Offering Circular dated 2 July 2004

Compagnie Financière du Crédit Mutuel — Groupe Crédit Mutuel Arkéa

€250,000,000 Undated Deeply Subordinated Fixed to Variable Rate Notes
Eligible as Tier 1 Regulatory Capital for Caisse Interfédérale de Crédit Mutuel
Issue Price: 100 per cent.

The €250,000,000 Undated Deeply Subordinated Fixed to Variable Rate Notes (the "**Notes**") of Compagnie Financière du Crédit Mutuel (the "**Issuer**" or "**CFCM**") will be issued outside the Republic of France and, subject as provided in "Terms and Conditions of the Notes – Interest and Interest Suspension and - Loss Absorption and Return to Financial Health" below, will bear interest at a fixed rate of 6 per cent. per annum from, and including, 5 July 2004 (the "**Issue Date**") to, but excluding, 5 July 2005 payable semi-annually in arrear on or about 5 January and 5 July in each year, commencing on 5 January 2005 and thereafter at a variable interest rate per annum as more fully described in Condition 4 of the Terms and Conditions of the Notes payable semi-annually in arrear on or about 5 January and 5 July in each year, commencing on or about 5 January 2006. (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).

For so long as the compulsory interest provisions do not apply, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes on any Interest Payment Date (as defined in "Terms and Conditions of the Notes – Definitions" herein), with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Any such interest not so paid shall be forfeited. (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).

The Notes are undated and have no final maturity. The Notes may, at the option of the Issuer but subject to the prior approval of the *Secrétariat général* of the *Commission bancaire*, be redeemed (in whole but not in part) on 5 July 2014 and on any Interest Payment Date thereafter. The Notes may be, and in certain circumstances, shall be redeemed (in whole but not in part). (See "Terms and Conditions of the Notes – Redemption and Purchase" herein.)

Application has been made to list the Notes on the Luxembourg Stock Exchange. The Notes have been assigned a rating of A- by Standard and Poor's Rating Services. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.

See "Investment Considerations" below for certain information relevant to an investment in the Notes.

The Notes have been accepted for clearance through Euroclear France, Clearstream Banking, société anonyme ("**Clearstream Banking**") and Euroclear Bank SA/N.V., as operator of the Euroclear System ("**Euroclear**"). The Notes will on the Issue Date be inscribed (*inscription en compte*) 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 and Title" below) including the depositary banks for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in bearer form in the denomination of €1,000 each. The Notes will at all times be represented in book entry form (*dématérialisé*) in the books of the Account Holders in compliance with article L.211-4 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Notes.

Bookrunner, Lead Manager and Structuring Advisor

MERRILL LYNCH INTERNATIONAL

Senior Co-Lead Managers

CDC IXIS CAPITAL MARKETS ***SG CORPORATE AND INVESTMENT BANKING***

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the "**Issuer Group**") and the Notes which is material in the context of the issue and offering of the Notes, the statements contained in this Offering Circular relating to the Issuer, the Issuer Group and the Notes are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Issuer Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts in relation to the Issuer, the Issuer Group or the Notes the omission of which would, in the context of the issue of the Notes, make any information or statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and matters and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

This Offering Circular does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Notes. The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions, including the United States, the United Kingdom and the Republic of France, may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Offering Circular, see "Subscription and Sale" below. 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 or on behalf of the Issuer or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Notes or their distribution.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

In this Offering Circular, unless otherwise specified or the context requires, references to "euro", "EUR" and "€" are to the single currency of the participating member states of the European Economic and Monetary Union.

In connection with this issue MERRILL LYNCH INTERNATIONAL (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 after the issue date. 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, must be brought to an end after a limited period and will be carried out in compliance with all applicable laws and regulations.

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SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under "Terms and Conditions of the Notes". Prospective investors should also consider carefully, amongst other things, the factors set out under "Investment Considerations".

Issuer:	Compagnie Financière du Crédit Mutuel (the "**Issuer**" or "**CFCM**")
Description:	€250,000,000 Undated Deeply Subordinated Fixed to Variable Rate Notes (the "**Notes**").
Structuring Adviser:	Merrill Lynch International
Bookrunner:	Merrill Lynch International
Lead Manager:	Merrill Lynch International
Senior Co-Lead Managers:	CDC IXIS Capital Markets and Société Générale
Amount:	€250,000,000
Issue Price:	100%
Fiscal Agent and Principal Paying Agent in Luxembourg:	Kredietbank S.A. Luxembourgeoise
Calculation Agent:	Kredietbank S.A. Luxembourgeoise
Paying Agent in Paris:	Société Générale
Denomination:	€1,000
Maturity:	The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.
Form of the Notes:	The Notes are issued in dematerialised bearer form and title to the Notes will be evidenced in accordance with article L.211-4 of the French *Code monétaire et financier* by book-entries in the books of Euroclear France which shall credit, upon issue, the accounts of the Account Holders. Transfer of Notes may only be effected through registration of the transfer in such books. No physical document of title will be issued in respect of the Notes.
Status of the Notes:	The Notes are Deeply Subordinated Notes ("*obligations*") of the Issuer issued pursuant to the provisions of article L. 228-97 of the French *Code de Commerce*, as amended by law n° 2003-706 on financial security dated 1 August 2003.

	The principal and interest of the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations of the Issuer, but shall be subordinated to all present and future *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, Ordinary Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer. The Notes shall rank in priority to any class of share capital or any other equity securities issued by the Issuer. The proceeds of the issue of the Notes will be treated for regulatory purposes as consolidated *fonds propres de base* for Caisse Interfédérale de Crédit Mutuel ("**CICM**") or for the Issuer, should it become a separate independently Regulated Entity. *Fonds propres de base* ("**Tier 1 Capital**") shall have the meaning given to it in Article 2 of *Règlement* n° 90-02 of the CRBF, or otherwise recognised as *fonds propres de base* by the SGCB**.** The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the "**BIS Press Release**"). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled "*Modalités de calcul du ratio international de solvabilité*".
Negative Pledge:	There will be no negative pledge in respect of the Notes.
CICM Letter	In relation to the Notes, Caisse Interfédérale de Crédit Mutuel ("**CICM**") has pursuant to a letter executed on behalf of CICM on the Issue Date (the "**CICM Letter**") undertaken to the Noteholders (through their Representative) that: (a) as at the Issue Date, CICM has not issued Deeply Subordinated Notes or other securities qualifying as Tier 1 Capital; (b) any issue by CICM of Deeply Subordinated Notes or other securities qualifying as Tier 1 Capital which may be proposed to the general assembly of the shareholders of CICM will only rank *pari passu* with the Notes with respect to the absorption of losses and the return to financial health in accordance with the terms described in Conditions 5.1 and 5.2 of the Terms and Conditions of the Notes, respectively; and (c) in the event that a strengthening of the regulatory capital of CICM is required by the SGCB in the circumstances described in Condition 5.1 of the Terms and Conditions of the Notes, CICM will take the measures expressed to be taken by it in that Condition.
Events of Default:	There will be no events of default in respect of the Notes, except in the case of liquidation of the Issuer as more fully described in Condition 9.

Interest:	Each Note bears interest on its then Principal Amount at a fixed rate of 6 per cent. per annum from (and including) 5 July 2004 to but excluding 5 July 2005, payable semi-annually in arrear on or about 5 January and 5 July in each year, commencing on 5 January 2005, and thereafter at a variable interest rate per annum as more fully described in Condition 4 of the Terms and Conditions of the Notes payable semi-annually in arrear on or about 5 January and 5 July in each year, commencing on or about 5 January 2006. (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).
Payment of Interest:	Payment of interest will be compulsory on any Compulsory Interest Payment Date. "**Compulsory Interest Payment Date**" means: a) In the absence of a Supervisory Event, each Interest Payment Date prior to which, at any time during a period of one-year prior to such Interest Payment Date, any of the following events has occurred: (i) a local branch of the Group has declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter* alia, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a local branch of the Group or has paid in cash a refund (*ristourne*) to its shareholders (*sociétaires*); or (ii) CICM has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment in cash, on any class of share capital or on any other equity securities issued by CICM; or CICM has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by CICM, by any means; or (iii) CICM has made a payment of any nature on or in respect of any Deeply Subordinated Obligations issued by CICM, unless such payment was a compulsory interest payment under the terms of any such Deeply Subordinated Obligations issued by CICM; or CICM has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations; or (iv) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Issuer; or the Issuer has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Issuer, by any means; or

(v) the Issuer has made a payment of any nature on or in respect of any Deeply Subordinated Obligations issued by the Issuer or any other Obligations of the Issuer which rank *pari passu* with the Notes, unless such payment was (a) a compulsory interest payment under the terms of any such Deeply Subordinated Obligations issued by the Issuer or (b) required to be made pursuant to other Obligations of the Issuer which rank *pari passu* with the Notes; or the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations or any other Obligations of the Issuer which rank *pari passu* with the Notes; or

b) Upon the occurrence of a Supervisory Event and for so long as a Supervisory Event is continuing, each Interest Payment Date prior to which, at any time between the Supervisory Event and the relevant Interest Payment Date, any of the following events has occurred:

(i) half or more of the local branches of the Group have declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter* alia, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a local branch of the Group or have paid in cash a refund (*ristourne*) to its shareholders (*sociétaires*); or

(ii) CICM has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by CICM; or CICM has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by CICM, by any means; or

(iii) CICM has made a payment of any nature on or in respect of any Deeply Subordinated Obligations issued by CICM, unless such payment was a compulsory interest payment under the terms of any such Deeply Subordinated Obligations issued by CICM; or CICM has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations; or

(iv) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Issuer; or the Issuer has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Issuer, by any means; or

(v) the Issuer has made a payment of any nature on or in respect of any Deeply Subordinated Obligations issued by the Issuer or any other Obligations of the Issuer which rank *pari passu* with the Notes, unless such payment was (a) a compulsory interest payment under the terms of any such Deeply Subordinated Obligations issued by the Issuer or (b) required to be made pursuant to other Obligations of the Issuer which rank *pari passu* with the Notes; or the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations or any other Obligations of the Issuer which rank *pari passu* with the Notes.

For the sake of clarity, it is hereby specified that: (w) payments made to and distribution of shares in favour of any beneficiaries of stock option plans or its equivalent shall not fall within the scope of the paragraphs (a)(ii), a(iv), b(ii) or (b)(iv) of the above definition, (x) any reduction of the share capital of the Issuer or of CICM or of any subsidiaries of the Issuer or of CICM made in order to set off losses which may entail a cancellation or redemption of shares shall not fall within the scope of the paragraphs (a)(ii), (a)(iv) , (b)(ii) or (b)(iv) of the above definition, (y) payments in relation to repurchases of *parts sociales* of the local branches to their shareholders (*sociétaires*) (except in the event of dissolution or liquidation of the local branch) shall not fall within the scope of the paragraphs (a)(i) or (b)(i) of the above definition and (z) an exchange of Deeply Subordinated Obligations issued by the Issuer or CICM against shares to be issued by the Issuer or CICM, as relevant, to the extent the relevant Deeply Subordinated Obligations are fully and exclusively exchanged against new shares of the Issuer or of CICM, as relevant, and results in an increase of the share capital of the Issuer or of CICM, as relevant, or a set-off between the redemption amount of Deeply Subordinated Obligations issued by the Issuer or CICM against the subscription price of new shares to be issued by the Issuer or CICM, to the extent such redemption amount is fully and exclusively allocated to the increase of the share capital of the Issuer or of CICM, as relevant, shall not fall within the scope of the paragraphs (a)(iii), (a)(v), (b)(iii) or (b)(v) of the above definition.

On any other Interest Payment Date (i.e. on any Optional Interest Payment Date), the Issuer may, at its option elect not to pay interest in respect of the Notes accrued to that date, with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer.

Supervisory Event:	means the first date of either of the following events: (i) the risk-based consolidated capital ratio of CICM and its consolidated subsidiaries (or of the Issuer and its consolidated subsidiaries in the event the Issuer becomes a separate Regulated Entity), calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations, or (ii) the notification by the SGCB, in its sole discretion, to CICM (or the Issuer in the event it becomes a separate independently Regulated Entity), that the SGCB has determined that the foregoing paragraph (i) of this definition would apply in the near term, or (iii) as a result of losses, the Issuer's shareholders' funds (*capitaux propres*) become inferior to half of the Issuer's registered capital (*capital social*) as set out in its consolidated accounts (with the meaning of the article L. 225-248 of the French *Code de commerce*).
End of Supervisory Event:	means, following a Supervisory Event, the first date of either of the following events: (i) if the Supervisory Event occurred pursuant to paragraph (i) of the definition of Supervisory Event, the risk-based consolidated capital ratio of CICM and its consolidated subsidiaries (and of the Issuer and its consolidated subsidiaries in the event the Issuer becomes a separate independently Regulated Entity), calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations, or (ii) if the Supervisory Event occurred pursuant to paragraph (ii) of the definition of Supervisory Event, the notification by the SGCB, in its sole discretion, to CICM (and the Issuer in the event it becomes a separate independently Regulated Entity), that it has determined, in view of the financial condition of CICM (and the Issuer in the event it becomes a separate independently Regulated Entity), that the circumstances which resulted in the Supervisory Event have ended, or (iii) if the Supervisory Event occurred pursuant to clause (iii) of the definition of Supervisory Event, the Issuer's shareholders' funds (*capitaux propres*) are no longer inferior to half of the Issuer's registered capital (*capital social*) as set out in its consolidated accounts (with the meaning of the article L. 225-248 of the French *Code de commerce*) and either of the events mentioned in paragraphs (i) or (ii) above, as relevant, has occurred.
Loss Absorption:	In the event that the occurrence of a Supervisory Event requires, in the opinion of SGCB, a strengthening of the regulatory capital of CICM (or of the Issuer in the event the Issuer becomes a separate independently Regulated Entity), then each of the management boards of CICM and the Issuer will convene extraordinary shareholders' meetings during the three months following a Supervisory Event in order to propose a share capital increase or any other measure to remedy the Supervisory Event.

If the share capital increase(s) or any other proposed measures are not accepted by the extraordinary shareholders' meetings of each of CICM and the Issuer, or if the share capital increase(s) adopted by such extraordinary shareholders' meetings is insufficiently subscribed to remedy the Supervisory Event, or, in any event, if the Supervisory Event remains on the last day of the Interim Period during which the Supervisory Event has occurred, the management board of the Issuer will implement, within 10 days following the last day of the relevant Interim Period, a reduction of the amount of the then Principal Amount of the Notes ("**Loss Absorption**") so as to enable CICM (and the Issuer, should it become a separate independently Regulated Entity), to continue their activities in accordance with the then current banking regulations, including the Applicable Banking Regulations. A Loss Absorption will be implemented by partially or fully reducing the then Principal Amount of the Notes. Such reductions will be recorded as a profit in CICM's and the Issuer's consolidated accounts (whether audited annual or unaudited semi-annual).

For the avoidance of doubt, the absorbtion of losses will first be set off against any classes of shares and of any other equity securities issued by the Issuer and CICM in relation to the measures adopted by the extraordinary shareholders' meetings of each of CICM and the Issuer to remedy the Supervisory Event as described above and thereafter, and to the extent it is not sufficient, then against the then Principal Amount of the Notes as herein described.

The amount by which the Principal Amount of the Notes is reduced (the "**Reduction Amount**"), will be determined as follows: (a) If the Issuer is not a separate independently Regulated Entity and the Supervisory Event occurred pursuant to paragraph (i) or (ii) of the definition of Supervisory Event, the Reduction Amount will be equal to the amount of losses of CICM which, following a Supervisory Event, have not been set off against the shareholders funds (*capitaux propres*) of CICM (as set out in its consolidated accounts), following the implementation of the measures adopted by CICM extraordinary shareholders' meeting referred to above or (b) if the Issuer is a separate independently Regulated Entity and the Supervisory Event occurred pursuant to paragraph (i) or (ii) of the definition of Supervisory Event, the Reduction Amount will be equal to the higher of (i) the amount calculated in (a) above and (ii) the amount of losses of the Issuer which, following a Supervisory Event, have not been set off against the shareholders funds (*capitaux propres*) of the Issuer (as set out in its consolidated accounts), following the implementation of the measures adopted by the extraordinary shareholders meeting of the Issuer referred to above or (c) if the Supervisory Event occurred pursuant to clause (iii) of the definition of Supervisory Event, the Reduction Amount will be equal to an amount sufficient to restore, following the implementation of the measures adopted by CICM extraordinary shareholders' meeting referred to above, the Issuer's shareholders' funds (*capitaux propres*) to half of the Issuer's registered capital (*capital social*).

Reinstatement:	If a positive Consolidated Net Income is recorded for at least two consecutive financial years following the End of Supervisory Event (a "**Return to Financial Health**") by CICM (or, in the event that the Issuer is a separate independently Regulated Entity, by both CICM and the Issuer), the Issuer shall increase the then Principal Amount of the Notes (a "**Reinstatement**") to the extent any such Reinstatement (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event. Such Reinstatement shall be made on one or more occasions in the conditions described above until the then Principal Amount of the Notes has been reinstated to the Original Principal Amount as from the Return to Financial Health (save in the event of occurrence of another Supervisory Event). The amount of the Reinstatement will be determined as follows: (a) if the Issuer is not a separate independently Regulated Entity, the Reinstatement will not exceed the amount of the latest Consolidated Net Income of CICM or (b) if the Issuer is a separate independently Regulated Entity, the Reinstatement will not exceed the lower of (i) the amount of the latest Consolidated Net Income of CICM and of (ii) the amount of the latest Consolidated Net Income of the Issuer. For the avoidance of doubt, the Reinstatement shall be made up to such maximum amount, to the extent any such Reinstatement does not trigger the occurrence of a Supervisory Event.
Early Redemption:	The Notes are undated perpetual obligations in respect of which there is no fixed redemption date. However, the Notes may be redeemed (in whole but not in part) on 5 July 2014 and on any Interest Payment Date thereafter, at the option of the Issuer. The Issuer will also have the right to redeem the Notes (in whole but not in part), for certain tax and regulatory reasons. In the event the Issuer ceases to be fully consolidated with CICM for any reason whatsoever, then the Issuer shall redeem all, but not some only, of the Notes at their Early Redemption Amount Any early redemption is subject to the prior approval of the SGCB.
Taxation:	The Notes will, upon issue, benefit from an exemption from deduction of tax at source. If French law shall require any such deduction, the Issuer shall, to the extent permitted by law and subject to certain exceptions, pay additional amounts. See Condition 8 of the Terms and Conditions of the Notes.
Representation of Noteholders:	The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code de commerce* and by French *décret* no. 67-236 of 23 March 1967 subject to certain exceptions and provisions (the **"Masse"**). The Masse will be a separate legal entity, and will be acting in part through one representative (the **"Representative"**) and in part through a general assembly of the Noteholders.

	See Condition 10 of the Terms and Conditions of the Notes.
Use of proceeds:	The net proceeds of the issue of the Notes amount to €245,625,000 and will be used by the Issuer for general corporate purposes.
Initial Delivery of the Notes:	At least one Paris business day before the issue date of the Notes, a *Lettre Comptable* relating to the Notes shall be deposited with Euroclear France as central depositary.
Clearing Systems:	The Notes have been accepted for clearance through Euroclear France and Clearstream, Luxembourg and Euroclear.
Listing:	Application has been made to list the Notes on the Luxembourg Stock Exchange.
Selling Restrictions:	There are restrictions on the sale of the Notes and the distribution of offering material in various jurisdictions.
Ratings:	The Notes have been assigned a rating of A- by Standard and Poors Rating Services. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.
Governing Law:	French law

INCORPORATION BY REFERENCE

The annual reports of the Issuer for the years ended December 31 2002 and 2003, including the audited non-consolidated and consolidated financial statements of the Issuer as at, and for the years ended, 31 December 2002 and 2003 and the related notes thereto as well as the latest available interim financial statements of the Issuer are incorporated by reference in this Offering Circular.

All documents incorporated by reference in this Offering Circular may be obtained, free of charge, at the specified office of each of the Paying Agents set out below during normal business hours so long as any of the Notes is outstanding, as described in "General Information" below.

INVESTMENT CONSIDERATIONS

The following is a summary of certain aspects of the offering of the Notes of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Offering Circular, including in particular the following investment considerations detailed below. This summary is not intended to be exhaustive and prospective investors should make their own independent evaluations of all investment considerations and should also read the detailed information set out elsewhere in this Offering Circular. Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning where used below.

The Notes are Deeply Subordinated Obligations

The Issuer’s obligations under the Notes are deeply subordinated obligations of the Issuer which are the most junior debt instruments of the Issuer, subordinated to and ranking behind the claims of all other unsubordinated and ordinarily subordinated creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer. The Issuer's obligations under the Notes rank in priority only to any classes of shares and any other equity securities of the Issuer.

Undated Securities

The Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem the Notes at any time (except as provided in "Terms and Conditions of the Notes – Redemption and Purchase").

The Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason. See "Terms and Conditions of the Notes - Event of Default" below.

Securities qualifying as Tier 1 capital

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose that they qualify as Tier 1 capital for CICM on a consolidated basis (or for the Issuer in the event the Issuer becomes separate independently regulated entity). See "Terms and Conditions of the Notes - Status of the Notes and Subordination" and "Information relating to Solvency Ratios and Issues of Securities Qualifying as Tier 1" below. Such qualification depends upon a number of conditions being satisfied and which are reflected in the terms and conditions of the Notes. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of CICM (or of the Issuer in the event the Issuer becomes separate independently regulated entity). Accordingly, in certain circumstances and/or upon the occurrence of certain events, payments of interest under the Notes may be restricted and, in certain cases, forfeited and the amount of interest and principal may be reduced as described below.

Restrictions on Payment

Interest

For so long as the compulsory interest provisions do not apply, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes on any Interest Payment Date, with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Any interest not so paid on any such Interest Payment Date shall be forfeited and shall therefore no longer be due and payable by the Issuer, save as otherwise provided. See "Terms and Conditions of the Notes – Interest and Interest Suspension".

In addition, in certain circumstances, payment of interest will be suspended automatically upon the occurrence of a Supervisory Event. See "Terms and Conditions of the Notes – Interest and Interest Suspension".

Principal

The then principal amount of the Notes may be reduced, as required, on one or more occasions following a Supervisory Event. See "Terms and Conditions of the Notes – Loss Absorption and Return to Financial Health".

No Limitation on Issuing Debt

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including suspension of interest and, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by Noteholders of their entire investment.

Redemption Risk

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date. Nevertheless, the Notes may be redeemed in whole (but not in part), at the option of the Issuer, (i) on the First Call Date and on any Interest Payment Date thereafter, (ii) at any time for certain tax or regulatory reasons and (iii) at any time if the Issuer ceases to be fully consolidated with CICM. See "Terms and Conditions of the Notes – Redemption and Purchase".

In certain circumstances for tax reasons (see "Terms and Conditions of the Notes – Redemption and Purchase"), the Issuer will be required to redeem the Notes in whole (but not in part).

In each case, early redemption of the Notes is subject to the prior approval of the *Secrétariat général* of the *Commission bancaire*.

There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes.

Limited Remedies on Enforcement of CICM Letter

The undertakings by CICM in the CICM Letter do not bind the shareholders of CICM. In the event that CICM fails to perform any of its obligations under the CICM Letter and the Noteholders (acting through their Representative in accordance with the provisions of Condition 10 (Representation of the Noteholders)) seek to enforce such obligations against CICM, the remedy of specific performance (*exécution en nature*) of any such obligations may not be available in a French court.

TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €250,000,000 Undated Deeply Subordinated Fixed to Variable Rate Notes (the "**Notes**") of Compagnie Financière du Crédit Mutuel (the "**Issuer**"). The issuance of the Notes was authorised pursuant to a decision of the Chief Executive (*Directeur Général*) of the Issuer to issue the Notes (*décision de procéder a l'émission d'un emprunt obligataire*) on 28 June 2004 in accordance with a delegation granted by the Board of Directors of the Issuer (*délégation du Conseil D'Administration*) on 14 May 2004 following the Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the Issuer dated 29 April 2004 granting the Board of Directors of the Issuer the power to issue *obligations* (such as the Notes) 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 Notes are issued with the benefit of a fiscal agency agreement (the "**Fiscal Agency Agreement**") dated 5 July 2004 between the Issuer, Kredietbank S.A. Luxembourgeoise, as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall, where the context so admits, include any successor for the time being as Fiscal Agent), the other paying agents named therein (together, the "**Paying Agents**", which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents or any additional paying agents appointed thereunder from time to time) and Kredietbank S.A. Luxembourgeoise, as calculation agent (the "**Calculation Agent**", which expression shall, where the context so admits, include any successor for the time being as Calculation Agent). Reference below to the "**Agents**" shall be to the Fiscal Agent, the Paying Agents and/or the Calculation Agent, as the case may be. In relation to the Notes, Caisse Interfédérale de Crédit Mutuel ("**CICM**") has pursuant to a letter executed on behalf of CICM on the Issue Date (the "**CICM Letter**") undertaken to the Noteholders (through their Representative) that (a) as at the Issue Date, CICM has not issued Deeply Subordinated Notes or other securities qualifying as Tier 1 Capital; (b) any issue by CICM of Deeply Subordinated Notes or other securities qualifying as Tier 1 Capital which may be proposed to the general assembly of the shareholders of CICM will only rank *pari passu* with the Notes with respect to the absorption of losses and the return to financial health in accordance with the terms described in Conditions 5.1 and 5.2, respectively; and (c) in the event that a strengthening of the regulatory capital of CICM is required by the SGCB (as defined below) in the circumstances described in Condition 5.1, CICM will take the measures expressed to be taken by it in that Condition.

Copies of the Fiscal Agency Agreement and the CICM Letter (including an English language translation thereof) are available for inspection at the specified offices of the Paying Agents. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

1. DEFINITIONS

For the purposes of these Conditions:

"**Accrued Interest**" means any interest accrued and due.

"**Applicable Banking Regulations**" means, at any time, the capital adequacy regulations then in effect of the regulatory authority in France (or if the Issuer and CICM become domiciled in a jurisdiction other than France, such other relevant jurisdiction) having authority to adopt capital adequacy regulations with respect to CICM and the Issuer (in the event, the Issuer becomes a separate independently Regulated Entity).

"**Broken Interest**" means, with respect to the period from (and including) the immediately preceding Interest Payment Date (or in the case of the first Interest Payment Date, the Issue Date) to (but excluding) the date of the occurrence of a Supervisory Event, the amount of Accrued Interest on the Notes during such period as calculated by the Calculation Agent in accordance with the provisions of Condition 4.

"**Compulsory Interest Payment Date**" means:

a) In the absence of a Supervisory Event, each Interest Payment Date prior to which, at any time during a period of one-year prior to such Interest Payment Date, any of the following events has occurred:

  (i) a local branch of the Group has declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter* alia, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a local branch of the Group or has paid in cash a refund (*ristourne*) to its shareholders (*sociétaires*); or

  (ii) CICM has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment in cash, on any class of share capital or on any other equity securities issued by CICM; or CICM has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by CICM, by any means; or

  (iii) CICM has made a payment of any nature on or in respect of any Deeply Subordinated Obligations issued by CICM, unless such payment was a compulsory interest payment under the terms of any such Deeply Subordinated Obligations issued by CICM; or CICM has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations; or

  (iv) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Issuer; or the Issuer has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Issuer, by any means; or

  (v) the Issuer has made a payment of any nature on or in respect of any Deeply Subordinated Obligations issued by the Issuer or any other Obligations of the Issuer which rank *pari passu* with the Notes, unless such payment was (a) a compulsory interest payment under the terms of any such Deeply Subordinated Obligations issued by the Issuer or (b) required to be made pursuant to other Obligations of the Issuer which rank *pari passu* with the Notes; or the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations or any other Obligations of the Issuer which rank *pari passu* with the Notes.

b) Upon the occurrence of a Supervisory Event and for so long as a Supervisory Event is continuing, each Interest Payment Date prior to which, at any time between the Supervisory Event and the relevant Interest Payment Date, any of the following events has occurred:

  (i) half or more of the local branches of the Group have declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter* alia, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a local branch of the Group or have paid in cash a refund (*ristourne*) to its shareholders (*sociétaires*); or

  (ii) CICM has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by CICM; or CICM has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by CICM, by any means; or

(iii) CICM has made a payment of any nature on or in respect of any Deeply Subordinated Obligations issued by CICM, unless such payment was a compulsory interest payment under the terms of any such Deeply Subordinated Obligations issued by the CICM; or CICM has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations; or

(iv) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Issuer; or the Issuer has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Issuer, by any means; or

(v) the Issuer has made a payment of any nature on or in respect of any Deeply Subordinated Obligations issued by the Issuer or any other Obligations of the Issuer which rank *pari passu* with the Notes, unless such payment was (a) a compulsory interest payment under the terms of any such Deeply Subordinated Obligations issued by the Issuer or (b) required to be made pursuant to other Obligations of the Issuer which rank *pari passu* with the Notes; or the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations or any other Obligations of the Issuer which rank *pari passu* with the Notes.

For the sake of clarity, it is hereby specified that:

(w) payments made to and distribution of shares in favour of any beneficiaries of stock option plans or its equivalent shall not fall within the scope of the paragraphs (a)(ii), a(iv), b(ii) or (b)(iv) of the above definition, and

(x) any reduction of the share capital of the Issuer or of CICM or of any subsidiaries of the Issuer or of CICM made in order to set off losses which may entail a cancellation or redemption of shares shall not fall within the scope of the paragraphs (a)(ii), (a)(iv) , (b)(ii) or (b)(iv) of the above definition.

(y) payments in relation to repurchases of *parts sociales* of the local branches to their shareholders (*sociétaires*) (except in the event of dissolution or liquidation of the local branch) shall not fall within the scope of the paragraphs (a)(i) or (b)(i) of the above definition.

(z) an exchange of Deeply Subordinated Obligations issued by the Issuer or CICM against shares to be issued by the Issuer or CICM, as relevant, to the extent the relevant Deeply Subordinated Obligations are fully and exclusively exchanged against new shares of the Issuer or of CICM, as relevant, and results in an increase of the share capital of the Issuer or of CICM, as relevant, or a set-off between the redemption amount of Deeply Subordinated Obligations issued by the Issuer or CICM against the subscription price of new shares to be issued by the Issuer or CICM, to the extent such redemption amount is fully and exclusively allocated to the increase of the share capital of the Issuer or of CICM, as relevant, shall not fall within the scope of the paragraphs (a)(iii), (a)(v), (b)(iii) or (b)(v) of the above definition.

"**Consolidated Net Income**" means the consolidated net income (excluding minority interests) of CICM (or of the Issuer, should it become a separate independently Regulated Entity) as calculated in the consolidated accounts approved by CICM's (or the Issuer's) shareholders' general meeting.

"**Deeply Subordinated Notes**" means

(i) all or any bonds or notes of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer, including bonds or notes issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce*, as amended by law no. 2003-706 on financial security dated 1 August 2003 or other debt instruments issued by the Issuer treated as consolidated *fonds propres de base* for CICM and which rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Notes, but behind the present and future *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, and behind the Ordinary Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer; and

(ii) all or any bonds or notes of CICM which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (*titres subordonnés de dernier rang*) of CICM, including notes or bonds issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce*, as amended by law no. 2003-706 on financial security dated 1 August 2003 or other debt instruments issued by CICM treated as consolidated *fonds propres de base* for CICM and which rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Notes, but behind the present and future *titres participatifs* issued by, and *prêts participatifs* granted to, CICM, and behind the Ordinary Subordinated Obligations and Unsubordinated Obligations of CICM.

"**Deeply Subordinated Obligations**" means:

(i) any Deeply Subordinated Notes (including the Notes) or other Obligations or lowest ranking Obligations (*engagements subordonnés de dernier rang*) of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes; and

(ii) any Deeply Subordinated Notes or other Obligations or lowest ranking Obligations (*engagements subordonnés de dernier rang*) of CICM which rank, or are expressed to rank, *pari passu* with Deeply Subordinated Obligations of CICM or the Notes.

"**Early Redemption Amount**" means an amount payable in respect of each Note which shall be (as of the date set for the redemption (the "**Early Redemption Date**")) the Original Principal Amount together with any Accrued Interest to the Early Redemption Date;

"**End of Supervisory Event**" means, following a Supervisory Event, the first date of either of the following events:

(i) if the Supervisory Event occurred pursuant to paragraph (i) of the definition of Supervisory Event, the risk-based consolidated capital ratio of CICM and its consolidated subsidiaries (and of the Issuer and its consolidated subsidiaries in the event the Issuer becomes a separate independently Regulated Entity), calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations, or

(ii) if the Supervisory Event occurred pursuant to paragraph (ii) of the definition of Supervisory Event, the notification by the SGCB, in its sole discretion, to CICM (and the Issuer in the event it becomes a separate independently Regulated Entity), that it has determined, in view of the financial condition of CICM (and the Issuer in the event it becomes a separate independently Regulated Entity), that the circumstances which resulted in the Supervisory Event have ended, or

(iii) if the Supervisory Event occurred pursuant to clause (iii) of the definition of Supervisory Event, the Issuer's shareholders' funds (*capitaux propres*) are no longer inferior to half of the Issuer's registered capital (*capital social*) as set out in its consolidated accounts (with the meaning of the article L. 225-248 of the French *Code de commerce*) and either of the events mentioned in paragraphs (i) or (ii) above, as relevant, has occurred.

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

"**Fixed Rate Interest Payment Date**" has the meaning set forth in Condition 4.

"**Group**" means each of the entities forming part of the Etablissement de Crédit Caisse Interfedérale de Crédit Mutuel as defined by the Comité des Etablissements de Crédit et des Entreprises d'Investisement including (i) the Fédération du Crédit Mutuel de Bretagne, the Fédération du Crédit Mutuel du Sud-Ouest and the Fédération du Crédit Mutuel du Massif Central, (ii) each of the Caisse de Crédit Mutuel (local branches) that are members of the federations listed in paragraph (i) and (iii) CICM and each of its consolidated subsidiaries (including the Issuer) and its affiliates.

"**Interest Amount**" means a Fixed Rate Interest Amount and/or a Variable Rate Interest Amount, as the case may be.

"**Interest Payment Date**" means a Fixed Rate Interest Payment Date or a Variable Rate Interest Payment Date, as the case may be.

"**Interest Period**" means a Fixed Rate Interest Period or a Variable Rate Interest Period, as the case may be.

"**Interim Period**" means a six month financial period ending on 30 June or 31 December in each year.

"**Noteholders**" means the holders of the Notes.

"**Obligations**" means, in respect of any Person, any indebtedness for borrowed money owed by such Person (including, for the avoidance of doubt, bonds, notes, debentures, other debt securities, or assimilated debt securities issued by such Person).

"**Optional Interest Payment Date**" means any Interest Payment Date other than a Compulsory Interest Payment Date.

"**Ordinary Subordinated Creditors**" means any Person(s) to which a Person owes an Ordinary Subordinated Obligation.

"**Ordinary Subordinated Obligations**" means any Obligations of a Person which constitute direct, unconditional, unsecured and subordinated obligations of such Person and which rank and will rank *pari passu* among themselves and pari passu with all other present and future Ordinary Subordinated Obligations, but in priority to *prêts participatifs* granted to, and *titres participatifs* issued by, such Person and Deeply Subordinated Obligations of such Person.

"**Original Principal Amount**" means the nominal value of each Note on the Issue Date (i.e. €1,000), not taking into account any Loss Absorption or Reinstatement pursuant to Condition 5(a) and (b).

"**Person**" includes any person, firm, company, corporation, government, state or agency of a state or any grouping (whether or not having separate legal personality) or two or more of the foregoing.

"**Principal Amount**" means at any time the principal amount of each Note, calculated on the basis of the Original Principal Amount of such Notes as reduced, as the case may be, following a Supervisory Event and/or reinstated, as the case may be, following a Return to Financial Health pursuant to Condition 5(a) and (b).

"**Regulated Entity**" has the meaning set forth in Article 5 of *Règlement* n°2000-03 dated 6 September 2000, as amended, of the *Comité de la Réglementation Bancaire et Financière*, and the Press Release of the Bank for International Settlements dated 27 October 1998 on instruments eligible for inclusion in Tier 1 Capital and "separate independently Regulated Entity" when such term shall be applicable to the Issuer shall mean a Regulated Entity separately and independently regulated under such provisions.

"**Supervisory Event**" means the first date of either of the following events:

(i) the risk-based consolidated capital ratio of CICM and its consolidated subsidiaries (or of the Issuer and its consolidated subsidiaries in the event the Issuer becomes a separate Regulated Entity), calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations, or

(ii) the notification by the SGCB, in its sole discretion, to CICM (or the Issuer in the event it becomes a separate independently Regulated Entity), that the SGCB has determined that the foregoing paragraph (i) of this definition would apply in the near term, or

(iii) as a result of losses, the Issuer's shareholders' funds ("*capitaux propres*") become inferior to half of the Issuer's registered capital (*capital social*) as set out in its consolidated accounts (with the meaning of the article L. 225-248 of the French *Code de commerce*).

"**SGCB**" means the *Secrétariat général de la Commission bancaire* which reference shall, where applicable, include any other authority (a "**Replacement Supervisory Authority**") having supervisory authority with respect to CICM (or with respect to the Issuer in the event the Issuer becomes a separate independently Regulated Entity).

"**TARGET Business Day**" means a day on which the TARGET System is operating.

"**TARGET System**" means the Trans European Automated Real Time Gross Settlement Express Transfer System or any successor thereto.

"**Unsubordinated Creditors**" means any Person(s) to which a Person owes an Unsubordinated Obligation.

"**Unsubordinated Obligations**" means any Obligations of a Person which are unsubordinated.

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

"**Variable Rate Interest Payment Date**" has the meaning set forth in Condition 4.

2. FORM, DENOMINATION AND TITLE

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of €1,000. Title to the Notes will be evidenced in accordance with article L.211-4 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of *décret* no. 83-359 dated 2 May 1983) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holder**" shall mean any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, on behalf of its customers with Euroclear France, and includes the depositary banks for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

Title to the Notes shall be evidenced by entries in the books of Euroclear France and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

3. STATUS OF THE NOTES AND SUBORDINATION

The Notes constitute Deeply Subordinated Notes (*obligation*s) of the Issuer issued pursuant to the provisions of article L. 228-97 of the French *Code de Commerce*, as amended by law n° 2003-706 on financial security dated 1 August 2003.

The proceeds of the issue of the Notes will be treated for regulatory purposes as consolidated *fonds propres de base* for CICM or for the Issuer, should it become a separate independently Regulated Entity. *Fonds propres de base* ("**Tier 1 Capital**") shall have the meaning given to it in Article 2 of *Règlement* n° 90-02 (as amended or replaced from time to time, the "**CRFB Regulation**") of the *Comite de la Réglémentation Bancaire* (the "**CRBF**"), or otherwise recognised as *fonds propres de base* by the SGCB. The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the "**BIS Press Release**"). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled "*Modalités de calcul du ratio international de solvabilité*".

The principal and interest of the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations of the Issuer, but shall be subordinated to all present and future *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, Ordinary Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer.

The Notes shall rank in priority to any class of share capital or other equity securities issued by the Issuer.

The rights of the Noteholders in the event of the judicial liquidation (*liquidation judiciaire*) of the Issuer will be calculated on the basis of the Principal Amount of the Notes together with Accrued Interest and any other outstanding payments under the Notes. If the Original Principal Amount has been reduced in the context of one or more Loss Absorption(s), the rights of the Noteholders are calculated on the basis of the Original Principal Amount, to the extent that all other creditors of the Issuer (including Unsubordinated Creditors of the Issuer, Ordinarily Subordinated Creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer) have been or will be fully reimbursed, as ascertained by the liquidator. The rights of the Noteholders in the event of the liquidation of the Issuer for any other reason than judicial liquidation (*liquidation judiciaire*) will be calculated on the basis of the

Original Principal Amount of the Notes together with Accrued Interest and any other outstanding payments under the Notes.

No payments will be made to holders of shares of any class whatsoever of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer.

4. INTEREST AND INTEREST SUSPENSION

4.1 General

Each Note bears interest on its then Principal Amount at a fixed rate of 6 per cent. per annum (the "**Fixed Interest Rate**") from (and including) 5 July 2004 (the "**Issue Date**") to but excluding 5 July 2005, payable semi-annually in arrear on or about 5 January and 5 July in each year (subject as provided in Condition 7.2 (Payments on Business Days)), commencing on 5 January 2005 (each, a "**Fixed Rate Interest Payment Date**") and thereafter at a variable interest rate as determined by the Calculation Agent in accordance with Condition 4.3 below payable semi-annually in arrear on 5 January and 5 July in each year (subject as provided in Condition 7.2 (Payments on Business Days)), commencing on 5 January 2006, (each a "**Variable Rate Interest Payment Date**").

Interest will cease to accrue on each Note on the due date for redemption thereof unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, interest will continue to accrue at the relevant rate as specified in the preceding paragraph (as well after as before judgment) on the Original Principal Amount of such Note until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

4.2 Fixed Interest Rate

4.2.1 The amount of interest (the "**Fixed Rate Interest Amount**") payable on each Note on each Fixed Rate Interest Payment Date (subject as provided in Condition 7.2 (Payments on Business Days)) will be the product of the Principal Amount of such Note as of such Fixed Rate Interest Payment Date and the Fixed Interest Rate multiplied by the Actual/Actual-ISMA day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

4.2.2 If interest is required to be calculated in respect of a Fixed Rate Interest Period where the then Principal Amount of a Note is less than the Original Principal Amount of such Note, the Fixed Rate Interest Amount of such Note shall be calculated by the Calculation Agent by applying the Fixed Interest Rate to the then Principal Amount of such Note and multiplying such product by the Actual/Actual-ISMA day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards). The Calculation Agent will cause such Fixed Rate Interest Amount to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and will cause the publication thereof in accordance with Condition 11 as soon as possible after its determination but in no event later than the fourth TARGET Business Day thereafter.

4.3 Variable Rate

4.3.1 Method of Determination of the Variable Rate

The Variable Rate will be determined by the Calculation Agent on the following basis:

(a) On the second TARGET Business Day before the beginning of each Variable Rate Interest Period (the "**Variable Rate Determination Date**") the Calculation Agent will determine the annual spot 10 year EUR fixed versus 6 month EUR EURIBOR swap rate (expressed as a percentage) (the "**10yrEUR Swap Rate**") by reference to the rate appearing on Reuters Screen page ISDAFIX2 under the caption "EURIBOR BASIS" (the "**Screen Rate**") (or such other page or service determined by the Calculation Agent as may replace Reuters Screen page ISDAFIX2) at 11.00 a.m. (Central European Time) on the Variable Rate Determination Date.

The variable rate (the "**Variable Rate**") for such Variable Rate Interest Period shall be the lesser of (i) the aggregate of 0.10 per cent. per annum and the 10yrEUR Swap Rate and (ii) 9.00 per cent. per annum.

(b) In the event that the Screen Rate does not appear as described in paragraph (a) above, the Calculation Agent shall determine the 10yrEUR Swap Rate in its sole discretion.

4.3.2 Determination of Variable Rate and Calculation of Variable Rate Interest Amount by the Calculation Agent

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Variable Rate Determination Date, determine the Variable Rate and calculate the amount of variable interest payable in respect of each Note (the "**Variable Rate Interest Amount**") for the relevant Variable Rate Interest Period. The Variable Rate Interest Amount payable on each Note on the Variable Rate Interest Payment Date (subject as provided in Condition 7.2 (Payments on Business Days)) shall be calculated by applying the Variable Rate for the Variable Rate Interest Period concerned to the then Principal Amount of such Note and multiplying such product by the Actual/Actual-ISMA day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

4.3.3 Publication of Variable Rate and Variable Rate Interest Amount

The Calculation Agent will cause the Variable Rate and the Variable Rate Interest Amount for each Variable Rate Interest Period and the relevant Variable Rate Interest Payment Date to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and any other stock exchange on which the Notes are for the time being listed and the Calculation Agent will cause publication thereof in accordance with Condition 11 as soon as possible after their determination but in no event later than the fourth TARGET Business Day thereafter. The Variable Rate Interest Payment Date so published may subsequently be amended (or appropriate arrangements made by way of adjustment). If the Notes become due and payable under Condition 6.2(b) or 6.3 or under Condition 9 after the Fixed Interest Payment Date other than on a Variable Rate Interest Payment Date, the Accrued Interest and the Variable Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously described by the Calculation Agent in accordance with this Condition 4 but no publication of the Variable Rate or the Variable Rate Interest Amount so calculated need be made.

4.4 Compulsory Interest and Optional Interest

4.4.1 General

The Issuer may elect not to pay interest on the Notes on any Optional Interest Payment Date, with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Such provisions shall not apply to Broken Interest.

4.4.2 On any Compulsory Interest Payment Date

Notwithstanding the provisions of sub-paragraph 4.4.1 above, the Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of "Compulsory Interest Payment Date"), pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Compulsory Interest Payment Date.

Interest on each Note with respect to, and falling due on, any Compulsory Interest Payment Date will be calculated on the basis of the then Principal Amount of the Notes.

4.4.3 On any Optional Interest Payment Date

On any Optional Interest Payment Date, the Issuer may, at its option, pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Optional Interest Payment Date, but the Issuer shall have, subject to such election and decision having been made as described in the sub-paragraph 4.4.1 above, no obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Interest on each Note with respect to, and falling due on, any Optional Interest Payment Date will be calculated on the basis of the then Principal Amount of the Notes.

Notice of non-payment of all or any interest under the Notes on any Optional Interest Payment Date shall be given to the Noteholders in accordance with Condition 11 and (for so long as the rules of the Luxembourg Stock Exchange so require) the Luxembourg Stock Exchange. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date.

Any interest not paid on an Optional Interest Payment Date will be forfeited and accordingly will no longer be due and payable by the Issuer.

4.5 Optional Interest and Supervisory Event

4.5.1 Interest payable on Optional Interest Payment Dates Following the Occurrence of a Supervisory Event

In the event that a Supervisory Event has occurred during the Interest Period immediately preceding an Optional Interest Payment Date no interest on the Notes shall accrue nor be payable by the Issuer with respect to the remaining period in such Interest Period or any other Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event. Such provisions shall not apply to Broken Interest.

4.5.2 Interest Payable on Optional Interest Payment Dates after End of Supervisory Event

In respect of any Optional Interest Payment Date which occurs on or after the End of Supervisory Event, interest on each Note will recommence accruing on its then Principal Amount, on the basis of the number of days elapsed during the period from (and including) the date of End of Supervisory Event to (but excluding) the next succeeding Interest Payment Date as calculated by the Calculation Agent in accordance with Condition 4.2 or, as the case may be, 4.3.

Such interest may be paid on the next succeeding Optional Interest Payment Date occurring as from the date of the End of Supervisory Event (inclusive).

Any Accrued Interest during the period beginning on the date of End of Supervisory Event not paid by the Issuer on the next succeeding Optional Interest Payment Date will be forfeited in accordance with Condition 5.1.

For the purpose of these Conditions:

"**Actual/Actual-ISMA**" means:

(a) if the Calculation Period is equal to or shorter than the Interest 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 Interest Period and (y) the number of Interest Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Interest Period, the sum of:

   (x) the number of days in such Calculation Period falling in the Interest Period in which it begins divided by the product of (1) the number of days in such Interest Period and (2) the number of Interest Period s normally ending in any year; and

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

"**Calculation Period**" means any period of time (from and including the first day of such period to but excluding the last) in respect of the calculation of an amount of interest on any Note.

5. LOSS ABSORPTION AND RETURN TO FINANCIAL HEALTH

5.1 Loss Absorption

In the event that the occurrence of a Supervisory Event requires, in the opinion of the SGCB, a strengthening of the regulatory capital of CICM (or of the Issuer in the event the Issuer becomes a separate independently Regulated Entity), then each of the management boards of CICM and the Issuer will convene extraordinary shareholders' meetings during the three months following a Supervisory Event in order to propose a share capital increase or any other measure to remedy the Supervisory Event.

If the share capital increase(s) or any other proposed measures are not accepted by the extraordinary shareholders' meetings each of CICM and the Issuer, or if the share capital increase(s) adopted by such extraordinary shareholders' meetings are insufficiently subscribed to remedy the Supervisory Event, or, in any event, if the Supervisory Event remains on the last day of the Interim Period during which the Supervisory Event has occurred, the management board of the Issuer will implement, within 10 days following the last day of the relevant Interim Period, a reduction of the amount of the then Principal Amount of the Notes ("**Loss Absorption**") so as to enable CICM (or the Issuer, should it become a separate independently Regulated Entity), to continue their activities in accordance with the then current banking regulations, including the Applicable Banking Regulations. A Loss Absorption will be implemented by partially or fully reducing the then Principal Amount of the Notes. Such reductions will be recorded as a profit in CICM's and the Issuer's consolidated accounts (whether audited annual or unaudited semi-annual).

For the avoidance of doubt, the absorbtion of losses will first be set off against any classes of shares and of any other equity securities issued by the Issuer and CICM in relation to the measures adopted by the extraordinary shareholders' meetings of each of CICM and the Issuer to remedy the Supervisory Event as described above and thereafter, and to the extent it is not sufficient, then against the then Principal Amount of the Notes as herein described. **.**

Notwithstanding any other provision of these Conditions, the nominal value of each Note shall never be reduced to an amount lower than one cent.

For the avoidance of doubt, no provision of these Conditions (including the Loss Absorption as set forth in this Condition 5.1) shall affect the rights of the Noteholders to obtain the payment of amounts due under the Notes in accordance with the provisions of these Conditions (including, *inter alia*, the Reinstatement as set forth in Condition 5.2).

Broken Interest and Accrued Interest payable on any Compulsory Interest Payment Date is not subject to reduction in accordance with this Condition 5.1.

The amount by which the Principal Amount of the Notes is reduced (the "**Reduction Amount**"), will be determined as follows:

(a) If the Issuer is not a separate independently Regulated Entity and the Supervisory Event occurred pursuant to paragraph (i) or (ii) of the definition of Supervisory Event, the Reduction Amount will be equal to the amount of losses of CICM which, following a Supervisory Event, have not been set off against the shareholders funds (*capitaux propres*) of CICM (as set out in its consolidated accounts), following the implementation of the measures adopted by CICM extraordinary shareholders' meeting referred to above.

(b) If the Issuer is a separate independently Regulated Entity and the Supervisory Event occurred pursuant to paragraph (i) or (ii) of the definition of Supervisory Event, the Reduction Amount will be equal to the higher of (i) the amount calculated in (a) above and (ii) the amount of losses of the Issuer which, following a Supervisory Event, have not been set off against the shareholders funds (*capitaux propres*) of the Issuer (as set out in its consolidated accounts), following the implementation of the measures adopted by the extraordinary shareholders meeting of the Issuer referred to above.

(c) if the Supervisory Event occurred pursuant to clause (iii) of the definition of Supervisory Event, the Reduction Amount will be equal to an amount sufficient to restore, following the implementation of the measures adopted by CICM extraordinary shareholders' meeting referred to above, the Issuer's shareholders' funds (*capitaux propres*) to half of the Issuer's registered capital (*capital social*).

In the event that other Deeply Subordinated Obligations of the Issuer or of CICM or other securities ranking *pari passu* with the Notes are outstanding, such reduction will be applied on a pro rata basis among them.

The principal amount of the Notes pursuant to the above provision may be reduced on one or more occasions, as required.

Notice of any Supervisory Event and of any End of Supervisory Event shall be given to the Noteholders in accordance with Condition 11 and (for so long as the rules of the Luxembourg Stock Exchange so require) the Luxembourg Stock Exchange. Such notice shall be given as soon as practicable following the occurrence of a Supervisory Event and of any End of Supervisory Event. Notice of any reduction of the Principal Amount of the Notes shall be given to the Noteholders in accordance with Condition 11 and (for so long as the rules of the Luxembourg Stock Exchange so require) the Luxembourg Stock Exchange. Such notice shall be given at least seven days prior to the relevant reduction of the Principal Amount.

5.2 Return to Financial Health

If a positive Consolidated Net Income is recorded for at least two consecutive financial years following the End of Supervisory Event (a "**Return to Financial Health**") by CICM (or, in the event that the Issuer is a separate independently Regulated Entity, by both CICM and the Issuer), the Issuer shall increase the then Principal Amount of the Notes (a "**Reinstatement**") to the extent any such Reinstatement (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event.

Such Reinstatement shall be made on one or more occasions in the conditions described above until the then Principal Amount of the Notes has been reinstated to the Original Principal Amount as from the Return to Financial Health (save in the event of occurrence of another Supervisory Event).

Any Reinstatement shall be recorded in the Issuer's and CICM's consolidated accounts as a loss of an amount corresponding to the increase of the Reinstatement.

The amount of the Reinstatement will be determined as follows:

(a) If the Issuer is not a separate independently Regulated Entity, the Reinstatement will not exceed the amount of the latest Consolidated Net Income of CICM.

(b) If the Issuer is a separate independently Regulated Entity, the Reinstatement will not exceed the lower of (i) the amount of the latest Consolidated Net Income of CICM and of (ii) the amount of the latest Consolidated Net Income of the Issuer. For the avoidance of doubt, the Reinstatement shall be made up to such maximum amount, to the extent any such Reinstatement does not trigger the occurrence of a Supervisory Event.

In the event that other Deeply Subordinated Obligations of the Issuer or CICM or other securities which rank *pari passu* with the Notes are outstanding and which may also benefit from a reinstatement in accordance with their terms, a Reinstatement will be applied on a pro rata basis with other reinstatements made on such other Deeply Subordinated Obligations or other securities which rank *pari passu* with the Notes.

Notice of any Return to Financial Health shall be given to the Noteholders in accordance with Condition 11 and (for so long as the rules of the Luxembourg Stock Exchange so require) the Luxembourg Stock Exchange. Such notice shall be given as soon as practicable, following the occurrence of a Return to Financial Health. Notice of any Reinstatement shall be given to the Noteholders in accordance with Condition 11 and (for so long as the rules of the Luxembourg Stock Exchange so require) to the Luxembourg Stock Exchange. Such notice shall be given at least seven days prior to the relevant Reinstatement.

6. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition 6.

6.1 No Final Redemption

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.

6.2 Issuer's Call Options Subject to the Approval of the SGCB

(a) General Call Option

On 5 July 2014 (the "**First Call Date**") and on any Interest Payment Date thereafter, the Issuer, subject to having given not less than 30, and not more than 60, days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to prior approval of the SGCB, may redeem all, but not some only, of the Notes at their Original Principal Amount.

(b) Redemption for Taxation Reasons or Regulatory Reasons

(i) By reason of a change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), becoming effective on or 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, the Issuer may, at any time, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Early Redemption Amount 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 or, if such date has passed, as soon as practicable thereafter;

(ii) 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 of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8, 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 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter;

(iii) By reason of any change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), or any other change in the tax treatment of the Notes, becoming effective on or after the Issue Date, interest payment under the Notes was but is no longer tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes, the Issuer may, at its option, at any time, subject to having given not more than 45 nor less than 30 day's notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Early Redemption Amount 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 such payment with interest payable being tax deductible for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes;

(iv) By reason of any change in French law, any change in Applicable Banking Regulations, or any change in the official application or interpretation of such laws or regulations, becoming effective on or after the Issue Date, the proceeds of the Notes ceases to qualify as Tier 1 Capital for CICM (or in the event the Issuer becomes a separate independently Regulated Entity, for the Issuer), the Issuer may, at its option, at any time, subject to having given not more than 45 nor less than 30 day's notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Early Redemption Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest date on which the proceeds of the Notes could qualify as Tier 1 Capital.

6.3 Mandatory Redemption

In the event the Issuer ceases to be fully consolidated with CICM for any reason whatsoever, then the Issuer shall, at any time, subject to prior approval of the SGCB and subject to having given not more than 45 and no less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11, redeem all, but not some only, of the Notes at their Early Redemption Amount.

For the avoidance of doubt, no mandatory redemption pursuant to this Condition 6.3 will result from a merger between CICM and the Issuer, and the resulting entity will be bound by, and benefit from these Conditions as if it were the Issuer.

6.4 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price provided that the prior approval of the SGCB shall have to be obtained:

(a) if the total aggregate principal amount of Notes so purchased shall exceed 10 per cent of the original aggregate principal amount of the Notes, and

(b) in the *case of an offre publique d'achat* (a Public Cash-Tender Offer Bid) or an *offre publique d'échange* (a Public Exchange Tender Offer).

6.5 Cancellation

All Notes which are purchased or redeemed by the Issuer pursuant to paragraphs 6.2 to 6.4 of this Condition 6 will be cancelled and accordingly may not be reissued or sold.

7. PAYMENTS AND CALCULATIONS

7.1 Method of Payment

Payments in respect of principal and interest on the Notes will be made in Euro by credit or transfer to a Euro denominated account (or any other account to which Euro may be credited or transferred) specified by the payee with a bank in a country within the TARGET System. Such payments shall be made for the benefit of the Noteholders to the Account Holders (including the depositary banks for Euroclear and Clearstream, Luxembourg) and all payments validly made to such Euroclear France Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged by the Issuer, the Fiscal Agent or any Paying Agent to the Noteholders in respect of such payments.

7.2 Payments on Business Days

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined below), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day (unless such following Business Day would thereby fall into the next calendar month, in which case such Business Day will be brought forward to the preceding Business Day) and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of these Conditions, "**Business Day**" means any day, not being a Saturday or a Sunday, (i) on which exchange markets and commercial banks are open for business in Paris and Luxembourg, (ii) on which Euroclear France, Euroclear and Clearstream, Luxembourg are operating and (iii) which is a TARGET Business Day.

7.3 Fiscal Agent, Paying Agents and Calculation Agent

The name and specified office of the initial Fiscal Agent and the name and specified office of the other initial Paying Agent and the Calculation Agent are as follows:

PRINCIPAL PAYING AGENT, FISCAL AGENT, CALCULATOIN AGENT AND LISTING AGENT

Kredietbank S.A. Luxembourgeoise

43, Boulevard Royal

L-2955 Luxembourg

Attention: B.O. Emissions & Fiscal Agencies

Tel. +352 47 97 1

Fax. +352 47 97 73 907

PARIS PAYING AGENT

Société Générale

32, Rue du Champ de Tir

BP 81236

44312 Nantes Cedex 3

Contact : Alain. KAHN

Tel. +33 2.51.85.56.70

Fax. +33 2.51.85.57.80

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent(s), Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Calculation Agent, any Paying Agent acts, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Fiscal Agent), and (iii) so long as any Note is outstanding, a Calculation Agent for the purposes of the Notes having a specified office in a European city. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent fails to make any calculations in relation to the Notes, the Issuer shall appoint some other leading European bank engaged in the Euro inter-bank market (acting through its principal Paris office) to act in its place, subject to having given notice to the Noteholders in accordance with Condition 11 not more than 45 nor less than 30 days prior to such appointment. The Calculation Agent may not resign its duties without a successor having been so appointed. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Noteholders as specified in Condition 11.

7.4 Certificates to be final

All certificates, communications, opinion, determinations, calculation, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of these Conditions whether by the Calculation Agent or the Reference Banks (or any of them) shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents, the Fiscal Agent, the Reference Banks, and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

8. TAXATION

8.1 Withholding Tax Exemption

Since the Notes constitute *obligations* under French law and are being denominated in Euro, interest in respect of the Notes benefit under present law (as interpreted in the *Instruction* of the *Direction Générale des Impôts* 5 I-11-98 dated 30 September 1998) from the exemption provided for in Article 131 *quater* of the French *Code Général des Impôts* (General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

8.2 Additional Amounts

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such deduction or withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a Noteholder (or beneficial owner (*ayant droit*)):

(a) who is subject to such taxes, duties, assessments or other governmental charges in respect of such Note by reason of his having some present or former connection with the Republic of France other than the mere holding of such Note; or

(b) who is not, at the time of the payment, established or domiciled in a country which has entered into a double tax treaty with France; or

(c) more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 days; or

(d) where such deduction or withholding 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 conclusion 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 conform to, such Directive.

For this purpose, the "Relevant Date" in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the moneys payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given in accordance with Condition 11 to Noteholders that such moneys have been so received.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 8.

9. EVENT OF DEFAULT

If any judgement is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer has been liquidated for any other reason, then the Notes shall become immediately due and payable as described below.

The rights of the Noteholders in the event of the judicial liquidation (*liquidation judiciaire*) of the Issuer will be calculated on the basis of the Principal Amount of the Notes together with Accrued Interest and any other outstanding payments under the Notes. If the Original Principal Amount has been reduced in the context of one or more Loss Absorption(s), the rights of the Noteholders are calculated on the basis of the Original Principal Amount, to the extent that all other creditors of the Issuer (including Unsubordinated Creditors of the Issuer, Ordinarily Subordinated Creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer) have been or will be fully reimbursed, as ascertained by the liquidator. The rights of the Noteholders in the event of the liquidation of the Issuer for any other reason than judicial liquidation (*liquidation judiciaire*) will be calculated on the basis of the Original Principal Amount of the Notes together with Accrued Interest and any other outstanding payments under the Notes.

10. REPRESENTATION OF THE NOTEHOLDERS

The Noteholders will be grouped automatically for the defence of their respective common interests in a masse (hereinafter referred to as the *Masse*).

The Masse will be governed by the provisions of the French *Code de Commerce* (with the exception of the provisions of Articles L. 228-48 and L. 228-59 thereof) and by French *décret* no. 67-236 dated 23 March 1967, as amended (with the exception of the provisions of Articles 218, 222 and 224 thereof) subject to the following provisions.

10.1 Legal Personality

The Masse will be a separate legal entity and will be acting in part through one representative (hereinafter called "**Representative**") and in part through a general assembly of the Noteholders.

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

10.2 Representative

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

(a) the Issuer, the members of its *conseil d'administration*, its general managers (*directeurs généraux*) its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or

(b) companies guaranteeing all or part of the obligations of he Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their board of directors, executive board, or supervisory board, their statutory auditors, or employees as well as their ascendants, descendants and spouse; or

(c) 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

(d) 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 following person is designated as Representative:

ASSOCIATION DE REPRESENTATION DES MASSES D'OBLIGATAIRES

Centre Jacques Ferronnière

32, rue du Champ de Tir

BP 81236

44312 NANTES Cedex 3

represented by its president M. Alain Foulonneau domiciled at the above address.

The Issuer shall pay to the Representative an amount of € 610 per year payable on the anniversary of the Issue Date in each year, commencing on the first such anniversary in 2005.

In the event dissolution, resignation or revocation of appointment of the Representative, a substitute will be elected by a meeting of the general assembly of Noteholders.

All interested parties will at all times have the right to obtain the name and address of the Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

10.3 Powers of the Representative

The Representative shall, in the absence of any decision to the contrary of the general assembly of Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders. All legal proceedings against the Noteholders or initiated by them, must be brought against the Representative or by it.

The Representative may not interfere in the management of the affairs of the Issuer.

10.4 General Assemblies of Noteholders

General assemblies of the Noteholders 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 outstanding Notes may address to the Issuer and the Representative a demand for convocation of the general assembly. If such general assembly has not been convened within two months from such demand, such Noteholders may commission one of themselves to petition a Court sitting in the jurisdiction of the Court of Appeal of Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda of any general assembly will be published as provided under Condition 11.

Each Noteholder has the right to participate in general assemblies in person or by proxy. Each Note carries the right to one vote.

10.5 Powers of General Assemblies

A general assembly is empowered to deliberate on the fining of the remuneration of the Representative and its dismissal and replacement, 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 as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes 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 a general assembly may not increase amounts payable by Noteholders, nor authorise or accept a postponement in the maturity for the payment of interest or a modification of the terms of repayment or of the rate of interest, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least a quarter 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 the Noteholders attending such meeting or represented thereat.

Decisions of the general assemblies must be published in accordance with the provisions set forth in Condition 11.

10.6 Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the 15 day period preceding the holding of each general assembly, 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 assembly, which will be available for inspection at the principal office of the Issuer, at the specified offices of the Paying Agents and at any other place specified in the notice of the general assembly given in accordance with Condition 11.

10.7 Expenses

The Issuer will pay all expenses incurred in the operation of the Masse, including expenses relating to the calling and holding of general assemblies and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

11. NOTICES

Any notice to the Noteholders will be valid if published, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort or the Tageblatt). If any such publication is not practicable, notice shall be validly given if published in a leading English language daily newspaper having 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 first date on which such publication is made.

12. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

13. FURTHER ISSUES

The Issuer may from time to time, subject to the prior written approval of the SGCB but without the consent of the Noteholders and subject to there being no Supervisory Event in existence, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilables*) notes will for the defence of their common interests be grouped in a single Masse having legal personality.

14. GOVERNING LAW AND JURISDICTION

The Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.

In relation to any legal action or proceeding arising out of or in connection with the Notes, the Issuer irrevocably submits to the jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes amount to € 245,625,000 and will be used by the Issuer for general corporate purposes.

INFORMATION RELATING TO SOLVENCY RATIOS AND ISSUES OF SECURITIES QUALIFYING AS TIER 1

CICM is the Regulated Entity for the Group (each term as defined in the terms and conditions of the Notes).

European Solvency Ratio Equivalent ("ESR Equivalent")

The ESR Equivalent (equal to 8% of the CAD Coverage Ratio as defined below) of the Group as of 31 December 2003 was 10.9%, including a Tier 1 Ratio Equivalent (equal to 8% of the Tier 1 Coverage Ratio as defined below) of 10.6%.

Capital adequacy

In 1988, the Basle Committee on Banking Regulations and Supervisory Practices (the "**Basle Committee**"), consisting of representatives of the central banks and supervisory authorities from the "Group of ten countries" (comprised today of Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, the UK and the US) and from Luxembourg and Switzerland, recommended the adoption of a set of standards for risk-weighting and minimum desired levels of regulatory capital. Under these recommendations, international credit institutions must maintain capital equal to a minimum of 8% of their total credit risks (also known as the Cooke ratio), 4% of which must be Tier 1 capital. In 1989, the Council of the European Community adopted two regulatory directives that set the framework of capital adequacy with respect to credit risks (also known as the European solvency ratio or ESR) within the European Community.

Two significant amendments have since been made to the standards previously introduced: first, at European level, by the "**European Capital Adequacy Directive**", and second, at the international level, by the Basle Committee's adoption of revised BIS (Bank for International Settlements) standards.

The European Capital Adequacy Directive

General features

In 1993, the European capital adequacy directives applying to investment firms and credit institutions extended the scope of application of the European capital adequacy regulations to include market risks.

In France, these directives have been implemented through a series of regulations successively adopted by the *Comité de la Réglementation Bancaire et Financière* (collectively referred to as the "**CAD Regulations**").

Since 1 January 1996, under CAD Regulations, French banks have been subject to capital adequacy requirements with respect to their trading activities that are supplemental to those in force in respect of their commercial banking activities.

In addition to credit risk, the CAD Regulations specify standards for investment entities' trading activities designed to reflect interest rate risk, market risk and settlement risk. The CAD Regulations also require banks to maintain additional capital measured by reference to the foreign exchange risk of all their activities, including commercial banking and trading. Under the CAD Regulations, a French bank's capital adequacy ratio ("**CAD Coverage Ratio**") is calculated by dividing the total available capital (including capital classified as Tier 1 and Tier 2 and certain other items) by the amount of capital required in respect of the different types of risk to which it is exposed, each type of risk being evaluated on the basis of specific weightings whose rates are fixed according to a predetermined scale. In compliance with CAD Regulations, the CAD Coverage Ratio must be at least equal to 100%.

At December 31, 2003, the Group's CAD Coverage Ratio and ESR Equivalent stood at 136% and 10.9% respectively (compared with 137% and 11% respectively at 31 December 2002).

Group / CAD Coverage Ratio

In K €	**31/12/2003**	**31/12/2002**	**31/12/2001**	**31/12/2000**
Credit risks				
Total weighted risks	17248	15910	14054	12099
Capital requirement for credit risk	1380	1273	1124	968
Market risks	77	66	85	114
Total capital requirement	**1457**	**1339**	**1209**	**1082**
Available Capital				
tier 1	2065	1882	1711	1490
tier 2	24	39	59	89
tier 3	22	34	29	46
Deductions	-132	-127	-99	-84
Total available capital	**1979**	**1828**	**1700**	**1541**
Ratios				
CAD	**136%**	**137%**	**141%**	**142%**
ESR Equivalent	**10,9%**	**11,0%**	**11,3%**	**11,4%**
Tier 1- déduction	**1933**	**1755**	**1612**	**1406**
TIER 1 Equivalent	**10,6%**	**10,5%**	**10,7%**	**10,4%**

The International Solvency Ratio

General features

In 1996, the Basle Committee significantly amended the BIS standards to provide a specific capital cushion for market risks in addition to banks' credit risks. This amendment defines market risks as (i) the risks pertaining to interest rate-related instruments and equity positions in a bank's trading book; and (ii) foreign exchange risks and commodities risks held on the bank's books. As amended in 1996 and refined in September 1997 by the Basle Committee, the revised BIS standards continue to require a capital ratio with respect to credit risks. In addition, they require a credit institution to quantify its market risks in figures equivalent to credit risks and to maintain a capital ratio of 8% with respect to the sum of its credit and market risks. The French *Commission Bancaire* (Banking Commission) regularly issues opinions regarding the application and calculation of the International Solvency Ratio ("*Notices Méthodologiques*"). Nevertheless, the International Solvency Ratio has no regulatory force.

The Issuer has never calculated its International Solvency Ratio since it is not required by the French *Commission Bancaire* for banks with limited international operations such as the Issuer.

It is generally believed however that the CAD Coverage Ratio or its ESR Equivalent enable a correct and full appreciation of a French bank's credit risks as well as market risks. It is also generally believed that the ESR equivalent of the CAD Coverage Ratio is very close to what would be the International Solvency Ratio.

Planned reform of BIS standards

Since 1998, the Basle Committee has been studying a reform of its recommendations with regard to the international bank solvency ratios. This reform would replace the current agreement by a new one based on a more qualitative approach to the measurement of risk exposure. In the latest version of its proposal, the Basle Committee proposes to assess credit risk on the basis of one of the following two methods: a "standard" method relying on a weighting matrix depending on external ratings of counterparties, distinguished between governments, banks, public bodies and business enterprises; and the second, "alternative", method relying on banks' internal scoring methods, which are required to take into account the probability of default, risk exposure and loan recovery rates. In addition, the new ratio would cover banks' operational risks, i.e. risks of malfunction and legal risks. The reform also stresses the role of internal capital adequacy control procedures and the disclosure obligations regarding the structure and allocation of capital and on risk exposure.

Following consultation initiated in January 2001, the Basle Committee received more than 250 comments and therefore decided to launch a study, between October and December 2002, of the impact of the envisaged new mechanism on data at 31 March 2002. Further consultations with the banking industry will have taken place in the second quarter of 2003, based on a consultative document circulated in May 2003.

Introduction is planned for 31 December 2006, following a year (2006) in which both ratios (the existing Cooke ratio and the McDonough reform) will be calculated.

The total available capital of the Group can be detailed as follows:

In K €	**31/12/2003**
Capital	1973
including results	130
Minority interests	64
Reserve for general banking risks	100
Deductions of intangible assets and goodwill	-72
TIER 1	**2065**
Subordinated debt	24
Public subsidy	
TIER 2	

In K €	**31/12/2003**
TIER 3	**22**
Deductions of holdings in credit institutions	-132
Total deductions	**-132**
Total available capital	**1979**

The tier 2 component of the total available capital of the Group as at December 31, 2003 can be detailed as follows:

Issue date	*Maturity date*	*Interest rate*	*Subordinated debt (K€)*
Dated subordinated debt			
Caisse Centrale de Crédit Mutuel	23/11/2004	8.86	9147
	15/11/2005	6.44	12196
	15/11/2006	4.73	7318
	23/11/2004	4.73	3811
	31/12/2007	Pibor 3 month +0,50%	711
	20/12/2012	Pibor 3 month +1%	1525
Other			
Redeemable subordinated securities	28/09/2004	8,25	24043
	20/12/2012	Pibor 3 month +0,75%	1678
	19/12/2013	Pibor 3 month +0,75%	762

The tier 2 component amounting to 24 million euros complies with the following regulatory requirements:

- the rate of amortisation is set at 20% per annum in the last five years of each instalment;
- it shall not exceed the sum of 100% of the core capital.

DESCRIPTION OF THE GROUP

1. PREAMBLE

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

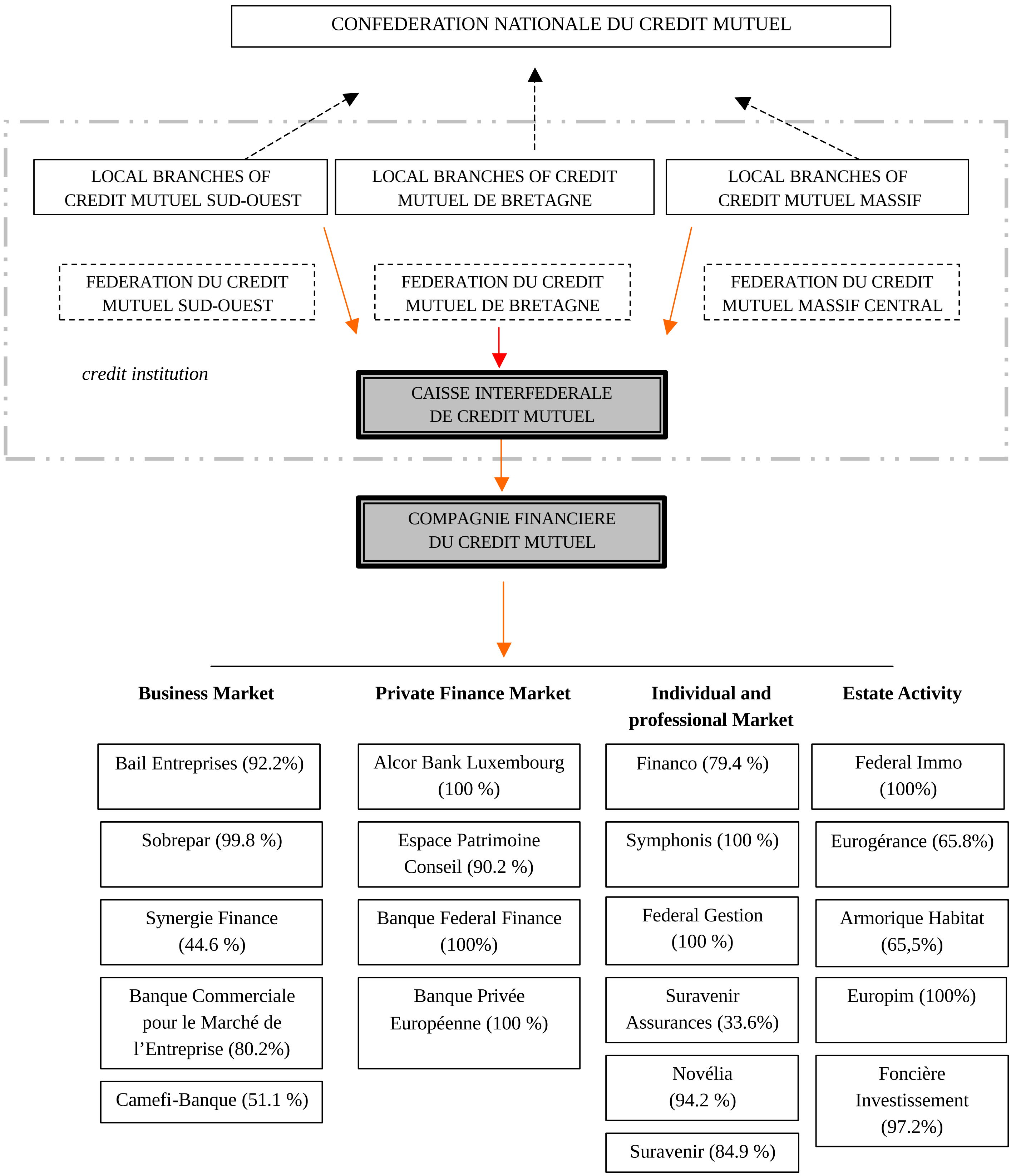
2.1 Structure of Crédit Mutuel Arkéa Group

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 de 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.

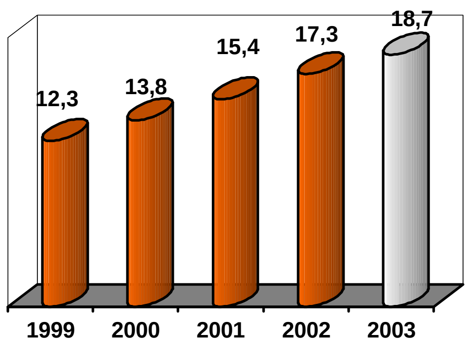
This new collective authorisation does not modify the structure of the group, which maintains its two divisions; the Crédit Mutuel Massif Central joining the co-operative and mutualist division, and the division made up of the Issuer and its subsidiaries, which remains unchanged.

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[1] 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.

2.3.1 Loans

Outstanding loans at 31 December
€ Billion

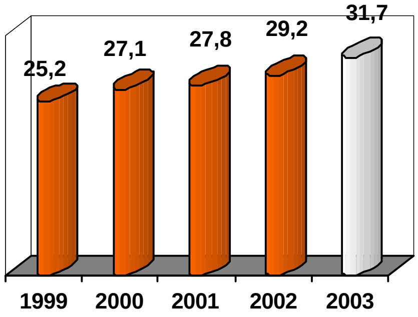


The outstanding loans amounted to €18.7 billion at 31 December 2003, an increase of 8.4%. The increase is essentially based on outstanding credit for private customers (€1.034 billion). The exposure on consumer credit, including revolving credit exposure, has risen to €2.2 billion (6.7%), which reached €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.

[1] Average figure for 2003

2.3.2 Savings

Outstanding savings at 31 December
€ Billion

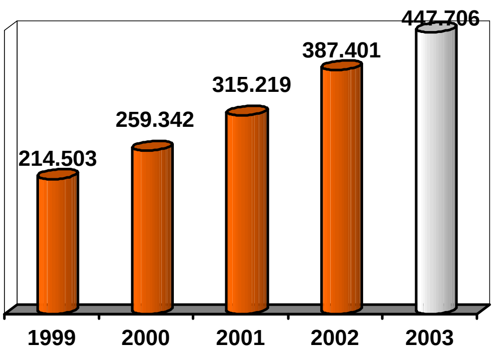


By 31 December 2003, €31.7 billion (8.3%) worth of savings were managed by the Crédit Mutuel Arkéa Group. Outstanding banking savings increased by 6.5% in 2003. Outstanding deposit accounts increased by 6.9% and home savings by 5.7%. This year, the associates and clients of the group preferred savings 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.

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[2] 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

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

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.

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. They are identified by a common logo.

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, €111 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*

FEDERAL GESTION

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 reorganised 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*

suravenir 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 of 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 Crédit Mutuel

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 (€38 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 realised 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%.

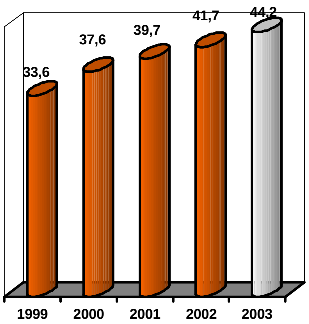
2.6 Crédit Mutuel Arkéa Group earnings over the past three years

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**

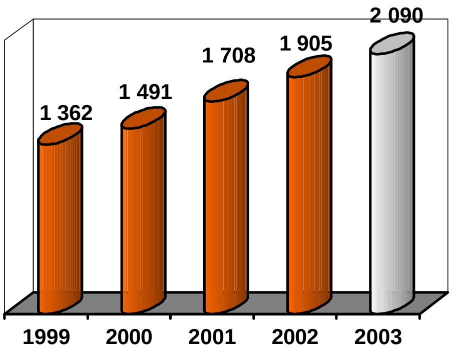
  Total balance sheet
  at 31December
  (€ billion)



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

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 €11.8 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 stabilised 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 developement 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 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 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.

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**

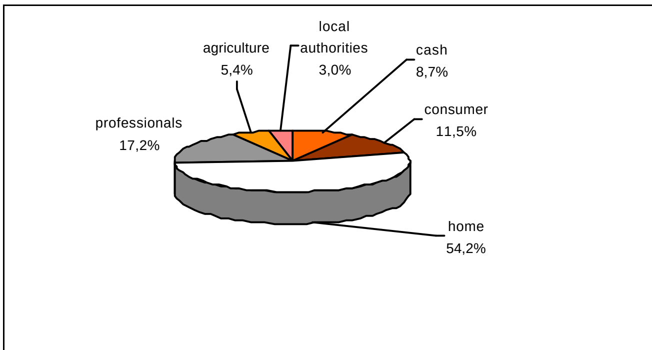
The Group generally rates the most important counterparties on the basis of their external ratings and its general business on its own internal ratings.

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 the basis for the modification of management and decision-making procedures for credit in the entire Group.

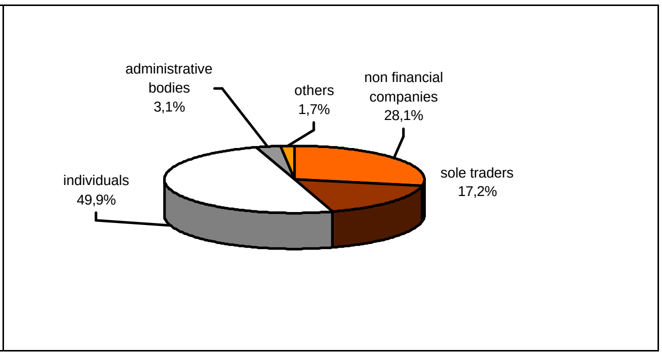
➢ **Policy and structure of the portfolio**

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:

<u>Credit allocation by credit type</u>

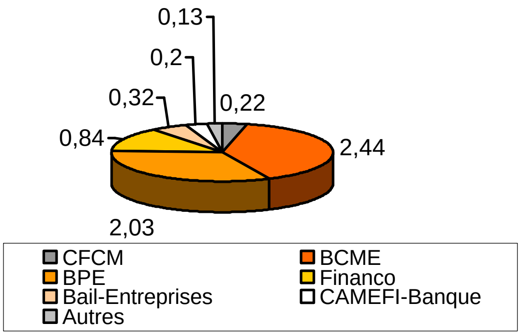


<u>Credit allocation by counterparty type</u>

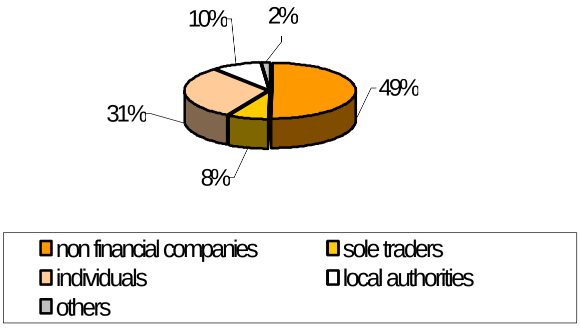


The outstanding loans of CFCM, including leasing operations, reached 9.7% over the year and stood at €6.18 billion at the end of 2003.

Allocation by entity (€ billion)

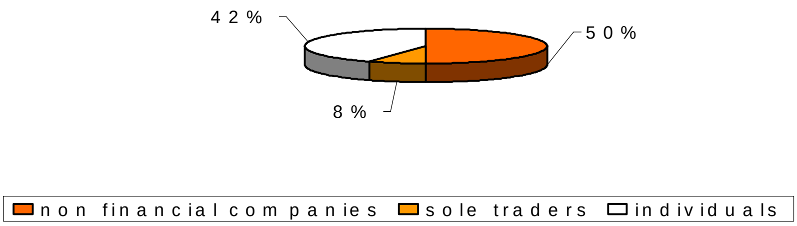


Allocation by counterparty type



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 2003 compared with 6.3% in 2002

3.2.3 Credit risk on market counterparts

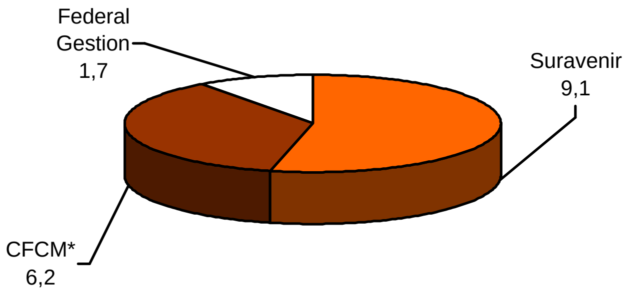
The general framework is set by the Group Risk Committee and is used by CFCM for its own activities.

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.

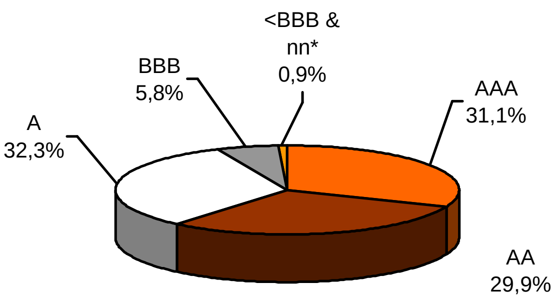
At 31 December 2003, the amount outstanding of all the portfolios reached €17 billion.

Allocation by company

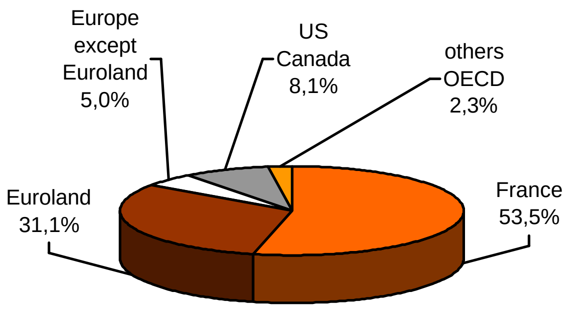


Cautious in investment, 61% of the portfolio were rated in the AAA and the AA categories at the end of 2003. The same policy rules the geographical and counterparty allocation with a low geographical and counterparty breaking up.

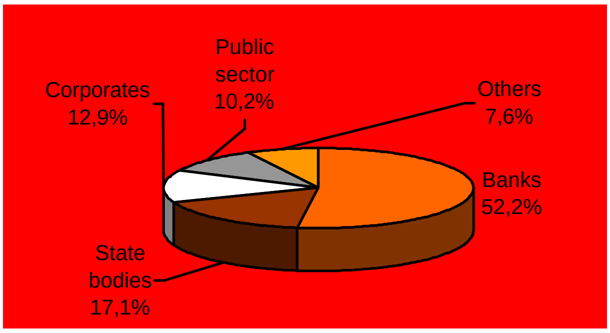
Allocation by rating



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.

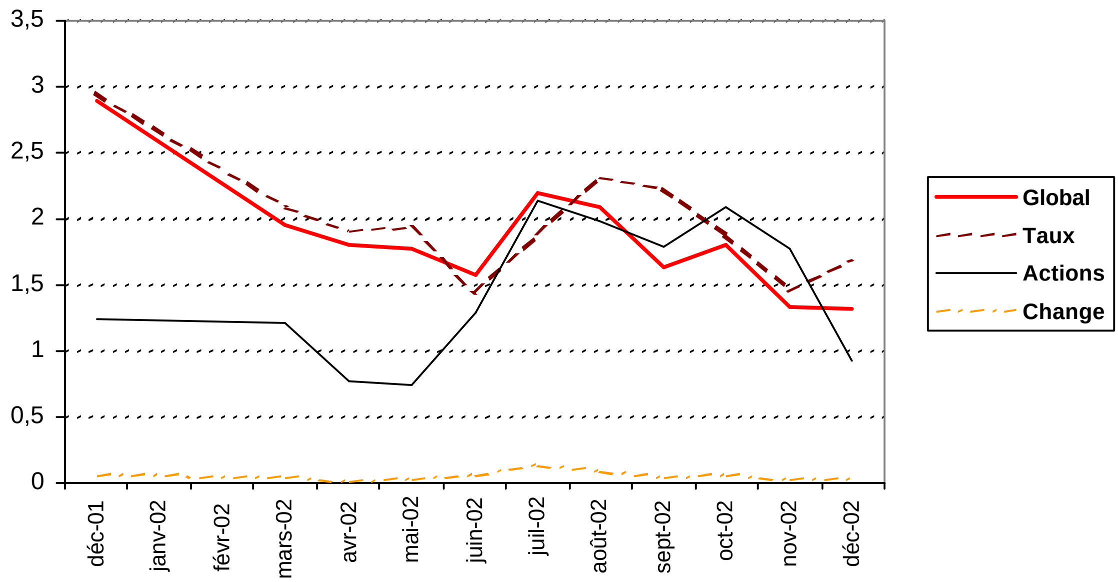
At 31 December 2003, under the capital adequacy requirements for the type of market activities of the Issuer, the minimum equity capital, calculated according to the standard method, was mainly represented by the Signature risk and amounted to €64.9 million.

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 sensitive to the volatality of the markets and the capital adequacy requirements to 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.

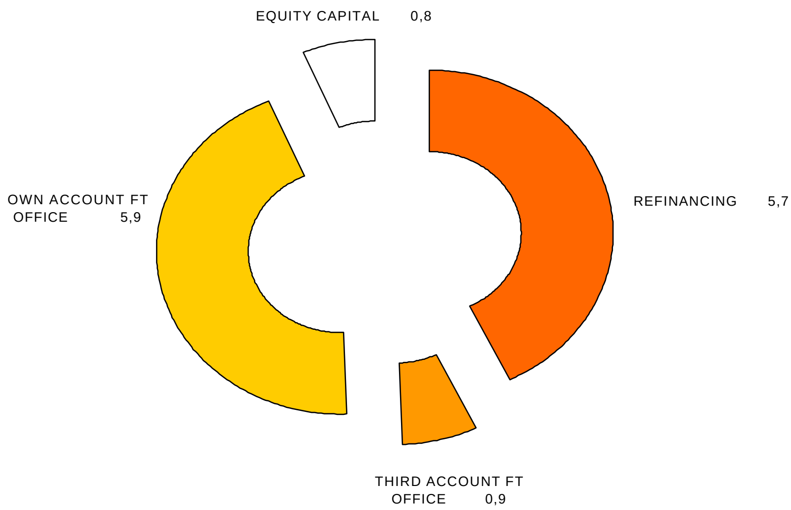
Thereafter, other sums are allocated for the remuneration of shareholders. Dividends may be paid in the form of shares if the Annual General Meeting so decides.

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 securities (€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:

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

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 (€11.86 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 €981.7 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

		Date of the first appointment and expiry date of the mandate
Chairman:		
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	DUSSOUCHAUD	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

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' presence:**

  Ensuring the complementarity of existing distribution channel;

  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

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-Fontgiève
- 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 DUSSOUCHAUD, 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

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

	Main Function	Positions held
Louis ECHELARD	Chief Executive Officer	Chairman of Banque Privée Européenne Chairman of Symphonis Chairman of the Executive Board of Suravenir Director of Caisse Régionale Massif Central Director of Novelia Director of Eurogérance Director of Infolis Member of the Supervisory Board of CAMEFI Banque Director of Eurobretagne Director of Manche Atlantique Presse
Gilbert RICHARD	Executive Officer of the business market	Chairman of the Executive Board of the Banque, pour le Marché de l'Entreprise Chairman of the Executive Board of CAMEFI Banque

		Director of Bail Entreprises Director of Alcor Bank Luxembourg Director of Synergie Finance
Jean CHAUSSE	Executive Officer of Financial and International Markets	Director of Patrimoine Retraite Director of Banque des Marchés et Markets d'Arbitrage 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 December 31,2003.

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 1st 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 March 24, 2004

The Statutory Auditors

MAZARS & GUERARD	SA STERENN
Jean-Gabriel Rangeon	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
Total		**27 278 134**	**25 831 972**	**25 268 016**

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
Total		**27 278 134**	**25 831 972**	**25 268 016**

Off-balance sheet items

Off-balance sheet items (in thousands of euros)	Notes	2003	2002	2001
Commitments given	18	**2 017 772**	**2 020 341**	**1 646 434**
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
Commitments received	18	**1 102 825**	**1 094 721**	**932 616**
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
Financial futures and other forward agreements	19	**13 623 321**	**16 877 865**	**14 677 304**

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
Net banking income		**364 477**	**317 514**	**280 649**
Operating expense	*26*	-181 062	-169 587	-154 627
Depreciation, amortization and provisions on tangible and intangible assets		-12 320	-13 295	-9 826
Gross operating income		**171 095**	**134 632**	**116 196**
Net additions to provisions for credit risks	*27*	-28 038	-30 429	-16 826
Operating income		**143 057**	**104 203**	**99 370**
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
Income before tax, non-recurring items, amortization of goodwill and movements in the reserve for general banking risks		**146 163**	**106 436**	**108 650**
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
Net income		**73 732**	**59 973**	**57 272**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 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 amortised 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 reprocessed 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 realised.

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 recognised as income. Money market securities are recorded at cost, including accrued interest.

The difference between the acquisition price and the redemption price is amortised 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. Unrealised 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. Unrealised 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 January 1, 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

Organised 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 recognised *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 unrealised 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."

Rule 2002-03 of December 12, 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 January 1, 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 recognised 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 unrealised capital loss, which is deemed to be long-term and significant.

Investments with an unrealised 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 December 31, 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 capitalised 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 December 31 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 December 28, 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.

Unrealised 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 analysed 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 capitalised 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 March 28, 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 December 31. 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
TOTAL	**2 617 429**	**3 186 626**

Analysis of 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**
TOTAL	**393 733**	**28 432**	**422 165**	**702 947**	**147 953**	**850 900**
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
ADVANCES TO CUSTOMERS	**5 802 826**	**5 281 711**
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
LEASE AND SIMILAR ITEMS	**374 417**	**349 333**
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
TOTAL	**6 177 243**	**5 631 044**

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		
	TOTAL	**6 177**	**5 631**	**87**	**67**	**87**	**83**

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
TOTAL PROVISIONS	**245 390**	**72 775**	**-74 557**		**243 608**

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

In thousands of euros

	2003			2002		
	Available for sale	Investment	Total	Available for sale	Investment	Total
BONDS AND OTHER FIXED-INCOME SECURITIES						
Security holdings (gross value)	4 372 139	1004 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**
Gross total	**4 429 647**	**1 026 657**	**5 456 304**	**4 227 581**	**875 946**	**5 103 527**
Allowances	-9 121		**-9 121**	-11 005		**-11 005**
Net Total	**4 420 526**	**1 026 657**	**5 447 183**	**4 216 576**	**875 946**	**5 092 522**
SHARES AND OTHER DIVIDEND-BEARING SECURITIES						
Security holdings	202 348		**202 348**	150 305		**150 305**
Accrued interest receivable	1 253		**1 253**	1459		**1 459**
Gross total	203 601		**203 601**	151 764		**151 764**
Allowances	-15 933		**-15 933**	-14 173		**-14 173**
Net Total	**187 668**		**187 668**	**137 591**		**137 591**
TOTAL	**4 608 194**	**1 026 657**	**5 634 851**	**4 354 167**	**875 946**	**5 230 113**
BONDS AND OTHER FIXED-INCOME SECURITIES						
Increase (decrease) in value	67 298	21095	**88 393**	76 252	-34 629	**41623**
Difference between purchase price and redemption price	16 951	4 268	**21 219**	-1389	1369	**-20**
SHARES AND OTHER DIVIDEND-BEARING SECURITIES						
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
TOTAL	**11 865 870**	**10 956 790**

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
TOTAL	**55 774**	**55 034**

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
COMPANIES IN WHICH CFCM GROUP HOLDS AN INTEREST GREATER THAN 3 MILLION EUROS			
GACM 34, rue du Wacken - 67010 STRASBOURG	0,72%	1 642 683	180 310

Note 6. Tangible and intangible assets

In thousands of euros

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

Note 7. Goodwill

In thousands of euros

	2003	2002
GROSS VALUE	3 206	13 452
AMORTIZATION	641	8 548
NET VALUE	**2 565**	**4 904**

Note 8. Sundry accounts and other assets

In thousands of euros

	2003	2002
SUNDRY ACCOUNTS AND PREPAID EXPENSE	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
OTHER ASSETS	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
Re-insurers' share in technical reserves	12 436	15 182
Other assets of insurance companies	25 405	20 622
Uncalled subscribed capital	1 339	1 339
TOTAL	**828 565**	**661 353**

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
TOTAL	**639 686**	**2 507 638**	**3 147 324**	**366 675**	**2 630 696**	**2 997 371**

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**
TOTAL	**153 661**	**25 259**	**178 920**	**157 921**	**13 081**	**171 002**
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**
TOTAL	**495 756**	**207 113**	**702 869**	**399 792**	**198 821**	**598 613**
GENERAL TOTAL	**649 417**	**232 372**	**881 789**	**557 713**	**211 902**	**769 615**

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
TOTAL	**8 637 012**	**65 291**	**8 702 303**	**8 803 822**	**127 564**	**8 931 386**

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
TOTAL	**12 670 630**	**11 460 507**

Note 14. Sundry accounts and other liabilities

In thousands of euros

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

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
TOTAL	**23 221**	**10 697**	**-6 110**	**-2 996**	**-1 223**	**23 589**
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
TOTAL	**1 591**	**-1 737**

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			
TOTAL	**66 017**			

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
POSITION AT THE END OF THE YEAR	715 000	178 281		73 732	967 013

(1) Including last year's net income.

Note 18. Banking activity commitments

In thousands of euros

	2003	2002
Commitments given	**2 017 772**	**2 020 341**
- 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
Commitments received	**334 152**	**326 088**
- 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

In thousands of euros

- According to contract type

	2003			2002		
	Financial futures transactions	Other transactions	Total	Financial futures transactions	Other transactions	Total
FIRM TRANSACTIONS						
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**
CONDITIONAL TRANSACTIONS						
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**
TOTAL	**13 587 384**	**35 937**	**13 623 321**	**16 533 563**	**344 302**	**16 877 865**

- According to fixed term remaining

In thousands of euros

	2003			
	Less than 1 year	Over 1 year - 5 years	Over 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
TOTAL	**115 044**	**217 189**

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

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

In thousands of euros

	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
TOTAL	**785 203**	**-573 763**	**806 162**	**-605 013**

Note 21. Income on equities and other variable income instruments

In thousands of euros

	2003	2002
Shares and other dividend-bearing securites	1 097	956
Investments in non-consolidated undertakings, other participating interests	3 431	1 681
TOTAL	**4 528**	**2 637**

Note 22. Net commission income

In thousands of euros

	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
TOTAL	**88 164**	**-23 864**	**70 446**	**-26 015**
Commission income	64 300		44 431	

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

In thousands of euros

	2003	2002
Net transactions on trading securities	**-3**	**422**
Net currency transactions	**1 943**	**2 055**
Total transactions on derivative instruments and hedging transactions	**832**	**1 373**
Interest rate	975	3 126
Foreign exchange	63	-398
Other derivative instruments and hedging transactions	-206	-1 355
TOTAL	**2 772**	**3 850**

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 securites	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
TOTAL	**7 258**	**-9 583**

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 ans losses	-581 775	-943 355
TOTAL	**34 029**	**29 422**
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
TOTAL	**5 133**	**16 061**
Non technical net income	27 449	16 948
TECHNICAL AND FINANCIAL MARGINS	**66 611**	**62 431**

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
Personnel costs		**-78 562**	**-71 105**
Salaries and wages		-50 308	-46 202
Fringe benefits		-20 202	-18 100
	including pension costs	-4 968	-4 489
Profit sharing and incentive scheme		-2 450	-1 846
Payroll-related taxes		-5 602	-4 957
Other administrative expense		**-102 500**	**-98 482**
TOTAL		**-181 062**	**-169 587**

The number of salaried employees is as follows:

Average number	2003 Salaried staff (*)	2002 Salaried staff (*)
Employees	597	567
Executives and experts	704	637
TOTAL	**1 301**	**1 204**

(*) 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 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 CONTINGENCIES AND CHARGES	Provisions	-2 963	-2 619
	Releases	831	82
	BALANCE	**-28 038**	**-30 429**

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
TOTAL FINANCIAL ASSETS	**-106**	**-2 375**	**1 046**	**2 606**	**1 171**
TANGIBLE AND INTANGIBLE ASSETS		-5 211		6 581	1 370
TOTAL ASSETS	**-106**	**-7 586**	**1 046**	**9 187**	**2 541**

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
NET INCOME TAX EXPENSE	**-50 561**	**-38 164**
Income before taxes , amortization of goodwill and income of companies accounted for under the equity method , RGBR	145 597	105 866
Effective rate CFCM Group	**-34,73%**	**-36,05%**

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%
Effective tax rate	**34,73%**	**36,05%**

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

		2003	2002
ASSETS			
Temporary differences		5 073	6 377
	TOTAL ASSETS	**5 073**	**6 377**
LIABILITIES			
Temporary differences		4 818	7 658
	TOTAL LIABILITIES	**4 818**	**7 658**
NET DEFERRED TAX LIABILITIES		**-255**	**1 281**

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 December 31, 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 December 31, 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 1st 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 March 24, 2004

The Statutory Auditors

MAZARS & GUERARD	SA STERENN
Jean-Gabriel Rangeon	Patrick Franchet

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

Balance sheet

Assets (in thousands of euros)	*Notes*	*2003*	*2002*	*2001*
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
Total		**13 337 065**	**13 011 712**	**13 052 541**

Liabilities (in thousands of euros)	*Notes*	*2003*	*2002*	*2001*
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
Total		**13 337 065**	**13 011 712**	**13 052 541**

Off-balance sheet items (in thousands of euros)	*Notes*	*2003*	*2002*	*2001*
Commitments given	*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
Commitments received	*21*			
Guarantees received		54 646	43 471	10 494
Commitments received on securities		11 119	22	
Financial futures and other forward agreements	*22*	**14 170 540**	**17 184 409**	**15 473 102**

Income statements

(in thousands of euros)	Notes	2003	2002	2001
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
Net banking income		**74 247**	**59 504**	**42 960**
Operating expense	27	-13 079	-11 551	-9 720
Depreciation, amortization and provisions on tangible and intangible assets		-598	-967	
Gross operating income		**60 570**	**46 986**	**33 240**
Net additions to provisions for credit risks	28	-2 680	-3 031	-390
Operating income		**57 890**	**43 955**	**32 850**
Gains (losses) on disposals of long-term investments and changes in provisions	29	5 571	-1 896	7 794
Income before tax		**63 461**	**42 059**	**40 644**
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
Net income		**38 265**	**31 593**	**30 971**

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 recognised as income. Money market securities are recorded at cost, including accrued interest.

The difference between the acquisition price and the redemption price is amortised 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. Unrealised 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. Unrealised 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 realising 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 January 1, 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

Organised 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 recognised *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 unrealised capital losses are covered by a reserve for contingencies and charges

<u>*Foreign exchange instruments*</u>

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 December 12, 2002 of the Account Regulation Committee regarding accounting for credit risk in companies supervised by the French Banking Regulation Committee has been applied since January 1, 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 recognised 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 unrealised 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
GROSS TOTAL	393 733	28 432	422 165	702 947	147 953	850 900
Allowances						
NET TOTAL	393 733	28 432	422 165	702 947	147 953	850 900
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
TOTAL	**176 428**	**5 887 985**	**6 064 413**	**110 105**	**5 703 974**	**5 814 079**

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
TOTAL	**251 262**	**302 952**

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
GROSS TOTAL	4 540 333	1 026 656	5 566 989	4 337 649	875 945	5 213 594
Allowances	8 991		8 991	10 991		10 991
NET TOTAL	4 531 342	1 026 656	5 557 998	4 326 658	875 945	5 202 603
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
NET TOTAL	87 002	57 174
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

In thousands of euros

Changes in net book values

	2002	Increase	Decrease	2003
Equity investments				
Gross amount	29 613	1 597	-867	30 343
Allowances	901	-469		432
Net amount	28 712	2 066	-867	29 911
Equity securities held for long-term investment				
Gross amount	20 686	883	-157	21 412
Allowances	6 542	3		6 545
Net amount	14 144	880	-157	14 867
Equity in affiliated companies				
Gross amount	705 169	27 992	-1 746	731 415
Allowances	210 304	2 051	-6 365	205 990
Net amount	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 aggragate 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			
1. AFFILIATES (COMPANIES IN WHICH MORE THAN 50 % OF THE SHARES ARE HELD BY COMPAGNIE FINANCIERE)			
BANQUE COMMERCIALE POUR LE MARCHE DE L'ENTREPRISE 19, rue Romain Desfossés - BP117 - 29802 BREST CEDEX 9	96 000	139 337	8 550
COMPAGNIE EUROPEENNE D'OPERATIONS IMMOBILIERES 62, rue du Louvre - 75068 PARIS Cédex 02	19 839	16 724	2 136
ALCOR BANK LUXEMBOURG 25, Boulevard Royal - BP 746 - L2017 LUXEMBOURG	9 141	10 857	805
BANQUE FEDERAL FINANCE 32, rue Mirabeau - 29480 LE RELECQ KERHUON/BREST	20 015	26 024	359
SOBREPAR 32, rue Mirabeau - 29480 LE RELECQ KERHUON/BREST	13 339	16 321	1 249
SURAVENIR 232, rue Général Paulet BP 103 - 29802 BREST CEDEX 9	165 434	300 332	40 143
MURS II 62, rue du Louvre - 75068 PARIS CEDEX 02	5 218	10 317	1 773
FINANCO-SOFEMO 2, quai de la Douane - 29266 BREST CEDEX	25 328	37 087	1 908
SYMPHONIS 232, rue Général Paulet - BP 45 - 29801 BREST CEDEX 9	16 200	11 025	-2 657
CAMEFI BANQUE 521, avenue du Prado - 13008 MARSEILLE	23 801	46 783	526
ESPACE PATRIMOINE CONSEIL 126, bd Haussman 75008 PARIS	8 775	8 755	-799
2. EQUITY INVESTMENTS HELD BETWEEN 10% AND 50%			
BANQUE PRIVEE EUROPEENNE 62, rue du Louvre - 75968 PARIS Cédex 02	29 760	74 999	4 003
BANQUE DE MARCHES ET D'ARBITRAGE 9, rue Chauchat - 75009 PARIS	6 272	32 700	327
SYNERGIE FINANCE 32, rue Mirabeau - 29480 LE RELECQ KERHUON/BREST	10 413	28 342	3 652
SURAVENIR ASSURANCE HOLDING 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
ASSETS				
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
TOTAL ASSETS	**319 275**	**194 363**	**5 001 233**	**4 592 303**
LIABILITIES				
. Debts	21 530		263 707	413 469
. Debts securities	15 245		871 881	516 977
TOTAL LIABILITIES	**36 775**		**1 135 588**	**930 446**
COMMITMENTS GIVEN				
. Financing commitments	42		10 000	124 493
. Guarantees given		870	71 200	4 581
TOTAL	**42**	**870**	**81 200**	**129 074**
COMMITMENTS RECEIVED				
. Financing commitments				
. Guarantees received			51 771	43 227
TOTAL			**51 771**	**43 227**

Note 7. Other assets

In thousands of euros

	2003	**2002**
Government	111	4
Securities transactions	41	104
Other various receivables	17 218	3 027
TOTAL	**17 370**	**3 135**

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
TOTAL	**263 871**	**120 741**

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
TOTAL	**603 181**	**1 956 516**	**2 559 697**	**523 758**	**2 182 671**	**2 706 429**

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**
TOTAL	**205 608**	**188 521**	**394 129**	**63 261**	**195 802**	**259 063**

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
TOTAL	**9 265 226**	**67 651**	**9 332 877**	**8 944 482**	**130 366**	**9 074 848**

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
TOTAL	**63 614**	**17 935**

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
TOTAL	**123 749**	**112 256**

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
TOTAL	**2 384**	**2 174**		**6 561**

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			
TOTAL	**46 842**			

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
TOTAL	**770 415**	**-8 581**	**38 265**	**800 099**

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
Assets						
Due from banks	1 603 182	1 468 634	1 397 815	1 558 746	36 036	6 064 413
Advances to customers	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
Bonds and other fixed-income instruments	484 041	766 800	3 875 671	351 727	79 759	5 557 998
Liabilities						
Due to banks	1 330 513	93 450	318 172	801 511	16 051	2 559 697
Customer deposits and related	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
Debts represented by a security	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 31th 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
in relation to third party commitments		20 400
Assets received as collateral		20 400

Note 21. Off-balance sheet items

In thousands of euros

	2003	2002
Commitments given		
. Financing commitments given	*541 464*	*617 743*
in favour of banks and financial institutions	10 000	128 730
in favour of customers	531 464	489 013
. Guarantees given	*486 197*	*367 310*
relating to banks and financial institutions	103 518	33 136
relating to customers	382 679	334 174
Commitments received		
. Guarantees received	*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

In thousands of euros

According to contract type (nominal value of contracts)

	2003			2002		
	Financial futures transactions	Other transactions	Total	Financial futures transactions	Other transactions	Total
Firm transactions						
Organized market transactions						
interest rate contracts	50 000		**50 000**	2 000	2 270	**4 270**
Principal-to-principal market transactions						
future rate agreements	59 200	20 000	**79 200**	716		**716**
interest rate swaps	9 675 053	15 937	**9 690 990**	12 665 303	323 157	**12 988 460**
Conditional transactions						
Organized market transactions						
Interest rate options						
bought	438		**438**	31 406	4 336	**35 742**
sold	16 238		**16 238**	14 156		**14 156**
Principal-to-principal market transactions						
Interest rate contracts (floor, cap)						
bought	2 189 529		**2 189 529**	1 996 314		**1 996 314**
sold	2 074 840		**2 074 840**	1 921 326		**1 921 326**
Interest rate options, currency and other						
bought	34 826		**34 826**	84 042		**84 042**
sold	34 479		**34 479**	124 844	14 539	**139 383**
TOTAL	**14 134 603**	**35 937**	**14 170 540**	**16 840 107**	**344 302**	**17 184 409**

Financial futures transactions come under micro-hedge.

According to fixed term remaining

	2003			
	Less than 1 year	Over 1 year - 5 years	Over 5 years	TOTAL
Interest rate instruments				
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**
Foreign exchange instruments				
Principal-to-principal markets				
Purchases	34 826			**34 826**
Sales	34 479			**34 479**
TOTAL	**4 411 836**	**5 264 046**	**4 494 658**	**14 170 540**

Financial futures – credit risks

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

	2003	2002
Central administrations and related, network	4 655	6 937
Financial institutions and OECD local administrations	110 164	209 608
Customers	225	644
TOTAL	**115 044**	**217 189**

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
TOTAL	**627 598**	**-580 881**	**666 327**	**-617 502**

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
TOTAL	**21 178**	**19 644**

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	
TOTAL	**5 732**	**-4 121**	**5 074**	**-3 496**

Note 26. Gains and losses on financial transactions

In thousands of euros

- Net gains on sales of trading accounts securities

	2003	2002
Net transactions on trading securities	**-3**	**6**
Net currency transactions	**1 591**	**1 508**
Derivative instruments and hedging transactions	**807**	**1 277**
Interest rate	974	1 568
Foreign exchange	45	9
Other derivative instruments and hedging transactions	-212	-300
TOTAL	**2 395**	**2 791**

- Net gains on sales of securities available for sale

	2003	2002
Certificates and bonds transactions		
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
TOTAL	**2 287**	**-11 017**

Note 27. Operating expense

In thousands of euros

	2003	2002
Personnel costs	-9 619	-7 894
Salaries and wages	-6 248	-5 157
Fringe benefits	-2 226	-1 795
including pension costs	-686	-554
Profit sharing and incentive scheme	-366	-309
Payroll-related taxes	-779	-633
Taxes	**-2 250**	**-1 716**
Other operating charges	**-8 722**	**-7 001**
Recoverable expense	**7 512**	**5 060**
TOTAL	**-13 079**	**-11 551**

Staff :

Average number	**2003**	**2002**
	Salaried staff	**Salaried staff**
Employees	20	18
Executives and experts	87	74
TOTAL	**107**	**92**

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		
	BALANCE	**-2 680**	**-3 031**

Note 29. 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	-3	-469	469	238	235
EQUITY IN AFFILIATED COMPANIES	-2 051		6 365	1 153	5 467
INVESTMENTS SECURITIES		-324		193	-131
TOTAL	**-2 054**	**-793**	**6 834**	**1 391**	**5 571**

Note 30. Income taxes

In thousands of euros

	2003	2002
Corporate income tax of Compagnie Financière du Crédit Mutuel		
normal rate	-14 281	-9 838
additional contribution	-915	-628
TOTAL	-15 196	-10 466
Income before tax	63 461	42 059
Effective tax rate	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%
Effective tax rate	23,95%	24,88%

Note 31. Income appropriation

In thousands of euros

	2003	2002
ORIGIN		
, Carried forward from the previous years	4 706	4 273
. Net income	38 265	31 593
Distributable result	**42 971**	**35 866**
APPROPRIATION		
. 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 statement

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 Règlementation 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
Total shareholders' equity	**967.013**
Reserve for general banking risks	**14.655**
Long-medium and short term debt *	**2,103.370**
TOTAL CAPITALISATION	**3,085.038**

* 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.

SUBSCRIPTION AND SALE

Merrill Lynch International (the "**Lead Manager**"), CDC IXIS Capital Markets and Société Générale (the "**Senior Co-Lead Managers**", together with the Lead Manager, the "**Managers**") have, pursuant to a subscription agreement dated 2 July 2004 (the "**Subscription Agreement**"), jointly and severally agreed agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at a price equal to 100 per cent. of their principal amount. The Issuer has agreed to reimburse the Managers in respect of certain of its legal and other expenses incurred in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

General

No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Offering Circular or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Republic of France

The Managers and the Issuer have acknowledged that the Notes being denominated in euro, are deemed to be issued outside the Republic of France and, accordingly, has represented and agreed that in connection with their initial distribution, (i) it has not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in the Republic of France and (ii) offers and sales of Notes in the Republic of France will be made only to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Article L.411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October 1998. In addition, the Managers and the Issuer have represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed, in the Republic of France this Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described as above.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Managers have agreed that they will not offer or sell the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the date of issue of the Notes, within the United States or to, or for the account or benefit of, U.S. persons and they will have sent to each dealer to which they sell Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Terms used in this section have the meanings given to them by Regulation S.

United Kingdom

The Managers have represented, warranted and agreed that:

they have not offered or sold and, prior to the expiry of a period of six months from the issue date of the Notes, will not offer or sell any 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 or the Financial Services and Markets Act 2000 (the "**FSMA**");

they have 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 them 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

they has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Germany

The Managers have 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, the Managers have represented and agreed that they have 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

This Offering Circular may not be distributed and the Notes may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands ("Dutch Residents") other than to the following entities (referred to herein as "Professional Market Parties" or "PMPs" and each of them as a "Professional Market Party" or "PMP") provided they acquire the Notes for their own account and also trade or invest in securities in the conduct of a business or profession:

(i) banks, insurance companies, securities firms, collective investment institutions or pension funds that are supervised or licensed under Dutch law;

(ii) collective investment institutions which offer their shares or participations exclusively to professional investors and are not required to be supervised or licensed under Dutch law;

(iii) the Dutch government (*de Staat der Nederlanden*), the Dutch Central Bank (*De Nederlandsche Bank N.V.*), or Dutch regional, local or other decentralised governmental institutions,;

(iv) enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes;

(v) enterprises, entities or individuals with net assets (*eigen vermogen*) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;

(vi) subsidiaries of the entities referred to under (a) above provided such subsidiaries are subject to prudential supervision;

(vii) enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and

(viii) such other entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations.

Kingdom of Spain

The Mangers have 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.

Belgium

This prospectus has not been submitted for approval to the Belgian Banking and Finance Commission and, accordingly, the Notes may not be distributed by way of public offering in Belgium.

Italy

The offering of the Notes has not been registered pursuant to the Italian securities legislation and, accordingly, each of the Managers has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in a solicitation to the public, and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations. In any case, the Notes cannot be offered or sold to any individuals in the Republic of Italy either in the primary market or the secondary market.

Each of the Managers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy except:

(i) to "**Professional Investors**", as defined in Article 31.2 of CONSOB Regulation N°11522 of 2 July 1998 as amended ("**Regulation N°11522**"), pursuant to Article 30.2 and 100 of Legislative Decree N°58 of 24 February 1998 as amended ("**Decree N°58**"), or in any other circumstances where an expressed exemption to comply with the solicitation restrictions provided by Decree N°58 or Regulation N°11971 of 14 May 1999 as amended applies, provided, however, that any such offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy must be:

  (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree N°385 of 1 September 1993 as amended ("**Decree N°385**"), Decree N°58, CONSOB Regulation N°11522 and any other applicable laws and regulations;

  (b) in compliance with Article 129 of Decree N°385 and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of securities in Italy is subject to a prior notification to the Bank of Italy, unless and exemption, depending, *inter alia*, on the aggregate amount and the characteristics of the Notes issued or offered in the Republic of Italy, applies; and

(ii) if Italian residents submit unsolicited offers to any of the Managers to purchase the Notes.

Luxembourg

The Notes shall not be offered or sold to the public in or from Luxembourg or sold by way of public offering to residents in Luxembourg. No advertisement or document or other material may be distributed to the public or published in Luxembourg, except for listing purposes.

GENERAL INFORMATION

1 The Notes have been accepted for clearance through Euroclear France and Clearstream, Luxembourg and Euroclear with the Common Code number of 019579689. The International Securities Identification Number (ISIN) for the Notes is FR0010096826

2 In connection with the application for the listing of the Notes on the Luxembourg Stock Exchange, the legal notice relating to the issue of the Notes and copies of the constitutive documents of the Issuer have been lodged with the Trade Register in Luxembourg (*Registre de Commerce et des Sociétés à Luxembourg*) prior to the listing thereof, where such documents are available for inspection and where copies thereof can be obtained.

3 The issuance of the Notes was authorised pursuant to a decision of the Chief Executive (*Directeur Général*) of the Issuer to issue the Notes (*décision de procéder a l'émission d'un emprunt obligataire*) on 28 June 2004 in accordance with a delegation granted by the Board of Directors of the Issuer (*délégation du Conseil D'Administration*) on 14 May 2004 following the Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the Issuer dated 29 April 2004 granting the Board of Directors of the Issuer the power to issue *obligations* (such as the Notes) up to a maximum aggregate amount of 7 billion euros for five years which authority will, unless previously cancelled, expire on 28 April 2009.

4 Save as disclosed in the Offering Circular, there has been no material adverse change in the financial or trading position of the Issuer or the Issuer Group since 31 December 2003.

5 Neither the Issuer nor any other member of the Issuer Group is or has been involved is not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.

6 The Issuer publishes (i) audited annual consolidated and non-consolidated accounts and (ii) semi-annual consolidated and non-consolidated accounts. Copies of the latest and future published *Document de Référence/*Financial Report of the Issuer, including its consolidated and non-consolidated accounts, and the latest and future published unaudited semi-annual consolidated and non-consolidated accounts of the Issuer, may be obtained from, and copies of the Fiscal Agency Agreement, the Support Agreement and the constitutive documents of the Issuer will be available for inspection at, the specified offices for the time being of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

7 SA Sterenn and Mazars & Guérard have audited and rendered unqualified audit reports on the non-consolidated and consolidated financial statements of the Issuer for the financial years ended 31 December 2002 and 2003.

8 On 3 June 2003, the European Council has adopted a new directive regarding the taxation of savings income (the "**Directive**"). Subject to certain conditions being met, it is proposed that Member States will be required as from 1 January 2005, the expected date of implementation 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**" would be defined widely and would include 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) would 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 would 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 ECOFIN Council, such transitional period would end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (the United-States, Switzerland, Liechtenstein, San Marino, Monaco and Andorra).

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