

**Compagnie Financière
du Crédit Mutuel**
€ 3,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME

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

The aggregate nominal amount of Notes outstanding will not at any time exceed € 3,000,000,000 (or its equivalent in other currencies) at the date of issue.

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

This Offering Circular replaces and supersedes the Offering Circular dated 4 July 2002.

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

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

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

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

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

ARRANGER
HSBC CCF
DEALERS

ABN AMRO
CAISSE INTERFÉDÉRALE DE CRÉDIT MUTUEL
DZ BANK AG

BNP PARIBAS
DEUTSCHE BANK
HSBC CCF

MERRILL LYNCH INTERNATIONAL

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

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

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

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

SUPPLEMENTAL OFFERING CIRCULAR

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

TABLE OF CONTENTS

	Page
Summary of the Programme	6
Terms and Conditions of the Notes.....	15
Use of proceeds.....	48
Temporary Global Certificates in respect of Materialised Notes.....	49
Description of the Group	51
Report of the Statutory Auditors on the consolidated financial statements of the Issuer for the year ended 31 December 2002.....	86
Consolidated financial statements of the Issuer for the year ended 31 December 2002	87
Report of the Statutory Auditors on the non-consolidated financial statements of the Issuer for the year ended 31 December 2002.....	111
Non-consolidated financial statements of the Issuer for the year ended 31 December 2002	112
Capitalisation table of the Issuer as of 31 December 2002.....	129
Form of Pricing Supplement.....	130
Subscription and Sale.....	143
General Information.....	147

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. The Notes will be issued on such terms as shall be agreed between the Issuer and the Relevant Dealer(s) and, unless specified to the contrary in the relevant Pricing Supplement, will be subject to the Terms and Conditions set out on pages 15 to 48.

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

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

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

Programme Limit:	Up to € 3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Fiscal Agent and Principal Paying Agent:	Kredietbank S.A. Luxembourgeoise
Paying Agents:	CCF as Paris Paying Agent Kredietbank S.A. Luxembourgeoise as Luxembourg Paying Agent
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis.

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

Maturities:

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

Currencies:

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

Euro

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

Swiss francs

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

Denomination(s):

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

Dematerialised Notes shall be issued in one denomination only.

Status of the Unsubordinated Notes:

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

**Status of the
Subordinated Notes:**

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

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

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

**Negative Pledge for
Unsubordinated Notes:**

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

Events of Default:

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

Redemption Amount:

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

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

Optional Redemption:

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

Redemption by Instalments:

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

Early Redemption:

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

Taxation:

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

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

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

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

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

Interest Periods and Interest Rates:

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

Fixed Rate Notes:

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

Floating Rate Notes:

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

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

in each case as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes:

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

Dual Currency Notes:

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

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement. "**Index Linked Redemption Notes**", which may not be Subordinated Notes constituting *fonds propres complémentaires* or *fonds propres surcomplémentaires*, are Notes in respect of which amounts of principal shall be calculated by reference to an index and/or formula, and "**Index Linked Interest Notes**" (together with Index Linked Redemption Notes, "**Index Linked Notes**") are Notes in respect of which amounts of interest shall be calculated by reference to an index and/or formula.

Other Notes:

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

Redenomination:

Notes issued in the currency of any Member State of the EU which participates in the third stage (or any further stage) of European Monetary Union may be redenominated into Euro, all as more fully provided in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination" below.

Consolidation:

Notes of one Series may be consolidated with Notes of another Series as more fully provided in "Terms and Conditions of the Notes - Further Issues and Consolidation".

Form of Notes:

Notes may be issued in either dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**").

Dematerialised Notes which are dealt in on a regulated market may, at the option of the Issuer, be issued in bearer form (*au porteur*) or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant holder, in either fully registered form (*au nominatif pur*) or administered form (*au nominatif administré*). No physical documents of title will be issued in respect of Dematerialised Notes. Dematerialised Notes which are not dealt in on a regulated market will be issued in registered dematerialised form only and, at the option of the relevant holder, in either fully registered (*nominatif pur*) or administered registered (*nominatif administré*) form. See "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination".

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

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

Selling Restrictions:

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

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

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

Dematerialised Notes do not require compliance with the TEFRA Rules.

TERMS AND CONDITIONS OF THE NOTES

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

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

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

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

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

(a) **Form**

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

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

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

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

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

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

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

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

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

(b) Denomination

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

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

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

2. Conversions and Exchanges of Notes

(a) Dematerialised Notes

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

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

(b) Materialised Notes

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

3. Status

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

(a) Status of Unsubordinated Notes

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

(b) Status of Subordinated Notes

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

The relevant Pricing Supplement may provide for additions or variations to the Conditions applicable to the Subordinated Notes for the purposes of, *inter alia*, enabling the proceeds of the issue of such Subordinated Notes to count as (i) *fonds propres complémentaires* within the meaning of Article 4(c) of the *Comité de la Réglementation Bancaire et Financière* ("**CRBF**") Regulation no. 90-02 of 23 February 1990 as amended; (ii) *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended; or (iii) *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-

(c) Title

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

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

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

(d) Redenomination

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

02 of 21 July 1995 as amended, if such Regulation is applicable.

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

4. Negative Pledge

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

For the purposes of these Conditions:

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

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

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

5. Interest and other Calculations

(a) Definitions

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

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

"Business Day" means:

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

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

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

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

in each case, where

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

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

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

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

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

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

then :

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

or

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

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

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

Where:

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

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

The fraction is :

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Interest on Fixed Rate Notes

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

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

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

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

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

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

(A) FBF Determination for Floating Rate Notes

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

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

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

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

(d) Zero Coupon Notes

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

(e) Dual Currency Notes

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

(f) Partly Paid Notes

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

(g) Accrual of Interest

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

(h) Deferral of interest

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

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

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

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

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

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

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

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

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

(j) Interest on Undated Subordinated Notes

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

(k) Calculations

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

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

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

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

(m) Calculation Agent and Reference Banks

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

6. Redemption, Purchase and Options

(a) Final Redemption

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

(b) Redemption by Instalments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Early Redemption

(i) Zero Coupon Notes

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

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

(ii) *Other Notes*

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

(f) Redemption for Taxation Reasons:

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

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

(g) Partly Paid Notes

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

(h) Purchases

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

(i) Cancellation

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

7. Payments and Talons

(a) Dematerialised Notes

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

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

(b) Definitive Materialised Notes

(i) Method of payment

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

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

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

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

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

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

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

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

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

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

(c) Payments in the United States

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

(d) Payments subject to Fiscal Laws

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

(e) Appointment of Agents

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

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

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

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

(f) Talons

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

(g) Business Days for Payment

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

(h) Bank

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

access to the TARGET System.

8. Taxation

(a) Tax Exemption for Notes issued or deemed to be issued outside France

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

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

(b) Additional Amounts

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

(i) Other connection

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

(ii) More than 30 days after the Relevant Date

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

(iii) Payment to individuals

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) Payment by another Paying Agent

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

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

(c) Article 125 A III

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

9. Events of Default

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

(a) In the case of Unsubordinated Notes

- (i) the Issuer is in default in the payment of principal of, or interest on, any Note (including the payment of any additional amounts mentioned in Condition 8) when due and payable and such default shall continue for more than seven (7) days thereafter; or
- (ii) the Issuer is in default in the performance of any of its other obligations under the Notes and such default has not been cured within fourteen (14) days after the receipt by the Fiscal Agent of the written notice of such default by the Representative or a Noteholder; or
- (iii) if any other present or future indebtedness for borrowed monies of the Issuer in excess of €5,000,000 (or its equivalent in any other currency), whether individually or collectively, becomes or becomes capable of being declared due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor or any steps shall be taken to enforce

any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon; or

- (iv) if the Issuer makes any proposal for a general moratorium in relation to its debt or applies for, or is subject to, the appointment of a conciliator (*conciliateur*) or a *mandataire ad hoc* or enters into an amicable settlement (*accord amiable*) with its creditors or a judgement is issued for the judicial liquidation (*liquidation judiciaire*), the judicial recovery (*redressement judiciaire*) or the transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or, to the extent permitted by applicable law, if the Issuer is subject to any other insolvency or bankruptcy proceedings or makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
- (v) if the Issuer ceases or publicly threatens to cease to carry on all or a material part of its business or other operations or sells, transfers, lends or otherwise disposes of, directly or indirectly, all or a material part of its undertakings or assets, except in the case of a disposal, liquidation, merger or other reorganisation in which all of the Issuer's assets are transferred to a legal entity which simultaneously assumes all of the Issuer's liabilities, including the Notes, and whose main purpose, or one of whose main purpose, is the continuation of, and which effectively continues, the Issuer's activities; or
- (vi) if it is or will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes.

- (b) **In the case of Subordinated Notes**, and in accordance with Condition 3(b), if any judgement shall be issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason then the Subordinated Notes shall become immediately due and payable, in accordance with Condition 3(b), at their principal amount together with any accrued interest to the date of payment.

10. Prescription

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

11. Representation of Noteholders

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

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

(a) Legal Personality

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

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

(b) Representative

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

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

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

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

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

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

(c) Powers of Representative

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

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

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

(d) General Meeting

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

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

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

(e) Powers of the General Meetings

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

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

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

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

(f) Information to Noteholders

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

(g) Expenses

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

(h) Single Masse

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

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

12. Modifications

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

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

If, in the case of any Materialised Notes, a Definitive Materialised Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for this purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues and Consolidation

(a) Further Issues

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

(b) Consolidation

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

15. Notices

- (a)** Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*); provided that, so long as such Notes are listed on any stock exchange(s), notices shall be valid if published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed which in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort*.
- (b)** Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are listed on any stock exchange, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed which in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort*.
- (c)** If any such publication is not practicable, notice shall be validly given if published in a leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as

provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.

- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur* or *au nominatif*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 15 (a), (b), (c), above; except that (i) so long as such Notes are listed on any stock exchange(s) and the rules of that stock exchange so require, notices shall also be published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading newspaper of general circulation in Europe.

16. Governing Law and Jurisdiction

(a) Governing Law

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

(b) Jurisdiction

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

USE OF PROCEEDS

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

TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED NOTES

Temporary Global Certificates

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

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

Exchange

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

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

Delivery of Definitive Materialised Notes

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

Exchange Date

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

DESCRIPTION OF THE GROUP

1. PREAMBLE

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

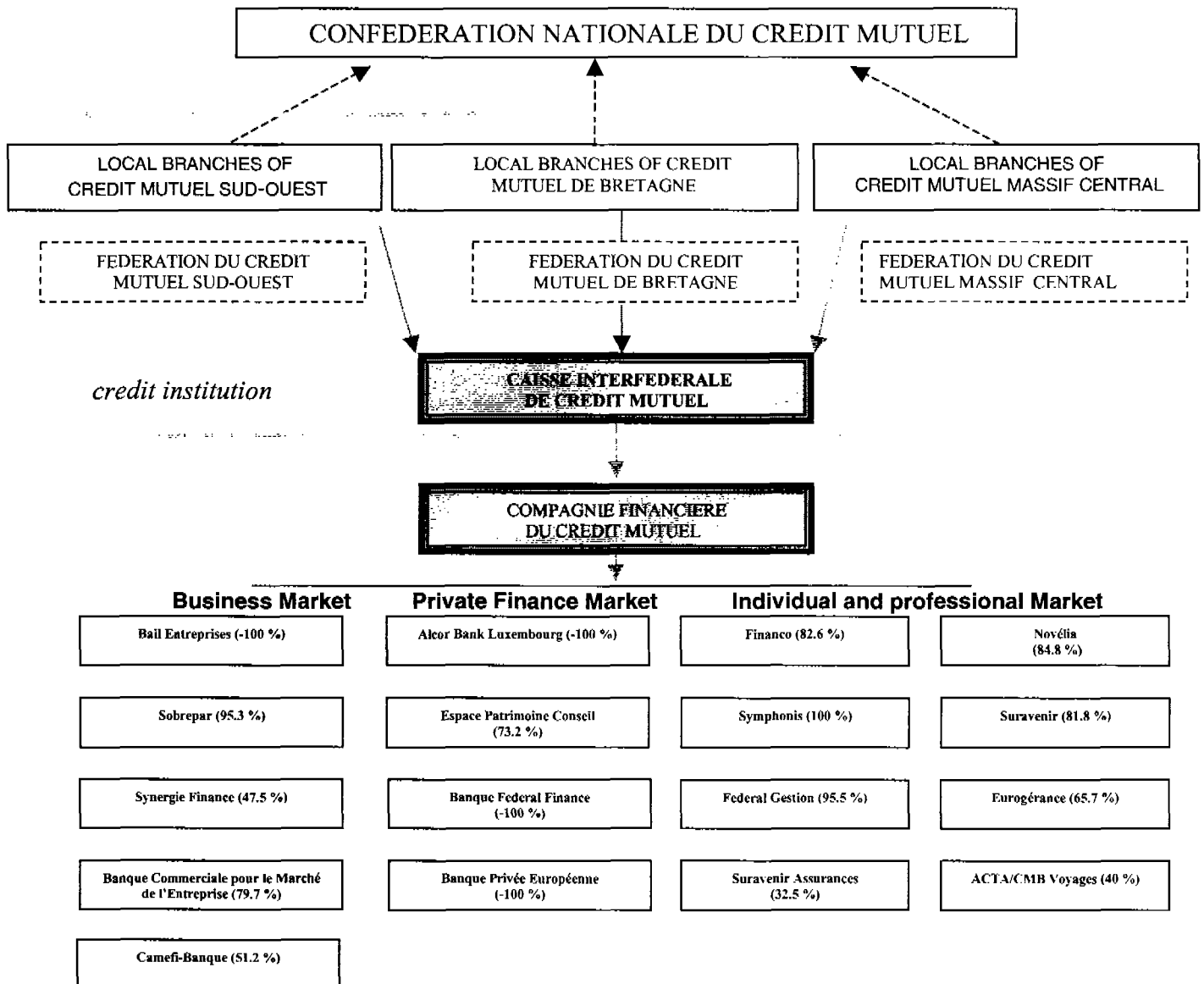
2.1 Structure of Crédit Mutuel Arkéa Group

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 du Massif Central.
- **A Division governed by French company law**, consisting of the Compagnie Financière du Crédit Mutuel and almost 100% owned by the Caisse Interfédérale de Crédit Mutuel and its subsidiaries.

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



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

2.2 History

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

The structure was based on:

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

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

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

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

This extension produced the CMB-CMSO Group under the aegis of the Caisse Interfédérale du Crédit Mutuel ("CICM"), the former Caisse Fédérale du Crédit Mutuel de Bretagne. As a result of this collective authorisation, the decision was taken to develop the legal and institutional organisation of Groupe CMB-CMSO in such a way so as 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 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 du Massif Central** joining the co-operative and mutualist division, and the division made up of the Issuer and its subsidiaries, which remains unchanged.

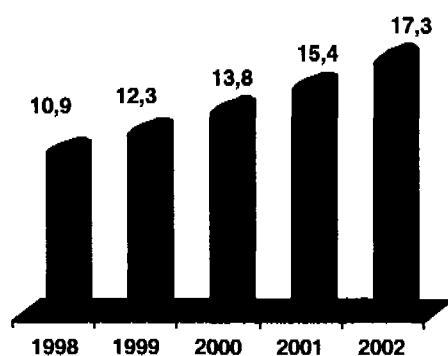
2.3 Activity of the Crédit Mutuel Arkéa Group

The **Crédit Mutuel Arkéa Group** carries out business in the areas of banking credit and savings, finance and insurance. With 6,345¹ employees in 2002, it experienced further commercial expansion in 2002 and built up its presence throughout France by increasing the number of outlets and entering into distribution agreements with external operators.

¹ Average figure for 2002

2.3.1 Loans

Outstanding loans at 31 December
€ Billion

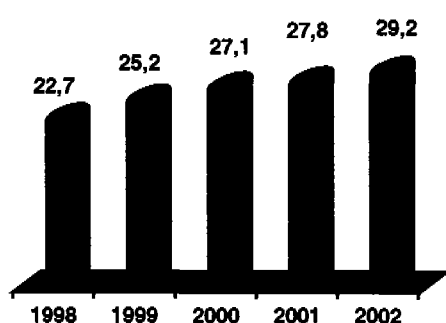


The outstanding loans amounted to €17.3 billion at 31 December 2002, an increase of 12.3%. The increase is essentially based on outstanding credit for private customers (€1.8 billion). The exposure on consumer credit has risen to €2 billion (12.7%), including revolving credit exposure, which reached €8.7 billion at the end of 2002 for home loans (14.1%). In the context of a global slowdown in business investment, the amount of outstanding loans to business grew by 3.4%. Outstanding loans to business (big companies and related professionals) amounted to €5 billion.

2.3.2 Savings

Outstanding savings at 31 December

€ Billion

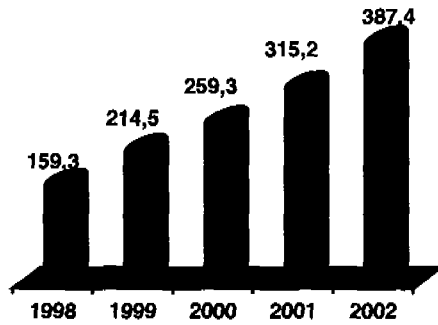


By 31 December 2002, €29.2 billion (5.4%) worth of savings were managed by the Crédit Mutuel Arkéa Group. Outstanding banking savings increased by 11.8% in 2002, the associates and clients of the group preferred such savings products. Outstanding deposit accounts increased by 15% and home savings by 5%. Outstanding managed life insurance went up by €11.2 billion at the end of 2002, i.e. 2.8%. Outstanding Euro contracts increased by 5.9%, whereas the amount of multi-support products decreased

by 7.9%. Managed assets in financial savings fell by 9.3% mainly as a result of the fall 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 23% in the financial year 2002. These contracts mostly came from the subsidiary Suravenir Assurances and were distributed by its network of local branches. The insurance portfolio, which increased by 30%, 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.

Eurocompte

After 3 years of promotion, more than 400,300 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 34% in the financial year 2002.

Moneo

In 2002, Crédit Mutuel Arkéa Group further developed the Moneo electronic purse and promoted it in new markets via the Banque Privée Européenne. 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 184,400, an increase of 55% for that year.

ATMs of Crédit Mutuel Arkéa Group

The Group runs 820 automated teller machines. These machines were used to carry out 30.2 million cash withdrawal operations in 2002. The machines are accompanied by 379 *Imprimantes Libre-Service* (Self-Service Printers) which are progressively being replaced by *Bornes d'Impression et de Remise* (Printing and Delivery Terminals). 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 printed 18.4 million statements in 2002. The 17,750 payment terminals and remote data collection points dealt with 75 million operations during the financial year and 160,238 million cheques were handled in 2002.

Remote banking

The remote banking business of Crédit Mutuel Arkéa Group grew with an average of 91,359 current subscribers to the internet service *Domiweb* over the last three months of the year and for the three affiliated Members to the Caisse Interfédérale de Crédit Mutuel. During December 2002, more than 562,000 connections were recorded.

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.

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



BCME Banque Commerciale pour le Marché de l'Entreprise

Banque Commerciale pour le Marché de l'Entreprise ("BCME") experienced significant developments during the year 2002, with 11% growth in its medium and long-term financing, reaching €559 million.

Outstanding loans peaked at €2,295 million (+14%) and the amount of deposits peaked at €636 million (+20%). At the end of 2002, the BCME had 1,768 corporate groups among its customers.

This development was accompanied by a growth of the commercial network. A delegation and two branches 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. BCME teams were very involved in the launch of CAMEFI-Banque.

The net profit for the year 2002 was €8 million² compared with €6.45 million in 2001, demonstrating the aggressive and, at the same time, selective development policy of the BCME.



CAMEFI Banque

CAMEFI-Banque, a joint subsidiary of Crédit Mutuel Arkéa Group and the Crédit Mutuel Méditerranéen, commenced its activities on 1 June 2002, and has 5 delegations and 546 client companies. Outstanding loans reached €145 million and deposits €60 million. These outstanding loans came from prior business relations established by CAMEFI, the Business Client sector of Crédit Mutuel Méditerranéen which transferred some outstanding loans to CAMEFI-Banque. CAMEFI-Banque finished its first financial year, which lasted seven months, with a profit of €115,000.



Bail Entreprises, which specialises in property leasing, experienced less sustained operating activity than in 2001. This was marked by a reduction in real estate investment by small and medium size firms. Business decreased by

² The profits for the subsidiaries are the net profits as at 31/12/2002.

25%, to €40.4 million, while managed outstandings increased by 5% to €285 million. Bail Entreprises realised a profit of €1.8 million in 2002, an increase of 19% compared with 2001.

SOBREPAR



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 17 venture capital operations, for a total amount of €9.7 million, the net exposure of the portfolio was €57 million over 103 companies.

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 2002. Despite the financial markets crisis, the company reported an increase of 38% in its funds to €372 million, mostly in the form of banking deposits and guaranteed capital products. Its asset management portfolio increased by 40% in 2002. On the other hand, real estate loans reached €436 million and managed outstandings €1,778 million, i.e. +11%. BPE made a net profit of €3.2 million in 2002 as compared with €2.8 million in 2001.



The business of **Banque Federal Finance (BFF)**, a bank specialised in portfolio management, was hit for the second consecutive year by the turbulence of the financial markets. In addition, the volume of managed funds fell by 11% to €557 million despite a net addition in value of an amount of €45 million. The quality and competitiveness of the proposed SAYE saving scheme products were confirmed in 2002. On 31 December, BFF had counted 970 customer companies (+500 over 12 months) for an outstanding amount of €93.8 million. Its net profit amounted to €2.264 million, compared with €4.071 million in 2001.

Alcor Bank Luxembourg is a Luxembourg-based bank specialising in financial expertise in international private asset management, **Alcor Bank Luxembourg** also experienced a difficult financial year in 2002 and by a decrease of 3% in managed capital to €319 million. Its net profit was €0.60 million compared with €0.65 million in 2001.

Esprit Patrimoine Conseil is a financial product brokerage firm and asset management consultancy which has a good level of activity in spite of the above-mentioned cyclical difficulties. Annual net income grew by 13% and reached €144.3 million, €117 million of which was related to life insurance products. Its 2002 net profit was €0.35 million.

2.4.3 Private and professional market

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

- *Asset management*



In 2002, the growth of outstandings managed by the UCITS management company, **Federal Gestion** reported a decrease of 8% to €3.788 million as a result of the depreciation of assets invested in shares. At the same time, annual net funds increased by 56% to €267 million, the entirety of which was invested in guaranteed or monetary funds.

Federal Gestion pursued the development of its products in 2002 with a view to meeting the needs of investors who seek security or more focused investments (index funds, life insurance funds, ethical funds).

Federal Gestion also set out to develop its reputation and demonstrate its expertise and know-how to the media and the public. The award of the ISO 9001 certification for four business "processes" of the company (conception, sales, management, and valuation) and 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, even in the context of a difficult market.

Federal Gestion has also invested heavily in becoming the benchmark of ethical funds management, by setting up rigorous management processes, essential for the credibility of an ethical fund. Finally, an active policy of exercising voting rights at the AGMs of listed companies in which the UCITS are shareholders has been implemented.

The 2002 net profit was €5.3 million compared with €6.3 million in 2001.

- *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 2002 has been marked by the sale of new products (Garanticlic 2004, Prévi-Découvert) and the enhancement and reorganisation of the range (Myrialis and Prévi-Options). Despite the disappointment of savers in the multi-support contracts, Suravenir made a turnover of €937 million in life insurance, a decrease of 13% compared with the previous financial year, for a global outstanding amount of €11.352 billion at the end of 2002.

At the same time, the pension turnover increased by 26% to €73.8 million, notably owing to strong sales of individual pension contracts: Prévi-Famille and an increase of 41% in the turnover realised in collective pension schemes reaching €66 million (796,000 insured borrowers at the end of 2002).

The net profit for 2002 of Suravenir of €35.23 million dropped 3% compared with that of 2001 (€36.3 million).



Suravenir-Assurances, a general insurance company, provides a range of products covering all the needs of individuals and families (car, household and complementary health insurance). At 31 December 2002, it managed a portfolio of 635,000 basic general insurance contracts, an increase of 16% over the year.

In 2002, 135,000 new policies 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.

At the same time, Suravenir-Assurances focused its efforts on adapting its sales offers to the re-organisation of its health contracts and the creation of the “family accident pack” product.

The level of accidents in 2002 allowed Suravenir-Assurances to record a net profit of €4.1million, an increase of 33% compared with 2001.



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 2002, it set out to create and sell insurance products intended for its network of insurance brokers and general agents.

The company has a turnover of €6.8 million, an increase of 16%, a constant improvement on 2001.

A profit of €0.471 million was realised in 2002.

- *Consumer credit*



Financo, a bank specialised in consumer credit, experienced good business, owing notably to a strong development in consumer credit (+70%) and revolving credit (+33%). Its credit production increased by 7% to €434 million and its

outstanding amounts by 16% to €710 million. Financo embarked on the development of packaged offers in 2002 (mainly on Car-Motorbike-Leisure activities) and the sale of a new credit-revolving product (Option 3). After recording a €2.65 million deficit in 2001, the 2002 net result returned to a profit of €0.355 million. During the financial year 2002, the CFCM increased its stake in its capital by repurchasing the shares held by the Crédit Commercial de France.

- *Online brokerage*



Symphonis, an online brokerage firm, reinforced its national reputation in 2002 by virtue of the quality and competitiveness of its financial products and services on offer.

Over the year, Symphonis increased its commercial activity: taking part in specialised road-shows, direct marketing and widespread press campaigns for the launch of a new life insurance product (Symphonis Vie). As a result of this strategy, Symphonis doubled the number of accounts opened and carried out 135,200 orders (x by 2.5) over the year, despite the unfavourable stock exchange environment.

The deficit of €4.6 million is in conformity with initial forecasts.

2.5 Prudential ratios

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

➤ Capital adequacy ratio

At 31 December 2002, the ratio was 137%, compared with the required legal standard of 100%. This protection is mainly ensured by 'hard' equity capital (Tier one), which represents 96.2% of the total equity capital of the Group at 31 December 2002.

➤ Major risk control ratio

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

- total amount of risk incurred by the same counterparty should not exceed 25% of the Group net equity capital.
- 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 154% at 31 December 2002, 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 69.8% for the group, higher than the regulatory standard of 60%.

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

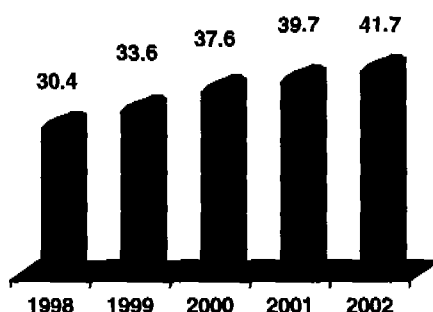
The extent of consolidation for Crédit Mutuel Arkéa Group changed with the inclusion of Camefi-Banque (by full consolidation), Groupement Informatique du Crédit Mutuel (proportionate consolidation), and with the inclusion of Crédit Mutuel Massif Central in the accounts of the consolidating entity (globalised 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 Financo and Alcor Bank Luxembourg.

€ Billion	2000	2001	2002
Net banking and insurance income	817.3	829.3	929.8
Gross operating profit	309.5	280.5	294.1
Net profit (Group share)	127.1	130.7	136.2

➤ Balance sheet

Total balance sheet
at 31 December

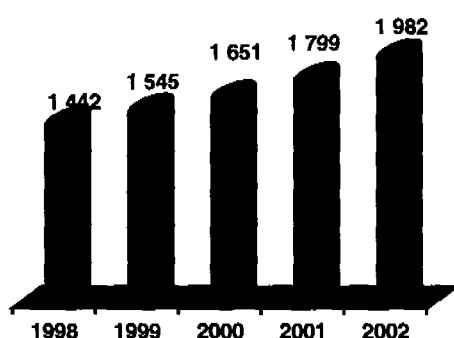
(€ billion)



The Crédit Mutuel *Arkéa* Group consolidated balance sheet amounted to €41.7bn at 31 December, 2002, an increase of 5% compared with 2001. This increase reflects the sustained marketing of loans, savings products and services.

Group equity capital, before allocation of the profit stood at €2 billion, i.e. +10.3% over one year. The growth of the *Fonds pour Risques Bancaires Généraux* (General Bank Risk Funds) arose from the consolidation of Crédit Mutuel Massif Central.

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



The Group equity capital at 31 December 2002, including the full-year results and reduced by payments made on shares, amounted to €1.98 billion (€0.1 billion of which is subordinated debt).

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

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 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. On 31 December 2002, €1.2 billion was raised for a term of 1 to 10-years in the framework of this program, diversifying the geographical provenance of the lenders of the Group.

At the same time, recourse to classical financing methods was sustained; thus outstanding deposit certificates issued by CFCM reached €6.2 billion on 31 December 2002, compared with €6.5 billion at the end of 2001.

Most of these resources have been invested:

- Up to €1.5 billion in the Caisse Interfédéral de Crédit Mutuel, allowing it to finance the running of the Local Branches of Crédit Mutuel Arkéa Group, and to grant refinancing lines to Members of Crédit Mutuel partners.
- Up to €3.4 billion in banking subsidiaries of the Group.

3.1.1.2. Own account capital management

Activities in capital management on its own account were reorganised during the financial year 2002 in order to reduce the exposure of CFCM to market volatility, this entailed:

- A reduction in the share portfolio
- A reduction in the volume of financial 'assets swaps'.

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

At the end of 2002, the total managed outstanding for own account amounted to €6.4 billion.

3.1.1.3 Sales activities

CFCM actively developed its sales of services to companies and institutions in 2002, by delegating to BCME and CAMEFI-Banque, the two corporate banks of the Group.

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

- Foreign exchange
- Debt management
- Investment of cash surplus

3.1.1.4 International services

The volume of international transactions processed by CFCM increased by 15% in 2002 and represented 120,000 operations.

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. 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.

Over the year 2002, investments realised amounted to €68.3 million (8 files).

On 31 December 2002, the total outstanding in exposure amounted to €165.7 million (25 files) and is shared between CFCM (€137 million) and BCME (€28.7 million).

3.1.2 Holding company activities

3.1.2.1 Financial investments

In 2002, CFCM carried out €56 million net capital investments raising its securities and affiliated portfolio to €537 million in book value, i.e. an increase of 11% over the year.

The transactions in 2002 included €16.2 million for the reinforcement of the equity capital of the subsidiaries in order to pursue their development program:

- Capital contribution of €10.2 million to Symphonis, an online brokerage firm
- Capital contribution of €4.8 million to Bail Entreprises, a property leasing company
- Capital contribution of €1.2 million to Synergie Finance, an investment capital company.

In addition, €38.1 million was invested to:

- create in association with Crédit Mutuel Méditerranéen, a new bank, CAMEFI-Banque, specialised in financing and providing services to companies. The capital contribution of €23.8 million gives CFCM control (51%) of this company located in the Mediterranean region.
- repurchase the stake of Crédit Commercial de France (25%) in the capital of Financo, as well as the stake of Banca Popolare di Milano (20%) in the capital of the Luxembourg subsidiary Alcor Bank Luxembourg, for a total of €14.3 million.

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 risk monitoring system is based on four structures:

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

This committee has ten members and is chaired by the Chairman of the Board of Directors of the Caisse Interfédérale de Crédit Mutuel. The Chairman of CFCM, participates as a member, as does the Managing Director of CFCM. This committee meets four times a year. It 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 Risques du Groupe Crédit Mutuel Arkéa (The Crédit Mutuel Arkéa Group Risk Committee)***

The Risks 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 II recommendations during the financial year 2003.

➤ ***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 management of risk 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:

- Internal and external risk evaluation;
- An organisation based on maximum safety and adaptability in accordance with internal and external changes;
- A reactive and relevant system of information;
- Monitoring at all levels of implementation of necessary measures.

The general rule is that management bears the responsibility of internal control. In the entities where size and risk justifies 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. Twenty employees were assigned to this task during 2002.

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 hold 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 campaign against money laundering and the financing of terrorism**

The Group decided to assign, as from 1 January 2002, one person for the co-ordination of the campaign against money laundering and the financing of terrorism.

She is notably in charge of:

- Defining the general framework for the campaign in all concerned entities of the Group,
- Developing computer tools for the detection of transactions concerned,
- Assisting companies in starting their training programs and participating in their implementation,
- Informing and making the management aware of developments in the law and obligations arising therefrom.
- Managing the "TRACFIN correspondents" appointed in all the companies concerned.

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.

The 2002 campaign will be continued in 2003, so that the application of these procedures is even more ingrained in the activities of the companies concerned and their employees.

Globally, a committee oversees Internal Control more specifically.

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

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

3.2.1.2 Developments in progress

➤ **Operational risks**

At the beginning of 2002, an adjustment structure for the new rules which will be 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 is being set up. 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.

➤ **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**

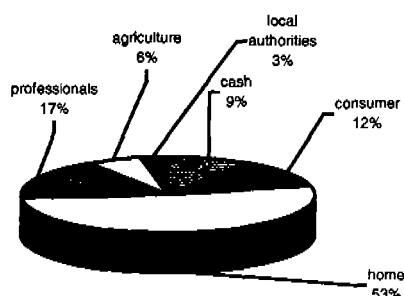
The Group generally rates the most important counterparties on the basis of their external ratings and its general business on its own internal ratings.

The procedure relating to the ratings will be 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 work completed in 2002 on this project, was carried out to rate all clients exhaustively and will form the basis for the modification of management and decision-making procedures for credit in the entire Group.

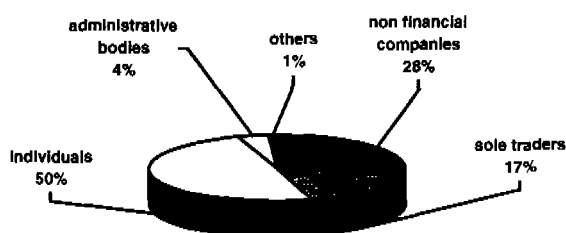
➤ **Policy and structure of the portfolio**

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

Credit allocation by credit type

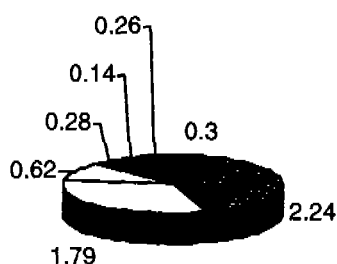


Credit allocation by counterparty type



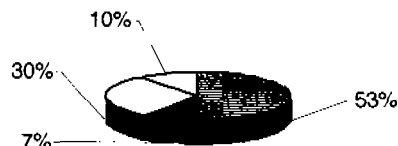
CFCM and its subsidiaries represent 33% of the global outstanding credit of the Group. The outstanding loans of CFCM, including leasing operations, reached 15% over the year and stood at €5.63 billion at the end of 2002.

Allocation by entity (€ billion)



■ CFCM	■ BCME
■ BPE	■ Financo
■ Bail-Entreprises	■ Caméfi-Banque
■ Others	

Allocation by counterparty type

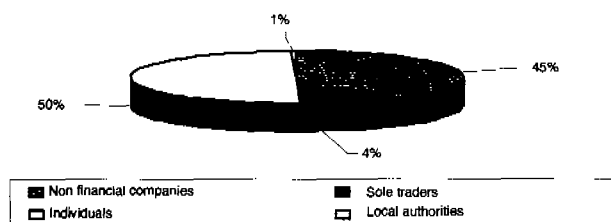


■ Non financial companies	■ Sole traders
■ Individuals	■ Local authorities

The gross amount of bad and re-structured debt of CFCM and its subsidiaries, including leasing and others, stands at €377 million, which is stable in comparison with 2001. The gross outstanding of CEOI-BIE, a 'winding-up' management company (*société en gestion liquidative*), continued to fall (-22% compared with 31 December 2001) to €105 million (€21.6 million after provision).

In 2002, this deteriorating business generated a net result of €0.82 million for CEOI-BIE, and a net profit of €0.89 million for MURS II, a re-commercialisation company of real estate assets, for a net amount outstanding of €1.1 million at the end of the year.

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 €231 million in 2002. The hedging rate on bad debts amounted to 61.3% on 31 December 2002 compared with 59.1% at the end of 2001, i.e. an increase of 2.2 points. In comparison with the total amount of debt, the bad debt rate fell from 7.7% in 2001 to 6.7% in 2002.

3.2.3 Credit risk on market counterparts

The year 2002 has been particularly difficult, with a steep deterioration in ratings and extreme volatility.

As expected, Crédit Mutuel Arkéa Group has naturally been very vigilant in its mitigation policy and its monitoring of counterparty risk.

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.

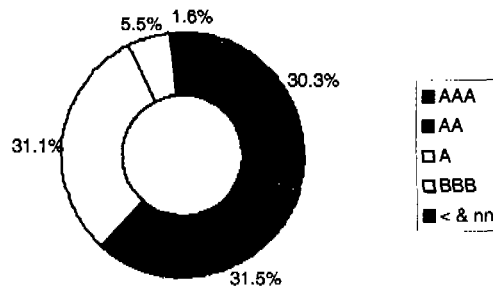
The limits assigned to each issuer result from a grid taking into account the different ratings of the counterparty, its equity capital, its outstanding loans on the market, as well as the equity capital of Crédit Mutuel Arkéa Group. The rating system relies on the agencies (S&P, Moody's, Fitch) and retains the lowest rating when several ratings are granted to a counterparty. An intrinsic limit, for amount and term is assigned to each counterparty.

The Credit Analysis department also ensures constant reporting of any change in the situation of the counterparty; it produces for senior bodies of CFCM a comparison of the amount outstanding with the limits fixed. The Risk Management Division of the Group carries out second tier control.

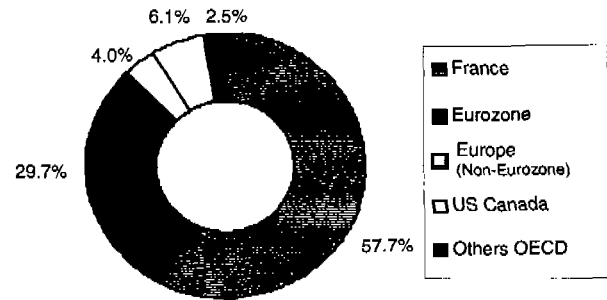
At 31 December 2002, the amount outstanding of all the portfolios was approximately €17 billion, 30.3% of which was rated AAA and 92.9% of which was rated in category A.

The share of the portfolio rated in the BBB category was 5.5% mainly consisting of telecom operators (30%), car industry (14%), French financial companies (15%) and the retail sector (14%).

Allocation by rating

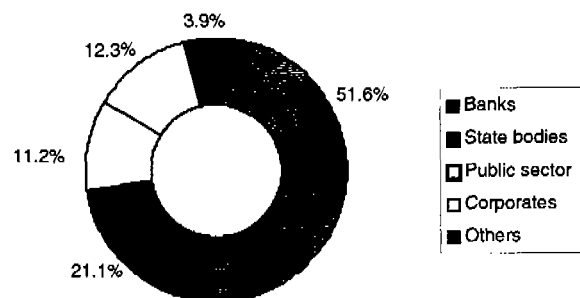


Allocation by geographical area



Most outstandings related to banks (51.6%). The share of counterparties in "Corporates" (12.3%) remained stable in comparison with 2001.

Allocation by type



A new approach to the assessment of banking risks will be implemented as a result of the work carried out in 2003, in accordance with the above-mentioned recommendations of the Basel II Committee.

➤ **Intermediaries**

A list of approved intermediaries is established annually and updated as necessary on the basis of proposals of the counterparty committee.

3.2.4 Market risk

Within Crédit Mutuel Arkéa Group, the market risk is almost exclusively borne by CFCM, whose own portfolios amounted to €6.4 billion on 31 December 2002.

Within the Group limits, the Board of Directors of the Issuer fixes 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 2002, under the capital adequacy requirements for the type of market activities of the Issuer, the minimum equity capital, calculated according to the standard method, amounted to €127.7 million, €64.9 million of which was accounted for the trading portfolio. The trading portfolio corresponds to a Value At Risk of €1.3 million.

Capital adequacy requirements for the trading portfolio (€ million) 64.9

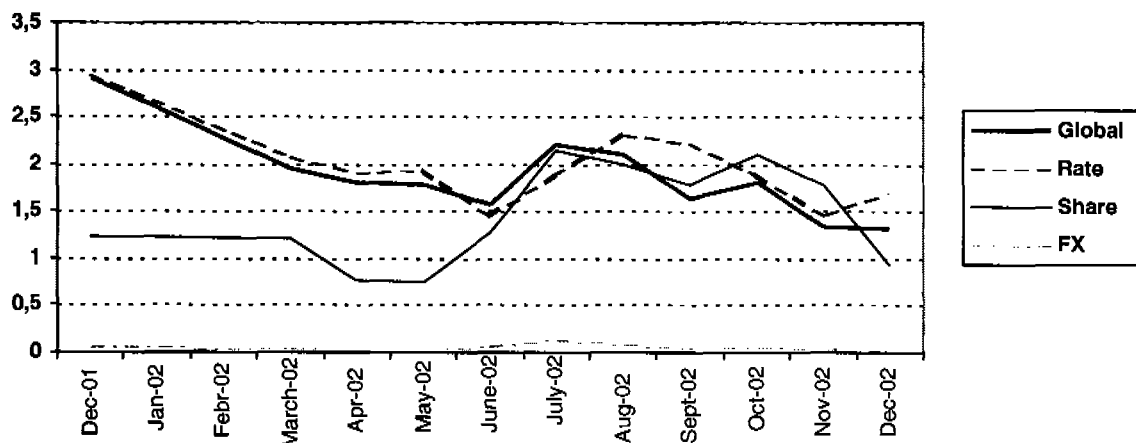
Signature Risk	55.4
General rate risk	5.6
General share risk	3.9
Exchange risk	0.0

Value At Risk 1.3

Rate risk	1.7
Share risk	0.9
Exchange risk	0.0
Reducing effect of the diversification	-1.3

These risk measures, which have been relatively stable throughout the year for the capital adequacy requirements, and have even decreased for the Value At Risk, show that the Group's exposure to rate, share and foreign exchange risks is low.

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 €5.5 million in the trading portfolio, if calculated on the basis of sensitivity.

In the worst case scenario, where there is a steep rise and an increase of 300 points in the long term, this loss would be €7.9 million for the same area.

A deterioration of 20% in the share market would generate losses equal to €12.2 million.

Finally, there is very little exposure to foreign exchange risk, the Group would only record a loss of €0.3 million in the case of an unfavourable change of 10% in the foreign exchange rate.

Crisis tests on the trading portfolio (€ million)

Rate risk	Uniform rise of rates of 100 bp	-5.5
	Uniform rise of long term rates of 300 bp	-7.9
Share risk	Drop in quotation of 20%	-12.2
Exchange risk	Unfavourable fluctuation of 10%	-0.3

In a very turbulent financial market environment, CFCM was extremely cautious in taking market's positions. It essentially set out, firstly (in the framework of the EMTN program implemented at the end of 2001), to consolidate the refinancing of the Crédit Mutuel Arkéa Group, secondly, to develop the marketing of financial products throughout the networks, in particular to businesses and investors.

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.

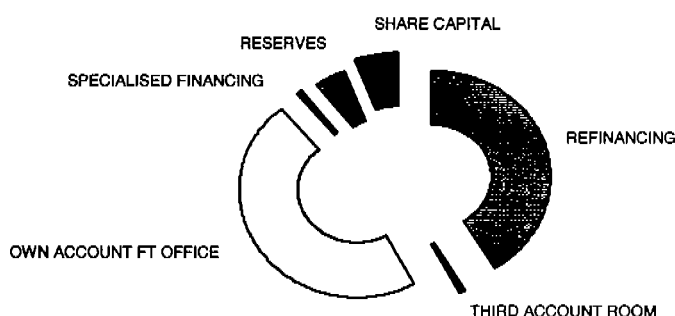
Thereafter, other sums are allocated for the remuneration of shareholders. Dividends may be paid in the form of shares if the Annual General Meeting so decides.

3.3.2 Accounts at 31.12.2002

3.3.2.1 Balance sheet

The total balance sheet of CFCM amounted to €13 billion at the end of 2002. 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 €5.6 billion and €6 billion respectively. The share capital was €715 million and the total amount of equity capital amounted to €770 million, entirely made up of "Tier one" capital.

CFCM balance sheet structure (€ billion)



3.3.2.2 Income statement

Optimum administration of profits, a decrease in refinancing rates in front office transactions and a low level of depreciation in the stock portfolio had the effect of increasing the net banking income by 38.5% to €59.5 million, compared with €43.0 million last year.

The gross operating profit of the last financial year was €47.0 million, compared with €33.2 million in 2001, which represents a variation of +41.4%. This variation was due to an increase of €2.8 million in management costs, mainly owing to a €1.6 million increase in personnel costs and €1.0 million in computer services.

The €2.6 million increase in the cost of risk corresponds mainly with the provisions made for credit risk. Unlike the 2001 financial year, the absence of capital gains on the investment portfolio and provisions made in the share holding portfolio explain the small increase (+3.5%) in income before tax which reached €42.1 million compared with €40.6 million in 2001. After €10.5 million in tax, the net income of the 2002 financial year amounted to €31,592,754.60, an increase of 2.0%.

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

<u>1999</u>	<u>25.0</u>
<u>2000</u>	<u>25.9</u>
<u>2001</u>	<u>30.9</u>
<u>2002</u>	<u>31.6</u>

After integration of the amount carried forward of €4,272,965.91, the paid out income of the financial year 2002 amounted to €35,865,720.51.

The proposal for use of the income submitted to the General Meeting was the following :

<u>Allowance for the legal reserves:</u>	<u>1,579,637.73</u>
<u>Allowance for the optional reserves:</u>	<u>21,000,000.00</u>
<u>Dividend:</u>	<u>8,580,000.00</u>
<u>Profit and loss account brought forward:</u>	<u>4,706,082.78</u>

The dividend proposed by CFCM amounted to €0.12 per share with a €0.06 tax credit. It was €7,150,000 for its first financial year, or €0.10 per share with a €0.05 tax credit.

3.3.3 Consolidated accounts at 31.12.2002

In the financial year 2002, the main changes in the consolidation of CFCM were as follows: CFCM acquired the stake held by Crédit Commercial de France in Financo (25%), the loan company specialized in consumer credit. It also acquired the stake (20 %) of Banca Popolare di Milano in Alcor Bank Luxembourg. In its first financial year it consolidated CAMEFI-Banque, in which it holds 51% of the share capital.

3.3.3.1 Consolidated balance sheet

CFCM's total balance sheet at the end of 2002 amounted to €25.832 billion, an increase of 2.2% compared with the 31 December 2001 accounts.

In relation to assets, the two main items correspond with investments carried out by Suravenir (life assurance) for the benefit of its policyholders (€10.96 billion, +2.5%) and with consumer credit realised by its specialist subsidiaries (BCME, Banque Privée Européenne, Financo, Bail Entreprises) for a total amount of €5.63 billion, +15%, including leasing transactions.

Another important point is that all the cash investments (public notes, banks loans, bonds and shares) of the CFCM and its subsidiaries amounted to €8.3 billion at the end of 2002 compared with €8.8 billion at the end of 2001, marking a decrease of 6%.

In relation to liabilities, the shareholders' equity Group share increased from 7.5% to €907.2 million and represented 3.50% of the total balance sheet.

3.3.3.2 Consolidated profit and loss

Net banking and insurance income stood at €317.5 million, an increase of 13.1% notably due to the efficient maintenance of profit margins on consumer credit and income realised from the investment business of CFCM.

The management costs increased by 11.2%. They reached €182.9 million at the end of December 2002 of which €71.1 million was attributed to personnel costs. The number of employees of the Group increased by more than 90 as a result of the commercial development strategy of the subsidiaries and greater networking throughout the country.

The consolidated gross operating profit of CFCM was €134.6 million, an increase of 15.9%. The operating ratio of the consolidated CFCM was 57.6% at the end of December 2002. It improved by 1 point in comparison with the end of 2001 (58.6%).

CFCM and its subsidiaries used the good results to boost the hedging of their risks. Thus the annual net provision increased from €16.8 to €30.5 million for credit risk only.

The net income of CFCM and its subsidiaries amounted to €59.97 millions in 2002, up 4.7% compared with the financial year 2001.

The contribution from subsidiaries to this income increased from 72.5% to 74.9% in 2001.

€ Million	2000	2001	2002
Net Banking and Insurance income	297.9	280.6	317.5
Gross operating profit	142.5	116.2	134.6
Net profit (Group share)	61.9	57.3	60.0

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 applicable.

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 has been the Chairman of CFCM since its establishment in 1991.

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 2002, the Board of Directors consisted of 14 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

Chairman:		<i>Date of the first appointment and expiry date of the mandate</i>
Yves	LE BAQUER	1991- 2004
Directors:		
Marcel	BARON	1997-2005
Rémy	CABARET	1997-2003
Christian	CADIOU	1998-2004
Jean Pierre	CORLAY	1991-2003
Amand	DENIEUL	1991-2004
Jean Louis	DUSSOCHAUD	2001-2004
Marcel	GARNIER	2000-2005
Jean Pierre	GUEDON	1996-2003
Albert	LE GUYADER	1996-2005
Jean Jacques	LE PAPE	2001-2004
François	NICOLAS	1997-2003
Michel	STELLATELLI	2002-2005
Christian	TOUZALIN	1996-2003

➤ Work of the Board of Directors

The Board of Directors had 10 meetings during the year 2002. These 10 meetings mainly concerned:

- Examination of the business and the results of the year 2001;
- Determination of the company's strategies for the year 2003 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 and in particular, setting up CAMEFI-Banque, a subsidiary to specialise in financing business, with Crédit Mutuel Méditerranéen;
- Discussion of current events linked to the business of the company and its subsidiaries.

The attendance of directors at the Board meetings was 80% in 2002.

➤ **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 Directors and Executive Officers**

Executive officers

Mr Yves LE BAQUER, Chairman	€9,309.88
Mr Louis ECHELARD, Managing Director	€159,082.00

The Board of Directors

The General Meeting dated 11 May 2001 determined the total annual amount of the directors salaries to be €13,720.41.

Each director only receives a director's salary if he has actually been present at a meeting.

The amount of the director's fees actually paid in 2002 was €10,758.00, which represents an average of €768.43 per director.

The remuneration and benefits in kind paid to each company officer by Compagnie Financière du Crédit Mutuel and subsidiaries are indicated below:

Mr Marcel BARON	€1,131.50
Mr Rémy CABARET	€511.00
Mr Christian CADIOU	€766.50
Mr Jean Pierre CORLAY	€912.50
Mr Amand DENIEUL	€620.50

Mr Marcel GARNIER	€1,095.00
Mr Albert LE GUYADER	€693.50
Mr Jean Jacques LE PAPE	€1,058.50
Mr Michel STELLATELLI	€939.50

The total amount of direct and indirect remuneration received in 2002 by the members of the General Management Committee of Compagnie Financière du Crédit Mutuel was €649 000.

➤ **The General Management Committee**

The General Management Committee meets once a week and has four members:

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

Mr Jean-Claude ABGRALL,
Deputy managing director of the Business and Local Authority Market

Mr Jean CHAUSSE,
Director of Financial and International markets

Mr Christian GAUDIN,
Director of Wealth Management market

4. RECENT DEVELOPMENTS

At the end of December, the Board of Directors of Compagnie Financière and all of the subsidiaries adopted an annual strategy which defines important goals for 2003, plans of action and budgets.

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

- **Developing** marketing abilities of the specialised subsidiaries which tailor make their products for customers by improving their distribution mechanism and contracting with new partners;
- **Developing** alternative sources of income in the capital markets as well as counterparties;
- **Optimising** the organisation and the competitiveness of firms in the asset management sector;

- **Adapting** the range of products, services and expertise to the needs of the Group's customers and partners;
- **Strengthening** the security of transactions (McDonough ratio, IAS), in order to reduce operational risk relating to its business and in order to protect the assets of the members and the customers of the Group.

5. LIST OF POSITIONS OF THE REPRESENTATIVES OF CFCM

Yves LE BAQUER, 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 Fédéral Immo
- Vice Chairman of Caisse Centrale du Crédit Mutuel
- 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 - Pleneuf
- Manager of CABARET Sarl

Christian CADIOU, Director

- Member 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

- Chairman of CCM 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 Janze - Pire
- 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 Louis DUSSOCHAUD, Director

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

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

Jean Pierre GUEDON, Director

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

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 Foncière et Immobilière du Crédit Mutuel

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 Fédéral Gestion
- Director of Caisse de Crédit Mutuel de Ploemeur

Christian TOUZALIN, Director

- 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
- Director of Top Turbo
- Member of the Supervisory Board of Synergie Transport
- Director of SLEC
- Director of Confédération Nationale du Crédit Mutuel

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 Crédit Mutuel Paiement Electronique Director of Caisse Régionale du 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
Jean Claude ABGRALL	Executive Officer the Business Market	Chairman of the Executive Board of CAMEFI Banque Chairman of Bail Entreprises Director of Société de Développement Régional de Bretagne Director of Novelia Director of Sobrepar Director of Synergie Finance Member of the Supervisory Board of Sodelem
Christian GAUDIN	Executive Officer of Wealth Management Market	Chief Executive Officer of Banque Privée Européenne Chairman and Chief Executive Officer of CEOI-BIE Director of Espace Patrimoine Conseil Director of Alcor Bank Luxembourg Director of Bail Entreprises Director of the Union Française de Gestion Director of Murs 2 Director of Europim Manager of Locapim
Jean CHAUSSE	Executive Officer of Financial and International Markets	Director of Patrimoine Retraite Director of Acofi Director of Banque des Marchés et d'Arbitrage Director of Alcor Bank Luxembourg

**REPORT OF THE STATUTORY AUDITORS ON
THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER
FOR THE YEAR ENDED 31 DECEMBER 2002**

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, 2002.

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.

We conducted our audit in accordance with the professional standards applied 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 any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 group's financial position and its assets and liabilities, and of the results of the group's operations included in the consolidation, in accordance with accounting rules and principles generally accepted in France.

We also verified the information given in the Group's management report. We have no comment as to the fair presentation and the conformity with the consolidated financial statements of this information.

Paris and Brest March 24, 2003

The statutory auditors

**MAZARS &
GUERARD**

Jean-Gabriel Rangeon

SA STERENN

Patrick Franchet

**CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER
FOR THE YEAR ENDED 31 DECEMBER 2002**

Balance sheet

Assets (In thousands of euros)	<i>Notes</i>	2002	2001
Interbank and money market items	1	3 186 626	3 498 672
Customer items	2	5 631 044	4 911 770
Bonds, equities and other fixed and variable income instruments	3	5 230 113	5 445 565
Insurance company investments	4	10 956 790	10 687 060
Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment	5	55 034	60 667
Tangible and intangible assets	6	106 108	83 115
Goodwill	7	4 904	2 986
Accrued income and other assets	8	661 353	578 181
Total		25 831 972	25 268 016
Liabilities (In thousands of euros)			
	<i>Notes</i>	2002	2001
Interbank and money market items	10	2 997 371	3 678 438
Customer items	11	769 615	731 015
Debt securities	12	8 931 386	8 169 133
Technical reserves of insurance companies	13	11 460 507	11 165 181
Accrued expenses and other liabilities	14	515 810	435 932
Provisions for contingencies and charges	15	23 222	25 157
Subordinated debts	16	85 296	95 480
Reserve for general banking risks		6 240	6 866
Minority interests in consolidated subsidiaries		135 357	117 010
Shareholders' equity	17	907 168	843 804
Share capital		715 000	715 000
Consolidated retained earnings		132 195	71 532
Net income		59 973	57 272
Total		25 831 972	25 268 016

Off-balance sheet items

Off-balance sheet items (in thousands of euros)	<i>Notes</i>	2002	2001
Commitments given	18	2 020 341	1 646 434
Commitments given relating to banks and financial institutions		2 020 341	1 646 434
Financing commitments		1 226 939	1 154 079
Guarantees		606 166	439 838
Commitments given on securities		187 236	52 517
Commitments given relating to insurance activities			
Commitments received	18	1 094 721	932 616
Commitments received relating to banks and financial institutions		326 088	164 532
Financing commitments		25 150	20 279
Guarantees		190 916	144 253
Commitments received on securities		110 022	
Commitments received relating to insurance activities		768 633	768 084
Financial futures and other forward agreements	19	16 877 865	14 677 304

Income statements

(In thousands of euros)	<i>Notes</i>	2002	2001
Interest income	20	806 162	920 720
Interest expense	20	-605 013	-758 602
<i>Income on equities and other variable income instruments</i>	21	2 637	2 658
Net commission income	22	44 431	48 658
Net gains (losses) on sales of trading account securities	23	3 850	-3 138
Net gains (losses) on sales of securities available for sale	24	-9 583	-7 019
Net other banking income		12 599	7 007
Underwriting result and net investment income of insurance companies	25	62 431	70 365
Net income from other activities			
Net banking income		317 514	280 649
Operating expense	26	-169 587	-154 627
Depreciation, amortization and provisions on tangible and intangible assets		-13 295	-9 826
Gross operating income		134 632	116 196
Net additions to provisions for credit risks	27	-30 429	-16 826
Operating income		104 203	99 370
Share of earnings of companies carried under equity method		569	474
Gains (losses) on disposals of long-term investments and changes in provisions	28	1 664	8 806
Income before tax, non-recurring items, amortization of goodwill and movements in the reserve for general banking risks		106 436	108 650
Income taxes	29	-38 164	-40 940
Amortization of goodwill		-1 241	-967
Movements in the reserve for general banking risks		627	-1 352
Minority interests		-7 685	-8 119
Net income		59 973	57 272

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 CFCM 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 CFCM 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 CFCM 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, the main changes that took place during fiscal year 2002 dealt with :

Financo

Following the transfer of the interest held by CCF to Compagnie Financière du Crédit Mutuel, the controlling percentage went from 58 % in 2001 to 83 % at December 31, 2002.

Camefi Banque

Camefi Banque, a joint subsidiary held by Crédit Mutuel Méditerranéen and Compagnie Financière du Crédit Mutuel, launched its activity on 1 June 2002.

At 31 December 2002, the key figures of this entity are as follows :

In thousands of Euros	Camefi
Balance sheet total	189.329
Net banking income	3.764
Net income	115

In the light of the elements mentioned above, no 2001 pro-forma statements were prepared.

The consolidated entities are presented in note 31.

Balance sheet date

All consolidated companies close their accounts on 31 December.

Goodwill arising on consolidation

■ *Variation of evaluation*

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

■ *Goodwill*

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

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

Consolidation adjustments

■ *Inter-company transactions*

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

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

■ *Leases*

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

■ *Insurance*

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

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

■ *Deferred taxes*

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

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

ACCOUNTING PRINCIPLES AND EVALUATION METHODS

Fixed assets

Fixed assets appear at historical cost, 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, some consolidated financial institutions have set up a general provision, in order to cover risks inherent to banking.

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 costs

Pension commitments give rise to policies being taken out with insurance companies or being provided for through reserves. The present value of pension related commitments is therefore fully taken into account.

In compliance with the n°2001-G pronouncement of the « Comité d'Urgence du Conseil National de la Comptabilité » dated 3 October 2001, the pension commitments covered by an insurance contract on behalf of the employers of the Group were restated in the provision for contingencies and charges.

Foreign currency transactions

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

Securities Portfolio

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

■ *Trading securities*

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

■ *Securities available for sale*

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

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

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

■ *Investment securities*

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

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

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

■ *Equity securities held for long-term investment*

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

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

■ *Securities bought and sold under repurchase agreements*

Securities bought and sold under repurchase agreements are kept in the assets of CFCM 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 rules 88-02 from 22nd February 1988, 90-15 from 18th December 1990 (as amended by rule 92-04 on 17th July 1992) and rule 94-04 from 14th March 1994 of the French Banking Regulations 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.

■ **Interest rate instruments**

Organized markets

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

Principal-to-principal markets

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

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

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

■ **Foreign exchange instruments**

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

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

Doubtful accounts receivable

■ **Classification**

In accordance with the rules defined by the French Banking Commission, doubtful accounts receivable include debt for which there is a probable risk of total or partial non-recovery, or which in the case of real-estate credit, shows outstanding payments of more than six months, or more than three months for all other types of loans.

■ **Provisions**

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

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

Tax status

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

Non-recurring income and expenses

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 expenses.

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 henceforth recorded when an investment asset shows an unrealized capital loss, which is deemed to be long-term and significant.

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.

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

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

Technical reserves of insurance companies

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

■ *Mathematical annuity reserves*

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

As for provision activities, the applicable present value is 3.50%.

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.

The claims reserve is evaluated in accordance with sections R331-6, R331-15, R331-16 and R331-26 of the Insurance Code. The claims reserve corresponds to the estimated cost of internal and external expenditure, necessary for the settlement of all claims incurred until December 31, whether they are declared or not. When the cashing of recoveries is expected, the estimated amount is presented deductible from the claims reserve.

■ *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 expenses (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 expenses 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.

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

Note 1. Interbank and money market items - Assets

	In thousands of euros	
	2002	2001
Cash, due from central banks and french postal system	117 542	138 551
Treasury bills and similar items	850 900	1 322 646
Due from banks	2 218 184	2 037 475
Ordinary deposits	55 478	19 011
Loans, securities purchased under agreements to resell	2 147 165	1 988 178
Securities and bills under resale agreements		1 475
Accrued interest receivable	15 541	28 811
TOTAL	3 186 626	3 498 672

Analysis of treasury bills and similar items :

	In thousands of euros					
	2002			2001		
	Available for sale	Investment	Total	Available for sale	Investment	Total
Security holdings (gross value)	690 482	143 033	833 515	1 045 324	248 839	1 294 163
Accrued interest receivable	12 465	4 920	17 385	22 854	5 629	28 483
TOTAL	702 947	147 953	850 900	1 068 178	254 468	1 322 646
Increase in value	22 375	2 795	25 170	32 759	7 628	40 387
Difference between purchase price and redemption price	4 827	-519	4 308	35 674	21 716	57 390

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

Note 2. Customer items – Assets

	In thousands of euros	
	2002	2001
DUE FROM CUSTOMERS	5 281 711	4 588 769
Discounted Bills	101 048	79 538
Loans and credit	4 604 686	3 910 432
Accrued interest receivable	29 358	26 923
Customer current accounts receivable	395 809	412 891
Accrued interest receivable	6 672	6 558
Restructured and doubtful accounts	364 116	360 118
Allowances	-219 978	-207 701
LEASE AND SIMILAR ITEMS	349 333	323 011
Lease	478 547	438 528
Accrued interest receivable	2 731	2 629
Amortization and allowances	-133 992	-119 413
Doubtful accounts	13 041	20 635
Allowances	-10 994	-17 368
TOTAL	5 631 044	4 911 770

The coverage rate of allowances for doubtful accounts amounted to 61,24% in 2002 compared to 59,11% in 2001. With relation to the debt total, the coverage rate went from 4,38% in 2001 to 3,94% in 2002.

Loans qualifying at the Banque de France amounted to 41,297 thousand euros in 2002 compared to 33,266 thousand euros in 2001. The assignment of receivables accounted for 97% of the qualifying loans compared to 96% in 2001.

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

	In thousands of euros	
	2002	2001
Provisions deducted from assets	230 972	225 069
Provisions accounted for as a liability with regards to	13 733	13 903
- commitments by signature	5 413	6 845
- customer debts (sectorial provisions included)	8 320	7 058
Total provisions	244 705	238 972

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

	In thousands of euros					
	2002			2001		
	Available for sale	Investment	Total	Available for sale	Investment	Total
BONDS AND OTHER FIXED-INCOME SECURITIES						
Security holdings (gross value)	4 165 985	857 303	5 023 288	4 517 476	738 755	5 256 231
Accrued interest receivable	61 596	18 643	80 239	72 211	16 937	89 148
Gross total	4 227 581	875 946	5 103 527	4 589 687	755 692	5 345 379
Allowances	-11 005		-11 005	2 939		2 939
Net Total	4 216 576	875 946	5 092 522	4 586 748	755 692	5 342 440
SHARES AND OTHER DIVIDEND-BEARING SECURITIES						
Security holdings	150 305		150 305	114 762		114 762
Accrued interest receivable	1 459		1 459			
Gross total	151 764		151 764	114 762		114 762
Allowances	-14 173		-14 173	-11 637		-11 637
Net Total	137 591		137 591	103 125		103 125
TOTAL	4 354 167	875 946	5 230 113	4 689 873	755 692	5 445 565
BONDS AND OTHER FIXED-INCOME SECURITIES						
Increase (decrease) in value	76 252	-34 629	41 623	39 104	-13 819	25 285
Difference between purchase price and redemption price	-1 389	1 369	-20	-6 375	-2 279	-8 654
SHARES AND OTHER DIVIDEND-BEARING SECURITIES						
Increase in value	3 515			6 834		

There were no transfers between trading securities available for sale and investment securities, and no sales of investment securities prior to their maturity in 2002.

Securities issued by public agencies amounted to 271,223 thousand euros in 2002 compared to 287,999 thousand euros in 2001.

Fixed income instruments accounted for 54,21% in 2002 compared to 46,67% in 2001.

Variable income instruments accounted for 46,16% in 2002 compared to 40,25% in 2001.

	In thousands of euros							
	2002				2001			
Mutual funds	France		Abroad		France		Abroad	
	Capitalization	Distribution	Capitalization	Distribution	Capitalization	Distribution	Capitalization	Distribution
Security holdings	53 521	245	107	3	38 443	245	555	3

Note 4. Insurance company investments

	In thousands of euros	
	2002	2001
Investments related to equity type life insurance contracts	1 589 703	1 950 958
Other investments	9 367 087	8 736 102
Investments of affiliated companies or with which exists a participating interest	148 507	124 922
Shares, mutual funds and other dividend-bearing securities	498 883	624 364
Bonds and other fixed-income securities	8 476 612	7 737 971
Miscellaneous	243 085	248 845
TOTAL	10 956 790	10 687 060

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

	In thousands of euros	
	2002	2001
<i>OTHER EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT</i>		
Gross amount	14 143	
Allowances	20 686	
	-6 543	
<i>INVESTMENTS IN NON-CONSOLIDATED UNDERTAKINGS</i>		
Gross amount	21 131	41 234
Allowances	30 390	58 318
	-9 259	-17 084
<i>INVESTMENTS IN COMPANIES CARRIED UNDER THE EQUITY METHOD</i>		
Non-financial companies	19 760	19 433
Financial companies	3 050	2 768
	16 710	16 665
TOTAL	55 034	60 667

List of the main investments in non-consolidated undertakings :

Company name and address	Capital share held	In thousands of euros	
		Shareholders' equity	Last year-end net income
<i>COMPANIES IN WHICH CFCM GROUP HOLDS AN INTEREST GREATER THAN 3 MILLION EUROS</i>			
GACM 34, rue du Wacken - 67010 STRASBOURG	0,72%	677 724	130 866
SDR BRETAGNE 6, place de Bretagne - 35044 RENNES CEDEX	8,02%	49 132	6 403

Note 6. Tangible and intangible assets

	In thousands of euros			
	Amount at beginning of year	Increase	Decrease	Amount at the end of year
<i>TANGIBLE ASSETS</i>				
Gross amount	82 021	46 122	-30 297	97 846
Depreciation	-18 603	-17 056	4 523	-31 136
Net amount	63 418	29 066	-25 774	66 710
<i>INTANGIBLE ASSETS</i>				
Gross amount	37 621	26 926	-892	63 655
Depreciation	-17 924	-6 441	108	-24 257
Net amount	19 697	20 485	-784	39 398
TOTAL	83 115	49 551	-28 558	106 108

Note 7. Goodwill

	In thousands of euros	
	2002	2001
Gross value	13 452	24 264
Amortization	8 548	21 278
NET VALUE	4 904	2 986

Note 8. Accrued income and other assets

	In thousands of euros	
	2002	2001
SUNDRY ACCOUNTS AND PREPAID EXPENSES	562 712	493 734
Checks and notes in course of collection	43 785	56 949
Adjustment accounts	25 714	32 573
Deferred charges	7 083	3 553
Miscellaneous sundry accounts and prepaid expenses	486 130	400 659
OTHER ASSETS	61 498	52 840
Codevi management	15	15
Securities transactions	104	10
Deferred Taxes	6 377	7 467
Other miscellaneous receivables	55 002	45 348
Re-insurers' share in technical reserves	15 182	10 820
Other assets of insurance companies	20 622	20 264
Uncalled subscribed capital	1 339	523
TOTAL	661 353	578 181

Note 9. Subordinated assets

	In thousands of euros	
	2002	2001
Due from banks	22 189	19 203

Note 10. Interbank and money market items

	In thousands of euros					
	2002			2001		
	On demand	On time	Total	On demand	On time	Total
Currents accounts	366 066		366 066	310 456		310 456
Borrowings and securities given under repurchase agreements		1 495 211	1 495 211		1 605 083	1 605 083
Securities or bills sold under repurchase agreements		1 117 649	1 117 649		1 735 130	1 735 130
Accrued interest payable	609	17 836	18 445	1 008	26 761	27 769
TOTAL	366 675	2 630 696	2 997 371	311 464	3 366 974	3 678 438

Note 11. Customer items

	In thousands of euros					
	2002			2001		
	On demand	On time	Total	On demand	On time	Total
Special savings accounts	157 921	13 081	171 002	100 294	10 091	110 385
TOTAL	157 921	13 081	171 002	100 294	10 091	110 385
Currents accounts	398 472		398 472	441 725		441 725
Customer time deposits and borrowings		113 457	113 457		106 361	106 361
Securities or bills sold under repurchase agreements		84 793	84 793		71 060	71 060
Accrued interest payable	1 320	571	1 891	907	577	1 484
TOTAL	399 792	198 821	598 613	442 632	177 998	620 630
GENERAL TOTAL	557 713	211 902	769 615	542 926	188 089	731 015

Note 12. Debt securities

	In thousands of euros					
	2002			2001		
	Gross value	Accrued interest payable	Total	Gross value	Accrued interest payable	Total
Certificates of deposit	262	6	268	1 010	5	1 015
Interbank market instruments and negotiable debt instruments	7 394 504	105 591	7 500 095	7 526 860	137 743	7 664 603
Debenture loans	1 409 056	21 967	1 431 023	501 600	1 915	503 515
TOTAL	8 803 822	127 564	8 931 386	8 029 470	139 663	8 169 133

Note 13. Technical reserves of insurance companies

	In thousands of euros	
	2002	2001
<i>Technical reserves for</i>		
. life insurance contracts	9 778 166	9 140 280
. non-life insurance contracts	92 637	73 995
. equity based life insurance contracts	1 589 704	1 950 906
TOTAL	11 460 507	11 165 181

Note 14. Accrued expenses and other liabilities

	In thousands of euros	
	2002	2001
SUNDRY ACCOUNTS AND UNEARNED INCOME	375 484	264 998
Tied-up collection accounts relating to recoveries	65 451	41 579
Adjustment accounts		24 625
Miscellaneous sundry accounts and unearned income	310 033	198 794
OTHER LIABILITIES	87 198	132 554
Security payments in progress	26	26
Settlement accounts relating to security transactions	16	31 043
Miscellaneous	87 156	101 485
OTHER LIABILITIES RELATED TO INSURANCE ACTIVITIES	53 128	36 380
TOTAL	516 810	435 932

Note 15. Provisions for contingencies and charges

	In thousands of euros					
	2001	Changes in scope	Amounts set aside	Releases (used)	Releases (not used)	2002
Provision for off-balance sheet commitments (1)	6 961		877	-1 818	-69	5 951
Provisions for pension costs	3 720		359	-2		4 077
Other provisions	14 476	-199	6 906	-6 064	-1 926	13 193
TOTAL	25 157	-199	8 142	-7 884	-1 995	23 221
		Net variation		-1 737		

(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 :

Net banking income	-787
Operating expenses	-1 566
Net additions to provisions for credit risks	451
Income taxes	165
TOTAL	-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	16 769	Euro	9,37	18/11/03
	9 147	Euro	8,86	23/11/04
	12 197	Euro	6,44	15/11/05
	3 049	Euro	8,08	14/11/03
	7 927	Euro	4,68	15/12/04
	7 317	Euro	4,68	27/12/06
	633	Euro	Pibor 3 months + 0,50%	31/12/07
	1 604	Euro	Pibor 3 months + 1%	20/12/12
Accrued interest payable	409			
Redeemable subordinated securities	24 044	Euro	8,25	28/09/04
	1 677	Euro	Pibor 3 months +0.75%	20/12/02
Accrued interest payable	523			
TOTAL	85 296			

Subordinated debt expenses amounted to 7,297 thousand Euros in 2002 compared to 11,598 thousand Euros in 2001.

Note 17. Shareholders' equity

In thousands of euros					
SHAREHOLDERS' EQUITY					
	Share capital	Reserves (1)	Revaluation adjustments	Net income	Total
		(2)			
<i>Position at the beginning of the year</i>	715 000	128 804			843 804
<i>Changes in capital stock of consolidating company</i>					
<i>Consolidated net income for the year (before appropriation)</i>				59 973	59 973
<i>Distributions for the year</i>		-7 151			-7 151
<i>Impacts of translation rate variations</i>					
<i>Impacts of group reorganization and internal disposal of assets</i>					
<i>Effects of changes in scope of consolidation</i>		423			423
<i>Effects of changes in consolidation method</i>					
<i>RGBR changes</i>		-626			-626
<i>Other changes</i>		10 745			10 745
POSITION AT THE END OF THE YEAR	715 000	132 195		59 973	907 168

(1) Including RGBR of companies accounted for under the equity method (10 million euros at year-end)

(2) Including last year's net income.

Note 18. Banking activity commitments

In thousands of euros		
	2002	2001
Commitments given		
- Financing commitments given	1 226 939	1 154 079
in favour of banks and financial institutions	6 133	3 446
in favour of customers	1 220 806	1 150 633
- Guarantees given	606 166	439 838
relating to banks and financial institutions	574 607	430 942
relating to customers	31 559	8 896
- Commitments given on securities	187 236	52 517
Commitments received		
- Financing commitments	25 150	20 279
relating to banks and financial institutions	25 150	20 279
- Guarantees received	190 916	144 253
relating to banks and financial institutions	190 916	144 253
- Commitments given on securities	110 022	

Note 19. Transactions in financial futures and other forward agreements

- According to contract type

In thousands of euros

	2002			2001		
	Financial futures transactions	Other transactions	Total	Financial futures transactions	Other transactions	Total
FIRM TRANSACTIONS						
Organized market transactions						
Interest rate contracts	2 981	2 270	5 251			
Other transactions						
Principal-to-principal market transactions					3 642	3 642
Future rate agreements	716		716		45 387	45 387
Interest rate swaps	12 450 126	323 157	12 773 283	12 866 205	593 220	13 459 425
CONDITIONAL TRANSACTIONS						
Organized market transactions						
Interest rate options						
Bought	141 406	4 336	145 742	32 433		32 433
Sold	15 711		15 711	33 216		33 216
Principal-to-principal market transactions						
Interest rate contracts (floor, cap)						
Bought	1 996 180		1 996 180	560 018		560 018
Sold	1 699 691		1 699 691	441 049		441 049
Interest rate options, currency and other						
Bought	102 876		102 876	51 900	2 000	53 900
Sold	123 876	14 539	138 415	29 214	19 020	48 234
TOTAL	16 533 563	344 302	16 877 865	14 014 035	663 269	14 677 304

- According to fixed term remaining

In thousands of euros

	2002			Total
	Less than 1 year	Over 1 year - 5 years	Over 5 years	
INTEREST RATE INSTRUMENTS				
Purchases	2 000	110 000		112 000
Sales	2 270			2 270
<i>Principal-to-principal markets</i>				
Purchases	49 069	685 420	1 261 691	1 996 180
Sales	70 410	606 482	1 081 139	1 758 031
Interest rate swaps	7 879 870	3 070 625	1 838 033	12 788 528
FOREIGN EXCHANGE INSTRUMENTS				
<i>Organized markets</i>				
Purchases				
Sales	981			981
<i>Principal-to-principal markets</i>				
Purchases	83 002			83 002
Sales	81 235	1 565		82 800
OTHER FINANCIAL FUTURES				
<i>Organized markets</i>				
Purchases	4 336			4 336
Sales				
<i>Principal-to-principal markets</i>				
Purchases	30 952	5 083		36 035
Sales	13 702			13 702
Total	8 217 827	4 479 175	4 180 863	16 877 865

- Financial futures, credit risks

In thousands of euros		
	2002	2001
Central administrations and related, network	6 937	6 175
Financial institutions and OECD local administrations	209 608	115 932
Customers	644	447
TOTAL	217 189	122 554

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				
	2002		2001	
	Income	Expense	Income	Expense
Interbanking transactions	198 398	-287 446	138 115	-363 424
Customer transactions	285 083	-9 455	370 068	-10 982
Bonds and other fixed-interest securities	296 436	-302 886	375 953	-369 495
Leases and similar items	25 855	-5 215	36 382	-14 608
Other loans	390	-11	202	-93
TOTAL	806 162	-605 013	920 720	-758 602

Note 21. Income on equities and other variable income instruments

In thousands of euros		
	2002	2001
Shares and other dividend-bearing securities	956	1 528
Investments in non-consolidated undertakings, other participating interests	1 681	1 130
TOTAL	2 637	2 658

Note 22. Net commission income

In thousands of euros				
	2002		2001	
	Income	Expense	Income	Expense
Interbanking transactions	278	-1 634	534	-2 453
Customer transactions	20 702	-8 806	15 728	-2 320
Securities transactions	2	-3 141	15	-3 731
Foreign exchange transactions	2 949		2 738	
Financial futures transactions		-15	211	-228
Financial services income	46 515	-12 419	46 237	-8 073
TOTAL	70 446	-26 015	65 483	-16 805
Commission income	44 431		48 658	

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

	In thousands of euros	
	2002	2001
Net transactions on trading securities	422	728
Net currency transactions	2 055	450
Total transactions on derivative instruments and hedging transactions	1 373	-4 316
Interest rate	3 126	-2 615
Foreign exchange	-398	227
Other derivative instruments and hedging transactions	-1 355	-1 928
Total	3 850	-3 138

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

	In thousands of euros	
	2002	2001
Certificates and bonds transactions		
Gains on sale of securities	1 100	7 020
Losses on sale of securities	-2 667	-15 460
Provisions made for depreciation	-17 632	-18 127
Releases of allowances for depreciation	9 616	19 548
Total	-9 583	-7 019

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

	In thousands of euros	
	2002	2001
LIFE ACTIVITY		
Premiums or vested contributions	980 256	1 107 836
Net investment income	403 530	389 089
Other technical income	48 551	44 662
Claims expenses and changes in claims reserves	-459 560	-808 861
Other technical expense and losses	-943 355	-414 584
TOTAL	29 422	318 142
NON -LIFE ACTIVITY		
Premiums or vested contributions	65 488	55 001
Net technical investment income	2 487	2 085
Dividend received	5 626	5 715
Other technical income	14 060	12 186
Claims expenses and changes in claims reserves	-68 715	-55 745
Other technical expense and losses	-2 885	-3 366
TOTAL	16 061	15 876
Non technical net income	16 948	-263 653
TECHNICAL AND FINANCIAL MARGINS	62 431	70 365

The contribution of insurance companies to the consolidated net banking income is as follows :

	In thousands of euros	
	2002	2001
Contribution to the net banking and insurance income before internal transactions eliminations	93 931	101 547
Inter-company transactions	-37 424	-30 701
Contribution to the net banking and insurance income after inter-company transactions eliminations	56 507	70 846

Note 26. Operating expense

	In thousands of euros	
	2002	2001
Personnel costs	-71 105	-59 617
Salaries and wages	-46 202	-38 820
Fringe benefits	-18 100	-15 386
	<i>including pension costs</i>	
	-4 489	-3 670
Profit sharing and incentive scheme	-1 846	-1 291
Payroll-related taxes	-4 957	-4 120
Other administrative expenses	-98 482	-95 010
TOTAL	-169 587	-164 627

The number of salaried employees is as follows :

Average number	2002	2001
	Salaried staff(*)	Salaried staff(*)
Employees	567	563
Executives and experts	637	548
TOTAL	1 204	1 111

(*) including the staff of companies consolidated under the proportional method: 44 employees and 19 executives and experts in 2002 compared to 41 employees and 18 executives and experts in 2001

Total remuneration allocated to members of the Board of Directors for 2002 is 19 thousand euros. The remuneration paid to the members of the Executive Board Committee amounts to 649 thousand euros.

Note 27. Net additions to provisions for credit risks

		In thousands of euros	
		2002	2001
DEBT	Provisions	-50 232	-36 614
	Releases used	33 863	29 655
	Releases made available	15 527	17 143
	Recoveries on bad debt written off	5 456	7 411
OFF-BALANCE SHEET COMMITMENTS	Provisions	-906	-1 449
	Releases used	1 870	-30
	Releases made available		152
BAD DEBT	Covered	-31 546	-30 587
	Non covered	-1 924	-2 476
PROVISIONS FOR OTHER CONTINGENCIES AND CHARGES	Provisions	-2 619	-270
	Releases	82	239
	BALANCE	-30 429	-16 826

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		-1 072		1 420	348
Other financial assets	-1 206		569		-637
TOTAL FINANCIAL ASSETS	-1 206	-1 072	569	1 420	-289
TANGIBLE AND INTANGIBLE ASSETS		-2 912	1 370	3 495	1 953
TOTAL ASSETS	-1 206	-3 984	1 939	4 915	1 664

Note 29. Income taxes

	In thousands of euros	
	2002	2001
Current income tax expense	-37 312	-37 733
Net deferred income tax expense	-852	-3 207
NET INCOME TAX EXPENSE	-38 164	-40 940
Income before taxes , amortization of goodwill and income of companies accounted for under the equity method , RGBR	98 182	100 057
Effective tax rate CFCM Group	-38,87%	-40,92%

The effective tax rate of CFCM group at December 31,2002 can be analyzed as follows :

	2002
Normal tax rate (including contributions)	35,43%
Permanent differences	0,93%
Impact unprofitable situations	1,57%
Others	0,94%
Effective tax rate	38,87%

Deferred income taxes recorded in the balance sheet at december 31,2002 are allocated as follows :

	2002	2001
ASSETS		
Temporary differences	6 377	7 467
TOTAL ASSETS	6 377	7 467
LIABILITIES		
Temporary differences	7 658	11 885
TOTAL LIABILITIES	7 658	11 885

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 FINANCIERE DU CREDIT MUTUEL
32, rue Mirabeau
29480 LE RELECQ-KERHUON / BREST

Note 31. List of the consolidated entities

	Activity	Controlling %		Interest % Group	
		2002	2001	2002	2001
COMPAGNIE FINANCIERE DU CREDIT MUTUEL	Holding and lending institution	Consolidating entity		Consolidating entity	
Full consolidated companies					
ALCOR BANK LUXEMBOURG	Banking	99,9	80,0	99,9	80,0
BAIL ENTREPRISES	Real-estate leasing	99,9	99,9	99,9	99,9
BANQUE COMMERCIALE POUR LE MARCHE DE L'ENTREPRISE	Banking	79,7	79,7	79,7	79,7
BANQUE FEDERAL FINANCE	Banking	98,0	98,0	96,2	96,2
BANQUE PRIVEE EUROPEENNE	Banking	100,0	100,0	100,0	100,0
CAMEFI BANQUE	Banking	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	89,0	89,0	73,2	73,2
EUROBRETAGNE	Group services management center	100,0	100,0	100,0	100,0
EUROGERANCE	Real-estate fund management	65,8	65,8	65,7	65,7
FEDERAL GESTION	Mutual funds management	100,0	100,0	95,5	95,5
FEDERAL INVEST	Mutual funds management	100,0	100,0	98,1	98,1
FINANCO	Sales point and consumer credit	82,6	57,7	82,6	57,6
FONCIERE INVESTISSEMENT	Real-estate investment	100,0	100,0	97,1	97,1
MURS II	Special purpose vehicle	100,0	100,0	100,0	100,0
NOVELIA (ex. ATLANCOURTAGE BRETAGNE)	Insurance broker	96,0	96,0	84,8	84,7
SOBREPAP	Venture capital	95,3	95,3	95,3	95,3
SURAVENIR	Life insurance	81,8	81,8	81,8	81,8
SYMPHONIS	E-broker	100,0	100,0	100,0	100,0
SYNERGIE FINANCE	Venture capital	47,5	47,5	47,5	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	27,0	27,0	27,0	27,0

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

**REPORT OF THE STATUTORY AUDITORS ON THE NON-CONSOLIDATED
FINANCIAL STATEMENTS OF THE ISSUER
FOR THE YEAR ENDED 31 DECEMBER 2002**

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, 2002, on:

- the audit of the accompanying financial statements of Compagnie Financière du Crédit Mutuel,
- 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.

1. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 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, 2002, and of the results of its operations for the year then ended in accordance with accounting rules and principles generally accepted in France.

2. SPECIFIC VERIFICATIONS AND INFORMATION

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

We have no comment as to 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 shareholders with respect to the financial position and the financial statements.

In accordance with the law, we verified that the management report contains appropriate disclosures as to the acquisition of shares and controlling interests.

Paris and Brest March 24, 2003

The statutory auditors

**MAZARS &
GUERARD**

Jean-Gabriel Rangeon

SA STERENN

Patrick Franchet

**NON-CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER
FOR THE YEAR ENDED 31 DECEMBER 2002**

Balance sheet

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

Liabilities (in thousands of euros)	Notes	2002	2001
Due to banks	10	2 706 429	3 346 299
Customer items	11	259 063	262 659
Debt represented by a security	12	9 074 848	8 502 683
Other liabilities	13	17 935	65 170
Sundry accounts and unearned income	14	112 256	53 451
Provisions for contingencies and charges	15	2 384	202
Subordinated debts	16	66 882	74 606
Reserves for general banking risks		1 500	1 500
Shareholders' equity	17	770 415	745 971
Share capital		715 000	715 000
Retained earnings		19 549	
Carried forward		4 273	
Net income		31 593	30 971
Total		13 011 712	13 052 541

Off-balance sheet items (in thousands of euros)	Notes	2002	2001
Commitments given	21		
Financing commitments given		617 743	799 218
Guarantees given		367 310	277 953
Commitments given on securities		184 186	40 853
Commitments received	21		
Guarantees received		43 471	10 494
Commitments received on securities		22	
Financial futures and other forward agreements	22	17 184 409	15 473 102

Income statements

<i>(In thousands of euros)</i>	<i>Notes</i>	<i>2002</i>	<i>2001</i>
Interest income and related revenues	23	664 327	786 686
Interest expense and related costs	23	-617 502	-752 671
Income on equities and other variable income instruments	24	19 644	19 201
Commissions (income)	25	5 074	6 448
Commissions (expense)	25	-3 496	-5 096
Net gains (losses) on sales of trading account securities	26	2 791	-4 039
Net gains (losses) on sales of securities available for sale	26	-11 017	-7 688
Other operating income arising from banking activities		1 196	319
Other operating expense from banking activities		-1 513	-200
Net banking income		59 504	42 960
Operating expense	27	-11 551	-9 720
Depreciation, amortization and provisions on tangible and intangible assets		-967	
Gross operating income		46 986	33 240
Net additions to provisions for credit risks	28	-3 031	-390
Operating income		43 955	32 850
Gains (losses) on disposals of long-term investments and changes in provisions	29	-1 896	7 794
Income before tax		42 059	40 644
Net non-recurring expense or income			
Income taxes	30	-10 466	-8 173
Movements in the reserve for general banking risks			-1 500
Net Income		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 recognized as income. Money market securities are recorded at cost, including accrued interest.

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

method to money market securities.

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

Investment securities

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

Equity securities available for sale in the medium-term

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

Equity securities held for long-term investment

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

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

Equity investments and equity in affiliated companies

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

Equity investments and equity in affiliated companies are valued at the lower cost of either the value in use or book value.

Securities bought and sold under repurchase agreements

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

Accounting for derivative instruments and hedging activities

Financial instruments are recorded in accordance with rules 88-02 from 22nd February 1988, 90-15 from 18th December 1990 (as amended by rule 92-04 on 17th July 1992) and rule 94-04 from 14th March 1994 of the French Banking Regulations 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.

Interest rate instruments

Organized markets

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

Principal-to-principal markets

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

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

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

Foreign exchange instruments

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

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

Doubtful accounts receivable

Classification

In accordance with the rule defined by the French Banking Commission, doubtful accounts receivable include debt for which there is a probable risk of total or partial non-recovery, or which in the case of real-estate credit, shows outstanding payments of more than six months, or more than three months for all other types of loans.

Provisions

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

In the Statement of Income, allowances and release of provisions, losses on bad debts, and recoveries on bad debts written off are recorded under "Net Additions to Credit Risk Provisions", with the exception of the allowances and releases of provisions relating to interests on doubtful accounts presented in the Net Banking Income .

Reserve for general banking risks

In accordance with rule 90-02 of the French Banking Regulation Committee, some consolidated financial institutions have set up a general provision in order to cover risks inherent to banking.

Provisions 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.

Pension costs

Pension commitments give rise to policies being taken out with insurance companies or being provided for through reserves. The present value of pension related commitments is therefore fully taken into account.

Integration tax

Compagnie Financière du Crédit Mutuel falls within the fiscal integration scope of the Caisse Interfédérale de Crédit Mutuel.

Non-recurring income and expenses

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					
	2002			2001		
	Available for sale	Investment	Total	Available for sale	Investment	Total
Security holdings (gross value)	690 482	143 033	833 515	1 045 324	248 839	1 294 163
Accrued interest receivable	12 465	4 920	17 385	22 854	5 629	28 483
GROSS TOTAL	702 947	147 953	850 900	1 068 178	254 468	1 322 646
Allowances						
NET TOTAL	702 947	147 953	850 900	1 068 178	254 468	1 322 646
Increase in value	22 375	2 795	25 170	32 759	7 628	40 387
Difference acquisition price redemption price	4 827	-519	4 308	35 674	21 716	57 390

There were no transfers in 2002 between the different portfolio categories, and no sales of investment securities prior to their maturity date.

Listed securities accounted for 100% in 2002.

Note 2. Due from banks

	In thousands of euros					
	2002			2001		
	On demand	On time	Total	On demand	On time	Total
Ordinary deposits	6 438		6 438	28 786		28 786
Loans, securities purchased under agreements to resell	103 530	5 654 539	5 758 069		5 163 640	5 163 640
Securities and bills under resale agreements					1 475	1 475
Accrued interest receivable	137	49 435	49 572	455	64 430	64 885
TOTAL	110 105	5 703 974	5 814 079	29 241	5 229 545	5 258 786

Note 3. Customer items

	In thousands of euros	
	2002	2001
Loans and credit	199 650	119 385
Accrued interest receivable	1 377	239
Customer current accounts receivable	96 649	127 654
Accrued interest receivable	894	992
Restructured and doubtful accounts	7 623	6 346
Allowances	-3 241	-2 716
TOTAL	302 952	251 900

The coverage rate of allowances for doubtful accounts amounted to 42.52% in 2002 compared to 42.80% in 2001. With relation to the debt total, the coverage rate is unchanged at 1.07%.

Loans qualifying at the Banque de France amounted to 5,093 thousand euros in 2002 compared to 1,934 thousand euros in 2001. The assignment of receivables accounted for 97% of the qualifying loans compared to 96% in 2001.

Note 4. Bonds and other fixed-income instruments

In thousands of euros

	2002			2001		
	Available for sale	Investment	Total	Available for sale	Investment	Total
Security holdings (gross value)	4 275 827	857 302	5 133 129	4 612 134	738 755	5 350 889
Accrued interest receivable	61 822	18 643	80 465	72 361	16 938	89 299
GROSS TOTAL	4 337 649	875 945	5 213 594	4 684 495	755 693	5 440 188
Allowances	10 991		10 991	2 880		2 880
NET TOTAL	4 326 658	875 945	5 202 603	4 681 615	755 693	5 437 308
Increase in value	75 976	-34 629	41 347	38 997	-13 819	25 178
Difference acquisition price redemption price	-1 509	1 369	-140	-6 397	-2 279	-8 676

There were no transfers between the different portfolio categories and no sales of investment securities prior to their maturity in 2002.

Listed securities accounted for 53,76% in 2002 compared to 45,86% in 2001.

Securities issued by public agencies amounted to 271,223 thousand euros in 2002 compared to 287,999 thousand euros in 2001.

Note 5. Shares and other dividend-bearing securities

In thousands of euros

	2002	2001
Security holdings	60 833	49 779
Allowances	3 659	3 243
NET TOTAL	57 174	46 536
Increase in value	3 552	2 943

All of these securities are classified as available for sale securities. The listed securities represent 91,18% of the portfolio.

Analysis of mutual funds :

In thousands of euros

Mutual funds	2002				2001			
	France		Abroad		France		Abroad	
	Capitalization	Distribution	Capitalization	Distribution	Capitalization	Distribution	Capitalization	Distribution
Security holdings	19 158				5 798			

Note 6. Equity investments, equity securities held for long-term investment and equity in affiliated companies

Changes in net book values

In thousands of euros

	2001	Increase	Decrease	2002
Equity investments				
Gross amount	28 300	1 313		29 613
Allowances	432	469		901
Net amount	27 868	844		28 712
Equity securities held for long-term investment				
Gross amount	18 579	2 110	-3	20 686
Allowances	6 542			6 542
Net amount	12 037	2 110	-3	14 144
Equity in affiliated companies				
Gross amount	649 890	55 279		705 169
Allowances	208 860	1 734	-290	210 304
Net amount	441 030	53 545	290	494 865

The amount of equity investments and equity in affiliated companies held in financial institutions totaled 246,675 thousand euros.

The aggregate of the equity investments and equity in affiliated companies portfolio is not listed.

The part of the portfolio valued according to net worth amounted to 49,18 % with regards to the equity investments, and to 57,51 % 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	95 590	134 545	8 032
COMPAGNIE EUROPEENNE D'OPERATIONS IMMOBILIERES 62, rue du Louvre - 75068 PARIS Cédex 02	19 839	15 902	586
ALCOR BANK LUXEMBOURG 25, Boulevard Royal - BP 746 - L2017 LUXEMBOURG	9 141	10 501	601
BANQUE FEDERAL FINANCE 32, rue Mirabeau - 29480 LE RELECQ KERHUON	17 797	24 669	2 264
SOBREPAP 32, rue Mirabeau - 29480 LE RELECQ KERHUON	13 339	15 079	1 704
SURAVENIR 232, rue Général Paulet BP 103 - 29802 BREST CEDEX 9	163 529	279 873	35 233
MURS II 62, rue du Louvre - 75068 PARIS CEDEX 02	5 218	9 429	888
FINANCO-SOFEMO 2, quai de la Douane - 29266 BREST CEDEX	26 435	36 732	355
SYMPHONIS 232, rue Général Paulet - BP 45 - 29801 BREST CEDEX 9	16 200	15 623	-4 597
CAMEFI BANQUE 521, avenue du Prado - 13008 MARSEILLE	23 800	46 667	115
2. EQUITY INVESTMENTS HELD BETWEEN 10% AND 50%			
BANQUE PRIVEE EUROPEENNE 62, rue du Louvre - 75968 PARIS Cédex 02	29 760	73 121	3 174
BANQUE DE MARCHES ET D'ARBITRAGE 9, rue Chauchat - 75009 PARIS	6 272	32 704	-4
SYNERGIE FINANCE 32, rue Mirabeau - 29480 LE RELECQ KERHUON	11 114	28 036	681
SURAVENIR ASSURANCE HOLDING 1, rond point des Antons - 44931 NANTES Cédex 9	12 016	24 097	6

Equities in affiliated companies and equity investments

In thousands of euros

	Equity investment and equity securities held for a long-term investment		Affiliated companies	
	2002	2001	2002	2001
ASSETS				
CAPITAL INVESTMENT	50 299	46 879	705 169	649 890
OTHER ASSETS	144 064	131 780	3 887 134	3 489 279
. Accounts receivable	66 418	18 416	3 769 001	3 386 221
. Bonds and other fixed-income instruments	77 646	113 364	118 133	103 058
TOTAL ASSETS	194 363	178 659	4 592 303	4 139 169
LIABILITIES				
. Debts			413 469	274 424
. Debts securities			516 977	525 281
TOTAL LIABILITIES			930 446	799 705
COMMITMENTS GIVEN				
. Financing commitments			124 493	305 443
. Guarantees given	870		4 581	38 813
TOTAL	870		129 074	344 256
COMMITMENTS RECEIVED				
. Financing commitments				
. Guarantees received			43 227	10 250
TOTAL			43 227	10 250

Note 7. Other assets

In thousands of euros		
	2002	2001
Government	4	33
Securities transactions	104	2
Other various receivables	3 027	5 624
TOTAL	3 135	5 659

Note 8. Sundry accounts and prepaid expenses

In thousands of euros		
	2002	2001
Cheks and note in course of collection	9 316	32 269
Adjustment accounts	25 774	33 039
Deferred charges	6 947	3 341
Deferred assets	27 584	12 714
Accrued assets	41 760	804
Miscellaneous sundry accounts and prepaid expenses	9 360	18 788
TOTAL	120 741	100 955

Note 9. Subordinated assets

In thousands of euros		
	2002	2001
Due from banks	144 220	127 076

Note 10. Due to banks

In thousands of euros						
	2002			2001		
	On demand	On time	Total	On demand	On time	Total
Current accounts	522 968		522 968	353 573		353 573
Borrowings and securities given under repurchase agreements		1 051 215	1 051 215		1 237 875	1 237 875
Securities or bills sold under repurchase agreements		1 117 649	1 117 649		1 735 130	1 735 130
Accrued interest payable	790	13 807	14 597	263	19 458	19 721
TOTAL	523 758	2 182 671	2 706 429	353 836	2 992 463	3 346 299

Note 11. Customer items

In thousands of euros						
	2002			2001		
	On demand	On time	Total	On demand	On time	Total
Current accounts	63 261		63 261	79 447		79 447
Customer time deposits and borrowings		105 820	105 820		106 910	106 910
Securities or bills sold under repurchase agreements		84 793	84 793		71 061	71 061
Accrued interest payable		5 189	5 189	9	5 232	5 241
TOTAL	63 261	195 802	259 063	79 456	183 203	262 659

Note 12. Debt represented by a security

	In thousands of euros					
	2002			2001		
	Gross value	Accrued interest payable	Total	Gross value	Accrued interest payable	Total
Interbank market instruments and negotiable debt instruments	7 193 932	107 693	7 301 625	7 524 244	134 393	7 658 637
Debenture loans	1 750 550	22 673	1 773 223	841 469	2 577	844 046
TOTAL	8 944 482	130 366	9 074 848	8 365 713	136 970	8 502 683

As part of its "Euro Medium Term Note" (EMTN) program, Compagnie Financière du Crédit Mutuel issued international bonds in the amount of 909 million euros in 2002.

Note 13. Other liabilities

	In thousands of euros	
	2002	2001
Security payments in progress	3 852	2 118
Securities transactions	10	30 902
Salaries and wages	327	207
Social security taxes	594	358
Government	10 744	8 178
Miscellaneous	2 408	23 407
TOTAL	17 935	65 170

Note 14. Sundry accounts and unearned income

	In thousands of euros	
	2002	2001
Tied-up collection operation accounts	33 421	1 342
Adjustment accounts		33 675
Gains on financial futures and other forward agreements	9	
Deferred revenue	33 744	12 414
Accrued liabilities	44 054	2 202
Miscellaneous sundry accounts and unearned income	1 028	3 818
TOTAL	112 256	53 451

Note 15. Provisions for contingencies and charges

	In thousands of euros			
	2001	Amounts set aside	Releases	2002
Provision for off-balance sheet commitments	202		202	
Other provisions		2 384		2 384
TOTAL	202	2 384	202	2 384

The provision for off-balance sheet commitments includes the provision for financial instruments.

Note 16. Subordinated debts

Subordinated debts representing at least 10 % of the total subordinated debts	In thousands of euros			
	Amount	Currency	Rate	Due
Caisse Centrale de Crédit Mutuel	16 769	EURO	9,37	18/11/03
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
Caisse Centrale de Crédit Mutuel	3 049	EURO	8,08	14/11/03
Accrued interest payable	409			
Redeemable subordinated securities	24 789	EURO	8,250	28/09/04
Accrued interest payable	523			
TOTAL	66 882			

Subordinated debt expenses amounted to 7,076 thousand euros in 2002 compared to 10,755 thousand euros in 2001.

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		19 549
· Legal reserve		1 549		1 549
· Statutory reserve		18 000		18 000
CARRIED FORWARD		4 273		4 273
NET INCOME	30 971	-30 971	31 593	31 593
TOTAL	745 971	-7 149	31 593	770 415

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						
<i>Due from banks</i>	1 296 294	1 817 582	1 038 933	1 611 698	49 572	5 814 079
<i>Advances to customers</i>	141 128	103 752	34 277	21 524	2 271	302 952
· Discounted bills						
· Other customer loans	44 479	103 752	34 277	21 524	1 377	205 409
· current accounts	96 649				894	97 543
<i>Bonds and other fixed-income instruments</i>	346 554	939 019	3 523 868	312 697	80 465	5 202 603
Liabilities						
<i>Due to banks</i>	1 576 471	408 174	216 341	490 846	14 597	2 706 429
<i>Customer deposits and related</i>	149 201	4 080	24 367	76 226	5 189	259 063
· Special savings accounts						
· Customer time deposits	2 606	2 621	24 367	76 226	5 099	110 919
· Securities sold under repurchase agreements						
· Customer demand deposits	63 261					63 261
· Securities or bills under repurchase agreements	83 334	1 459			90	84 883
<i>Debts represented by a security</i>	6 133 019	418 391	1 201 919	1 191 153	130 366	9 074 848
· Certificates of deposit						
· Interbank market instruments and negotiable debt instruments	6 087 934	418 391	481 326	196 281	107 693	7 301 625
· Debenture loans	35 085		720 593	994 872	22 673	1 773 223

There are no undated receivables.

Note 19. Assets and liabilities in foreign currency

At 31th December 2002, foreign currency assets and liabilities amounted respectively to 412,589 thousand euros and 124,123 thousand euros.

Note 20. Assets pledged or received as collateral

In thousands of euros

	2002	2001
Assets pledged as collateral	20 400	3 370
· <i>in relation to third party commitments</i>	20 400	3 370
Assets received as collateral	20 400	3 370

Note 21. Off-balance sheet items

In thousands of euros

	2002	2001
Commitments given		
<i>. Financing commitments given</i>	617 743	799 218
in favour of banks and financial institutions	128 730	305 443
in favour of customers	489 013	493 775
<i>. Guarantees given</i>	367 310	277 953
relating to banks and financial institutions	33 136	6 151
relating to customers	334 174	271 802
Commitments received		
<i>. Guarantees received</i>	43 471	10 494
relating to banks and financial institutions	43 227	10 250
relating to customers	244	244

Note 22. Transactions in financial futures and other forward agreements

According to contract type (nominal value of contracts)

In thousands of euros

	2002			2001		
	Financial futures transactions	Other transactions	Total	Financial futures transactions	Other transactions	Total
Firm transactions						
Organized market transactions						
interest rate contracts	2 000	2 270	4 270	3642		3 642
Principal-to-principal market transactions						
future rate agreements	716		716	45 387		45 387
interest rate swaps	12 665 303	323 157	12 988 460	13 241 260	593 220	13 834 480
Conditional transactions						
Organized market transactions						
Interest rate options						
bought	31 406	4 336	35 742	4 324		4 324
sold	14 156		14 156	4 324		4 324
Principal-to-principal market transactions						
Interest rate contracts (floor, cap)						
bought	1 996 314		1 996 314	765 018		765 018
sold	1 921 326		1 921 326	676 125		676 125
Interest rate options, currency and other						
bought	84 042		84 042	60 617	2 000	62 617
sold	124 844	14 539	139 383	58 165	19 020	77 185
TOTAL	16 840 107	344 302	17 184 409	14 809 833	663 269	15 473 102

Financial futures transactions come under micro-hedge.

According to fixed term remaining

In thousands of euros

	2002			TOTAL
	Less than 1 year	Over 1 year - 5 years	Over 5 years	
Interest rate instruments				
<i>Organized markets</i>				
Purchases	2 000			2 000
Sales	2 270			2 270
<i>Principal-to-principal markets</i>				
Purchases	49 069	685 554	1 261 691	1 996 314
Sales	90 410	638 118	1 251 138	1 979 666
Interest rate swaps	7 903 737	3 136 776	1 947 947	12 988 460
Foreign exchange instruments				
<i>Principal-to-principal markets</i>				
Purchases	83 001	1 041		84 042
Sales	80 721	1 038		81 759
Other financial futures				
<i>Organized markets</i>				
Purchases	4 336			4 336
Sales				
<i>Principal-to-principal markets</i>				
Purchases	31 406			31 406
Sales	14 156			14 156
TOTAL	8 261 106	4 462 527	4 460 776	17 184 409

Financial futures – credit risks

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

In thousands of euros

	2002	2001
Central administrations and related, network	6 937	6 175
Financial institutions and OECD local administrations	209 608	115 932
Customers	644	447
TOTAL	217 189	122 554

Note 23. Interest income and expense, related revenues and costs

In thousands of euros

	2002		2001	
	Income	Expense	Income	Expense
Interbank and money market items	346 765	-281 910	290 580	-353 378
Customers items	15 871	-7 162	115 131	-12 547
Bonds and other fixed-interest securities	301 596	-328 419	380 887	-386 653
Other interest income (expenses)	95	-11	88	-93
TOTAL	664 327	-617 502	786 686	-752 671

Note 24. Income on equities and other variable income instruments

In thousands of euros

	2002	2001
Shares and other dividend-bearing securities	882	1 448
Investments in non-consolidated undertakings, other participating interests	1 400	951
Equity in affiliated companies	17 362	16 802
TOTAL	19 644	19 201

Note 25. Commissions

In thousands of euros

	2002		2001	
	Income	Expense	Income	Expense
Interbanking transactions	71	-1 589	199	-2 440
Customer transactions	96		302	
Securities transactions	189	-1 892	121	-2 428
Foreign exchange transactions	1 376		1 585	
Financial futures transactions		-15	209	-228
Financial services income	3 342		4 032	
TOTAL	5 074	-3 496	6 448	-5 096

Note 26. Gains and losses on financial transactions

- Net gains on sales of trading accounts securities

In thousands of euros

	2002	2001
Net transactions on trading securities	6	253
Net currency transactions	1 508	35
Derivative instruments and hedging transactions	1 277	-4 327
Interest rate	1 568	-2 610
Foreign exchange	9	72
Other derivative instruments and hedging transactions	-300	-1 789
TOTAL	2 791	-4 039

- Net gains on sales of securities available for sale

In thousands of euros

	2002	2001
Certificates and bonds transactions		
Gains on sale of securities	38	6 289
Losses on sale of securities	-2 589	-15 455
Provisions made for depreciation	-17 259	-17 857
Releases of allowances for depreciation	8 793	19 335
TOTAL	-11 017	-7 688

Note 27. Operating expense

In thousands of euros

	2002	2001
Personnel costs	-7 894	-4 033
Salaries and wages	-5 157	-2 713
Fringe benefits	-1 795	-793
including pension costs	-554	-264
Profit sharing and incentive scheme	-309	-191
Payroll-related taxes	-633	-336
Taxes	-1 716	-1 142
Other operating charges	-7 001	-5 392
Recoverable expenses	5 060	847
TOTAL	-11 551	-9 720

Staff :

Average number	2002	2001
	Salaried staff	Salaried staff
Employees	18	20
Executives and experts	74	50
TOTAL	92	70

Total remuneration allocated to members of the Board of Directors for 2002 is 15 thousand euros. The remuneration paid to the members of the Executive Board Committee amounts to 649 thousand euros.

Note 28. Net additions to provisions for credit risks

		In thousands of euros	
		2002	2001
DEBT	Provisions	-800	
	Releases made available	275	201
BAD DEBT	Non covered	-122	-591
PROVISIONS FOR OTHER CONTINGENCIES AND CHARGES	Provisions	-2 384	
	Releases		
BALANCE		-3 031	-390

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	-469			18	-451
EQUITY IN AFFILIATED COMPANIES	-1 735		290		-1 445
TOTAL	-2 204		290	18	-1 896

Note 30. Income taxes

thousands of euros		
	2002	2001
Corporate income tax of Compagnie Financière du Crédit Mutuel		
normal rate	-9 838	-7 499
additional contribution	-628	-674
TOTAL	-10 466	-8 173
<i>Income before tax</i>	42 059	40 644
<i>Effective tax rate</i>	24,88%	20,10%

The effective tax rate can be analyzed as follows :

	2002
Normal tax rate (including contributions)	35,43%
Permanent differences	-12,65%
Temporary differences	2,36%
Others	-0,26%
Effective tax rate	24,88%

Note 31. Income appropriation

	In thousands of euros	
	2002	2001
<i>ORIGIN</i>		
. Carried forward from the previous years	4 273	
. Net income	31 593	30 971
Distributable result	35 866	30 971
<i>APPROPRIATION</i>		
. Legal reserve	1 580	1 549
. Optional reserves	21 000	18 000
. Carried forward	4 706	4 272
. Dividends	8 580	7 150

Note 32. Consolidated financial statements

Compagnie Financière du Crédit Mutuel prepares consolidated financial statements. It is itself consolidated within "Crédit Mutuel Arkéa" Group.

Note 33. Management report

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

COMPAGNIE FINANCIERE DU CREDIT MUTUEL
32, rue Mirabeau
29480 LE RELECQ-KERHUON / BREST

**CONSOLIDATED CAPITALISATION TABLE OF THE ISSUER
AS OF 31 DECEMBER 2002**

	In millions of euros
	31/12/2002
Share capital	715.000
Consolidated retained earnings	132.195
Net income for the year	59.973
Total shareholders' equity	907.168
Reserve for general banking risks	6.240
Long-medium and short term debt *	1,516.319
TOTAL CAPITALISATION	2,429.727

* comprising the following :	Subordinated debts	85.296
	Debenture loans	1,431.023

[Except as set forth in this Offering Circular, [T/t]here has been no material adverse change in the capitalisation of the Issuer since 31 December 2002]³

³Issuer to confirm and list any changes since 31 December 2002

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche is set out below:

Pricing Supplement

[LOGO, if document is printed]

COMPAGNIE FINANCIERE DU CREDIT MUTUEL
€ 3,000,000,000
Euro Medium Term Note Programme

SERIES NO: [●]
TRANCHE NO: [●]
[Brief Description and Amount of Notes]

Issue Price: [●] per cent

[Name(s) of Dealer(s)]

The date of this Pricing Supplement is [●].

This document constitutes the Pricing Supplement under which the Notes described herein (the "Notes") are issued. It is supplemental to, and should be read in conjunction with, the Offering Circular (the "Offering Circular") dated 27 June 2003 issued in relation to the € 3,000,000,000 Euro Medium Term Note Programme of the Issuer. Terms defined in the Offering Circular have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Offering Circular. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase any of the Notes.

[Except as disclosed in this document, there/There] has been no significant change in the financial position of the Issuer and the Group since [date of last audited annual accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer and the Group since [date of last published audited annual accounts or interim accounts (if later)].⁴

The Offering Circular, together with this Pricing Supplement, contains all information relating to the assets and liabilities, financial position, profits and losses of the Issuer and the Group which is material in the context of the issue and offering of the Notes and nothing has happened which would require the Offering Circular to be [further] supplemented or to be updated in the context of the issue and offering of the Notes.⁵

Signed:

Authorised Officer

[In connection with this issue, [name of Stabilising Agent] (the "Stabilising Agent") or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.] [Any such transaction will be carried out in accordance with applicable laws and regulations.]⁶

⁴ N.B. If any such change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

⁵ Any issue of Notes constituting *obligations* under French law must be authorised by a resolution of the ordinary general meeting of the shareholders of the Issuer; the ordinary general meeting of the shareholders may authorise the issue of Notes constituting *obligations* under French law and delegate its powers to the *Conseil d'Administration* of the Issuer which may in turn subdelegate its powers to its *Président* or another of its members.

⁶ Delete if there is no Stabilising Agent.

- 9 **Interest Basis:** [[●] per cent. Fixed Rate]
 [[*specify reference rate*] +/- [●] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (*specify*)]
 (further particulars specified below)
- 10 **Redemption/Payment Basis:** [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (*specify*)]
- 11 **Change of Interest or Redemption/Payment Basis:** [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 **Put/Call Options:** [Call]
 [Put]
 [(*further particulars specified below*)]
- 13 **Status of the Notes:** [Unsubordinated/Subordinated Notes]
 [*Specify details of any provisions for Subordinated Notes in particular whether dated or undated, whether interest deferral provisions apply and whether any additional events of default should apply*]
- 14 **Listing:** [Luxembourg/Other(*specify*)]
 None]
- 15 **Method of distribution:** [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 **Fixed Rate Note Provisions :** [Applicable/Not Applicable]
 (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

- (ii) Interest Payment Date(s): in each year/*Specify date*
- (iii) Fixed Coupon Amount[(s)]: per in nominal amount
- (iv) Broken Amount: *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)]]*
- (v) Day Count Fraction (Condition 5(a)):
(Day Count Fraction should be Actual/Actual-ISMA for all fixed rate issues other than those denominated in U.S. Dollars)
- (vi) Determination Date(s) (Condition 5(a)): *[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)] in each year⁷*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[Not Applicable/give details]*
- 17 Floating Rate Note Provisions :** *[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR, EURIBOR or EONIA is the appropriate reference rate for Notes denominated in euro)*
- (i) Specified Period(s)/Specified Interest Payment Date(s): *(For issues where an FBF swap is involved, Specified Period should be used, unless otherwise agreed)*
- (ii) Business Day Convention: *[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]*
- (iii) Additional Business Centre(s) (Condition 5(a)):

⁷ Only to be completed for an issue denominated in euro where Day Count Fraction is Actual/Actual-ISMA

- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/FBF Determination/other (give details)]
- (v) Interest Payment Date(s): [Not Applicable/specify dates]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (vii) Screen Rate Determination (Condition 5(c)(iii)(B)):
- Relevant Time: [●]
 - Interest Determination Date: [●] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]
 - Primary Source for Floating Rate: [Specify relevant screen page or "Reference Banks"]
 - Reference Banks (if primary source is "Reference Banks"): [Specify four]
 - Relevant Financial Centre: [The financial centre most closely connected to the benchmark - specify if not Paris]
 - Benchmark: [LIBOR, EURIBOR, EONIA or other benchmark]
 - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
 - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
 - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]
- (viii) FBF Determination (Condition 5(c)(iii)(A)):

- Floating Rate (*Taux Variable*): [●] (*specify Benchmark and months e.g. EURIBOR 3 months*)
 - Floating Rate Determination Date (*Date de Détermination du Taux Variable*): [●]
 - FBF Definitions: (if different from those set out in the Conditions) [●] (*specify how rate determined (e.g. relevant page) if different or not specified in FBF Definitions*)
- (ix) Margin(s): [+/ -] [●] per cent. per annum
- (x) Minimum Rate of Interest: [Not Applicable / [●] per cent. per annum]
- (xi) Maximum Rate of Interest: [Not Applicable / [●] per cent. per annum]
- (xii) Day Count Fraction (Condition 5(a)): [●]
- (xiii) Rate Multiplier: [●]
- (xiv) [Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:] [●]
- 18 Zero Coupon Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Amortisation Yield (Condition 6(e)(i)): [●] per cent. per annum
- (ii) Day Count Fraction (Condition 5(a)): [●]
- (ii) Any other formula/basis of determining amount payable: [●]
- 19 Index Linked Interest Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [●]
- (i) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [●]
- (ii) Specified Period(s): [●]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iv) Additional Business Centre(s) (Condition 5(a)): [●]
- (v) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (vi) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (vii) Day Count Fraction (Condition 5(a)): [●]
- (viii) Interest Determination Date [●]

20

Dual Currency Note Provisions

[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(-ies) is/are payable: [●]

(v) Day Count Fraction (Condition 5(a)): [●]

PROVISIONS RELATING TO REDEMPTION

21 Call Option [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i) Optional Redemption Date(s): [●]

(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●]

(iii) If redeemable in part: [●]

(a) Minimum nominal amount to be redeemed: [●]

(b) Maximum nominal amount to be redeemed: [●]

(iv) Option Exercise Date(s): [●]

(v) Description of any other Issuer's option: [●]

(vi) Notice period (if other than as set out in the Conditions): [●]

22 Put Option [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i) Optional Redemption Date(s): [●]

(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●]

(iii) Option Exercise Date(s): [●]

(iv) Description of any other Noteholders' option: [●]

(v) Notice period (if other than as set out in the Conditions): [●]

23 Final Redemption Amount [Nominal amount/Other/See Appendix]

24 Early Redemption Amount

- (i) Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 6(f)) or pursuant to an event of default (Condition 9) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(f)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Materialised Notes only) (Condition 7(f)): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes:** [Dematerialised Notes/ Materialised Notes] (*Materialised Notes are only in bearer form*)
[Delete as appropriate]
- (i) Form of Dematerialised Notes: [Applicable/Not Applicable [if Applicable specify whether bearer form (*au porteur*) / administered registered form (*au nominatif administré*) / fully registered form (*au nominatif pur*)]
- (ii) Registration Agent [Not applicable/if Applicable give name and details] (*Note that a registration agent must be appointed in relation to Fully Registered Dematerialised Notes only*)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [●] (the "Exchange Date"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)

- 26 **Additional Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:** [Not Applicable/*Give details*]. (*Note that this item relates to the place of payment, and not interest period end dates, to which item 17(iii) relates*)
- 27 **Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature):** [Not Applicable/*(specify)*] (*Only applicable to Materialised Notes*)
- 28 **Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay:** [Not Applicable/*give details*]
- 29 **Details relating to Instalment Notes:** [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
- 30 **Redenomination, renominatisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition 1(d)] [annexed to this Pricing Supplement] apply]
- 31 **Consolidation provisions:** [Not Applicable/The provisions [in Condition 14(b)] [annexed to this Pricing Supplement] apply]

32 **Masse (Condition 11)**

[Applicable/Not Applicable/
Condition 11 replaced by the full
provisions of the *Code de Commerce*
relating to the Masse] (Note that: (i)
in respect of any Tranche of Notes
issued or deemed to be issued outside
France, Condition 11 may be waived,
amended or supplemented, and (ii) in
respect of any Tranche of Notes
issued inside France, Condition 11
must be waived in its entirety and
replaced by the full provisions of the
Code de commerce relating to the
Masse. If Condition 11 (as it may be
amended or supplemented) applies
or if full provisions of the *Code de*
commerce relating to the Masse
apply, insert details of Representative
and Alternative Representative and
remuneration, if any)

33 **The aggregate principal amount of Notes
issued has been converted into euro at the
rate of [●], producing a sum of:**

[Not Applicable/€ [●]] (Only
applicable for Notes not
denominated in euro)

34 **Other terms or special conditions:**

[Not Applicable/give details]

35 **Rating:**

[Not Applicable/Applicable
(specify)]

A security rating is not a recommendation to
buy, sell or hold securities and may be
subject to suspension, reduction or
withdrawal at any time by the assigning
rating agency

DISTRIBUTION

36 **If syndicated,**

(i) names of Managers:

[Not Applicable/give names]

(ii) Stabilising Agent (if any):

[Not Applicable/give name]

(iii) Dealer's Commission:

[●]

37 **If non-syndicated, name of Dealer:**

[Not Applicable/give name]

38 **Additional selling restrictions:**

[Not Applicable/give details]

OPERATIONAL INFORMATION

- 39 ISIN Code: [●]
- [40] [Sicovam Number:]⁸ [●]
- 41 Common Code: [●]
- 42 Depository (ies)
- (i) Euroclear France to act as Central Depository [Yes/No]
- (ii) Common Depository for Euroclear and Clearstream, Luxembourg [Yes/No]
- 43 Any clearing system(s) other than Euroclear France, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- 44 Delivery: Delivery [against/free of] payment
- 45 The Agents appointed in respect of the Notes are: [●]

⁸ Sicovam numbers will be replaced by ISIN codes from 30 June 2003

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 27 June 2003 between the Issuer, the Arranger and the Permanent Dealers (the "**Dealer Agreement**"), the Notes will be offered by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealers have agreed to indemnify the Issuer against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular, any other offering material or any Pricing Supplement, in any jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefore.

United States of America

The Notes have not been and will not be registered under the Securities Act, and subject to certain exceptions, may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell the Notes of any identifiable Tranche within the United States, except as permitted by the Dealer Agreement.

Materialised Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

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

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (ii) in relation to any Notes which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

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

Germany

Each Dealer has agreed not to offer or sell Notes in the Federal Republic of Germany other than in compliance with the Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 9 September 1998 (as amended), or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Netherlands

Each Dealer represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in the Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business which includes banks, stock brokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises.

Kingdom of Spain

Each Dealer has represented and agreed that the Notes may not be offered or sold in the Kingdom of Spain save in accordance with the requirements of the Spanish Securities Market Law (*Ley del Mercado de Valores*) of 28 July 1988 as amended and restated and Royal Decree 291/1992 on Issues and Public Offering of Securities (*Real Decreto 291/1992 sobre Emisiones y Ofertas Publicas de Valores*) as amended and restated.

Switzerland

Each Dealer has agreed that any issue of Notes denominated in Swiss Francs will be in compliance with the guidelines of the Swiss National Bank regarding issues of Swiss Francs denominated debt securities.

France

- (i) Unless the relevant Pricing Supplement otherwise specifies, each of the Dealers and the Issuer acknowledges that the Notes are being issued or deemed to be issued outside the Republic of France, in which case:
- (a) In respect of syndicated issues of Notes denominated in currencies other than euro,

each of the Dealers and the Issuer represents and agrees that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions will only be made in the Republic of France through an international syndicate to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and decree no. 98-880 dated 1 October 1998.

- (b) In respect of non-syndicated issues of Notes denominated in currencies other than euro, each of the Dealers and the Issuer represents and agrees that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes in and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Offering Circular or any other offering material relating to the Notes, and each subscriber will be domiciled or resident for tax purposes outside the Republic of France.
 - (c) In respect of syndicated and non-syndicated issues of Notes denominated in euro, each of the Dealers and the Issuer represents and agrees that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions will be made in the Republic of France only to qualified investors (*investisseurs qualifiés*), as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and decree no. 98-880 dated 1 October 1998.
- (ii) If the relevant Pricing Supplement specifies that the Notes are not being issued or deemed to be issued outside the Republic of France, in respect of non-syndicated issues of Notes denominated in currencies other than euro, each of the Dealers and the Issuer represents and agrees that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions will be made in the Republic of France only to qualified investors (*investisseurs qualifiés*), as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and decree no. 98-880 dated 1 October 1998.
 - (iii) Each of the Dealers and the Issuer has represented and agreed that Materialised Notes may only be issued outside the Republic of France.

GENERAL INFORMATION

- (1) In connection with the application to list the Notes issued under the Programme on the Luxembourg Stock Exchange a legal notice relating to the issue of the Notes and copies of the *statuts* of the Issuer will be deposited prior to listing with the Trade and Companies Registry of Luxembourg ("*Registre du Commerce et des Sociétés de Luxembourg*") where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated to the Programme the number 12609 for listing purposes.
- (2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the establishment of the Programme. Any issuance of Notes under the Programme, to the extent that such Notes constitute *obligations* under French law, requires the prior authorisation the Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the shareholders of the Issuer or, as the case may be, the decision of the Board of Directors (*Conseil d'Administration*) of the Issuer acting by delegation of the Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the shareholders of the Issuer. For this purpose the Board of Directors (*Conseil d'Administration*) of the Issuer has been granted on 8 November 2001 by the Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the shareholders of the Issuer the power to issue *obligations* up to a maximum aggregate amount of 4 billion euros for three years which authority will, unless previously cancelled, expire on 8 November 2004. The Board of Directors (*Conseil d'Administration*) of the Issuer has delegated on 8 November 2001 to its Chairman (*Président*) all powers to determine the terms and conditions in respect of any issue of *obligations*. Any drawdown of Notes, to the extent that such Notes do not constitute *obligations* under French law, fall within the general powers of the Chairman of the Board of Directors (*Président du Conseil d'Administration*) or a *directeur général* of the Issuer.
- (3) Save as disclosed in this Offering Circular, there has been no material adverse change in the financial position of the Issuer or the Group since 31 December 2002.
- (4) Neither the Issuer nor any other member of the Group is or has been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes and no such litigation or arbitration is pending or threatened.
- (5) Application may be made for Notes to be accepted for clearance through Euroclear France and/or Euroclear and Clearstream, Luxembourg. The Common Code, the International Securities Identification Number (ISIN) and (where applicable before 30 June 2003*) the Sicovam number or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.
- (6) So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available, free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s) for the time being in Paris and Luxembourg:

* Sicovam numbers will be replaced by ISIN codes from 30 June 2003.

- (i) the *statuts* of the Issuer;
 - (ii) the non consolidated and consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2001 and 2002;
 - (iii) the most recently published annual audited financial statements and unaudited interim financial statements of the Issuer;
 - (iv) the Dealer Agreement and the Agency Agreement (which includes the form of the *Lettre comptable*, the Temporary Global Certificates, the Definitive Materialised Notes, the Coupons, the Receipts and the Talons);
 - (v) a copy of this Offering Circular;
 - (vi) a copy of any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference;
 - (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, such subscription agreement (or equivalent document).
- (7) The Council of the European Union has adopted a new directive regarding the taxation of savings income on 3 June 2003 (the "**Directive**").

Under the Directive, and subject to certain conditions being met, the Member States will be required, as from 1 January 2005, the expected date of entry into force of the Directive, to provide to the tax authorities of another Member State details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent within its jurisdiction to or for the benefit of an individual resident in that other Member State (the "**Disclosure of Information Method**").

In this way, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria) will be allowed to withhold an amount on interest payments instead of using the Disclosure of Information Method used by other Member States. The rate of such withholding tax will equal 15 per cent. as from 1 January 2005, 20 per cent. as from 1 January 2008 and 35 per cent. as from 1 January 2011.

Under the Directive, such transitional period will end up if and when the European Community enters into agreements on exchange of information upon request with Switzerland, Liechtenstein, San Marino, Monaco, Andorra and the United States of America.

Issuer

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Fiscal Agent, Principal Paying Agent and Calculation Agent

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Luxembourg

Paying Agents

Paris Paying Agent

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France

Luxembourg Paying Agent

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Luxembourg

Luxembourg Listing Agent

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