of the Directive, to provide to the tax authorities of another Member State details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent within its jurisdiction to or for the benefit of an individual resident in that other Member State (the "**Disclosure of Information Method**").

In this way, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria) will be allowed to withhold an amount on interest payments instead of using the Disclosure of Information Method used by other Member States. The rate of such withholding tax will equal 15 per cent. as from 1 January 2005, 20 per cent. as from 1 January 2008 and 35 per cent. as from 1 January 2011.

According to the agreement reached by the ECOFIN Council, as implemented by the Directive, such transitional period would end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (Switzerland, Liechtenstein, San Marino, Monaco and Andorra) and the Council of the European Union agrees by unanimity that the United States of America are committed to exchange of information upon request.

**Issuer**

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**Arranger**

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France

**Permanent Dealers**

**CCF**

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Germany

**Merrill Lynch International**

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United Kingdom

**Fiscal Agent, Principal Paying Agent and Calculation Agent**

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Luxembourg

## **Paying Agents**

### **Paris Paying Agent**

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75008 Paris  
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### **Luxembourg Paying Agent**

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## **Luxembourg Listing Agent**

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## **Auditors to the Issuer**

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## **Legal Advisers**

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### **To the Permanent Dealers**

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