



**CAISSE FEDERALE DU CREDIT MUTUEL NORD EUROPE**

€150,000,000 Deeply Subordinated Fixed to Variable Rate Notes

Issue Price: 100 per cent.

The €150,000,000 Deeply Subordinated Fixed to Variable Rate Notes (the "**Notes**") of Caisse Fédérale du Crédit Mutuel Nord Europe (the "**Issuer**") will be issued outside the Republic of France and, subject as provided in "Terms and Conditions of the Notes – Interest and Interest Suspension and – Loss Absorption and Return to Financial Health" below, will bear interest at a fixed rate of 6 per cent. per annum from and including 18 November 2004 (the "**Issue Date**") to but excluding 18 November 2005 payable semi-annually in arrear on 18 May 2005 and 18 November 2005 (subject as provided in "Terms and Conditions of the Notes – Payments and Calculations – Payments on Business Days") and thereafter at a variable rate per annum as more fully described in Condition 4 of the Terms and Conditions of the Notes payable semi-annually in arrear on 18 May and 18 November in each year, commencing on 18 May 2006 (subject as provided in "Terms and Conditions of the Notes – Payments and Calculations – Payments on Business Days"). (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).

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

The Notes are undated and have no final maturity. The Notes may, at the option of the Issuer but subject to the prior approval of the *Secrétariat général* of the *Commission bancaire*, be redeemed (in whole but not in part) on 18 November 2014 and on any Interest Payment Date thereafter. The Notes may be, and in certain circumstances, shall be redeemed (in whole but not in part). (See "Terms and Conditions of the Notes – Redemption and Purchase" herein.)

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

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

The Notes have been accepted for clearance through Euroclear France, Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank SA/N.V., as operator of the Euroclear System ("**Euroclear**"). The Notes will on the Issue Date be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination and Title" below) including Euroclear and the depositary bank for Clearstream, Luxembourg.

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

**Bookrunner and Lead Manager**

**MERRILL LYNCH INTERNATIONAL**

*Structuring Adviser*

**Senior Co-Lead Managers**

**JPMORGAN**

**SG CORPORATE & INVESTMENT BANKING**

The date of this Offering Circular is 16 November 2004.

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

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

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

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

*In connection with this issue MERRILL LYNCH INTERNATIONAL (the "Stabilising Agent") or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of the Stabilising Agent to do this. Such stabilising, if commenced, may be discontinued at any time, must be brought to an end after a limited period and will be carried out in compliance with all applicable laws and regulations.*

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## SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

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

<b>Issuer:</b>	Caisse Fédérale du Crédit Mutuel Nord Europe
<b>Description:</b>	€150,000,000 Deeply Subordinated Fixed to Variable Rate Notes
<b>Bookrunner and Lead Manager:</b>	Merrill Lynch International
<b>Senior Co-Lead Managers :</b>	J.P. Morgan Securities Ltd. and Société Générale
<b>Amount:</b>	€150,000,000
<b>Issue Price :</b>	100 per cent.
<b>Fiscal Agent and Principal Paying Agent:</b>	Société Générale Bank & Trust S.A.
<b>Paris Paying Agent and Calculation Agent:</b>	Société Générale
<b>Luxembourg Listing Agent:</b>	Dexia Banque Internationale à Luxembourg
<b>Denomination:</b>	€1,000
<b>Maturity:</b>	The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.
<b>Status of the Notes:</b>	<p>The Notes are Deeply Subordinated Notes (<i>obligations</i>) of the Issuer issued pursuant to the provisions of article L. 228-97 of the French <i>Code de Commerce</i>, as amended by law n° 2003-706 on financial security dated 1 August 2003.</p> <p>The principal and interest of the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future Deeply Subordinated Obligations of the Issuer, but shall be subordinated to all present and future <i>titres participatifs</i> issued by, and <i>prêts participatifs</i> granted to, the Issuer, Ordinary Subordinated Obligations of the Issuer and Unsubordinated</p>

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

The proceeds of the issue of the Notes will be treated for regulatory purposes as *consolidated fonds propres de base* ("**Tier 1 Capital**") within the meaning of Article 2 of Règlement n° 90-02 (as amended or replaced from time to time, the "**CRBF Regulation**") of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF**"). The CRBF Regulation should be read in conjunction with the report published annually by the *Secrétariat général* of the *Commission bancaire* ("**SGCB**") headed "*Modalités de calcul du ratio international de solvabilité*" setting out the SGCB's position on *fonds propres de base* and referring, for this purpose, to the press release of the Bank for International Settlements dated 27 October 1998 relating to instruments eligible for inclusion in Tier 1 Capital (a French language version of which is attached to the said report).

**Negative Pledge :**

There will be no negative pledge in respect of the Notes.

**Events of Default:**

There will be no events of default in respect of the Notes, except in the case of liquidation of the Issuer as more fully described in Condition 9.

**Interest:**

Each Note bears interest on its then Principal Amount at a fixed rate of 6 per cent. per annum from and including the Issue Date to but excluding 18 November 2005 payable semi-annually in arrear on 18 May 2005 and 18 November 2005 (subject as provided in "Terms and Conditions of the Notes – Payments and Calculations – Payments on Business Days") and thereafter at the lesser of (i) the aggregate of the 10yrEUR Swap Rate and a margin of 0.175 per cent. per annum and (ii) 8 per cent. per annum, payable semi-annually in arrear on 18 May and 18 November in each year, commencing on 18 May 2006 (subject as provided in "Terms and Conditions of the Notes – Payments and Calculations – Payments on Business Days"). (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).

Payment of interest will be compulsory on Compulsory Interest Payment Dates.

On any other Interest Payment Date (i.e. on any Optional Interest Payment Date), the Issuer may at its option elect, and in certain circumstances shall be required, not to pay interest in respect of the Notes accrued to that date, with a view to allowing the Issuer

to ensure the continuity of its activities without weakening its financial structure. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer.

**Principal Amount/Loss Absorption:**

The principal amount of the Notes may be reduced following a Supervisory Event, on a semi-annual basis.

The principal amount of the Notes will be reinstated following a Return to Financial Health, to the extent any such reinstatement does not trigger the occurrence of a Supervisory Event.

**Supervisory Event:**

Supervisory Event means the first date of either of the following events: (i) the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations, or (ii) the notification by the SGCB, in its sole discretion, to the Issuer, that the SGCB has determined that the foregoing paragraph (i) of this definition would apply in the near term.

**End of Supervisory Event:**

End of Supervisory Event means, following a Supervisory Event, the first date of either of the following events: (a) if the Supervisory Event occurred pursuant to paragraph (i) of the definition of Supervisory Event, the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations, or (b) if the Supervisory Event occurred pursuant to paragraph (ii) of the definition of Supervisory Event, the notification by the SGCB, in its sole discretion, to the Issuer, that it has determined that the circumstances which resulted in the Supervisory Event have ended.

**Return to Financial Health:**

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

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the then Principal Amount of the Notes, prior to certain events, to the extent any such increase of the

Principal Amount (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event. See “Terms and Condition of the Notes – Return to Financial Health”.

**Early Redemption:**

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date. However, the Notes may be redeemed (in whole but not in part) on 18 November 2014 and on any Interest Payment Date thereafter, at the option of the Issuer.

The Issuer will also have the right to redeem the Notes (in whole but not in part), for certain tax and regulatory reasons.

In certain circumstances for tax reasons, the Issuer will be required to redeem the Notes.

Any early redemption is subject to the prior approval of the SGCB.

**Taxation:**

The Notes will, upon issue, benefit from an exemption from deduction of tax at source. If French law shall require any such deduction, the Issuer shall, to the extent permitted by law and subject to certain exceptions, pay additional amounts.

**Representation of Noteholders :**

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code de commerce* and by French *décret* no. 67-236 of 23 March 1967 subject to certain exceptions and provisions.

**Form of Notes:**

The Notes will, upon issue on 18 November 2004, be entered in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in Condition 1) including the depositary bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**").

The Notes will be issued in bearer form (*au porteur*) and will at all times be represented in book entry form (*inscription en compte*) in compliance with Article L.211-4 of the *Code monétaire et financier*.

**Listing:**

Application has been made to list the Notes on the Luxembourg Stock Exchange.

**Selling Restrictions :**

There are restrictions on the sale of the Notes and the



distribution of offering material in various jurisdictions.

**Ratings:**

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

**Governing Law:**

French law

### **INCORPORATION BY REFERENCE**

The annual reports of the Issuer for the years ended 31 December 2002 and 31 December 2003, including the audited consolidated financial statements of the Issuer as at, and for the years ended, 31 December 2002 and 31 December 2003 and the related notes thereto as well as the interim financial statements of the Issuer as at and for the interim period ended, 30 June 2004 and the related notes thereto are incorporated by reference in this Offering Circular.

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

## INVESTMENT CONSIDERATIONS

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

### **The Notes are Deeply Subordinated Obligations**

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

### **Securities qualifying as Tier 1 capital**

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

### **Restrictions on Payment**

#### *Interest*

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

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

### *Principal*

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

### **No Limitation on Issuing Debt**

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

### **Undated Securities**

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date. The Issuer is under no obligation to redeem the Notes at any time (except as provided in "Terms and Conditions of the Notes – Redemption and Purchase").

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

### **Redemption Risk**

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

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

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

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

### **No Prior Market for the Notes**

There is currently no existing market for the Notes, and there can be no assurance that any market will develop for the Notes or that holders of the Notes will be able to sell their Notes in the secondary market. There is no obligation to make a market in the Notes. Application has been made for the Notes to be listed on the Luxembourg Stock Exchange.

## TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €150,000,000 Deeply Subordinated Fixed to Variable Rate Notes (the "**Notes**") of Caisse Fédérale du Crédit Mutuel Nord Europe (the "**Issuer**") was decided on 5 November 2004 by the *Directeur Général* of the Issuer, acting pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 20 September 2004. The Notes are issued with the benefit of a fiscal agency agreement (the "**Fiscal Agency Agreement**") dated 18 November 2004 between the Issuer, Société Générale Bank & Trust S.A., as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall, where the context so admits, include any successor for the time being as Fiscal Agent), the other paying agent named therein (together, the "**Paying Agents**", which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents or any additional paying agents appointed thereunder from time to time) and Société Générale, as calculation agent (the "**Calculation Agent**", which expression shall, where the context so admits, include any successor for the time being as Calculation Agent). Reference below to the "**Agents**" shall be to the Fiscal Agent, the Paying Agents and/or the Calculation Agent, as the case may be.

Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

### 1. DEFINITIONS

For the purposes of these Conditions:

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

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

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

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

- (a) In the absence of a Supervisory Event, each Interest Payment Date prior to which, at any time during a period of one-year prior to such Interest Payment Date, any of the following events has occurred:
  - (i) a local branch (*caisse locale*) of the Group has declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter alia*, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by it; or

- (ii) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on other equity security issued by the Issuer, or has paid interest on other Deeply Subordinated Notes or any other securities which rank *pari passu* with the Notes, unless such payment of interest on other Deeply Subordinated Notes or other securities which rank *pari passu* with the Notes was required to be made as a result of a dividend or other payment having been made on any class of share capital or on other equity security issued by the Issuer; or
  - (iii) the Issuer has redeemed, either by cancellation or by means of *amortissement* (as defined in Article L.225-198 of the French *Code de commerce*), repurchased or otherwise acquired any shares, whatever class of share capital, if any, they belong to, or any other equity securities issued by the Issuer, by any means; or has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations.
- (b) Upon the occurrence of a Supervisory Event and for so long as a Supervisory Event is continuing, each Interest Payment Date prior to which, at any time between the Supervisory Event and the relevant Interest Payment Date, any of the following events has occurred:
- (i) half or more of the local branches (*caisses locales*) of the Group have declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter alia*, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by it; or
  - (ii) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on other equity security issued by the Issuer, or has paid interest on other Deeply Subordinated Notes or any other securities which rank *pari passu* with the Notes, unless such payment of interest on other Deeply Subordinated Notes or other securities which rank *pari passu* with the Notes was required to be made as a result of a dividend or other payment having been made on any class of share capital or on other equity security issued by the Issuer; or
  - (iii) the Issuer has redeemed, either by cancellation or by means of *amortissement* (as defined in Article L.225-198 of the French *Code de commerce*), repurchased or otherwise acquired any shares, whatever class of share capital, if any, they belong to, or any other equity securities issued by the Issuer, by any means; or has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations.

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

- (a) any reduction of the share capital of the Issuer or any of its subsidiaries made in order to set off losses which may entail a cancellation or redemption of shares shall not fall within the scope of paragraphs (a)(iii) or (b)(iii) of the above definition; and

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

**"Consolidated Net Income"** means the consolidated net income (excluding minority interests) of the Issuer as calculated in the consolidated accounts approved by the Issuer's shareholders' general meeting.

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

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

**"Early Redemption Amount"** means an amount payable in respect of each Note which shall be the Original Principal Amount together with any amounts outstanding thereon (as of the Early Redemption Date), including Accrued Interest.

**"Early Redemption Date"** means the date set for redemption under Condition 6.2.

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

- (a) if the Supervisory Event occurred pursuant to paragraph (a) of the definition of Supervisory Event, the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations, or
- (b) if the Supervisory Event occurred pursuant to paragraph (b) of the definition of Supervisory Event, the notification by the SGCB, in its sole discretion, to the Issuer, that it has determined that the circumstances which resulted in the Supervisory Event have ended.

**"Euro-zone"** means the region comprised of member states of the European Union which adopt the Euro in accordance with the Treaty establishing the European Community, as amended.

**"First Call Date"** means 18 November 2014.

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

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

**"Group"** means the entities forming part of the *Fédération du Crédit Mutuel Nord Europe* (the Issuer and each of the *caisses locales* which are members of the *Fédération du Crédit Mutuel Nord Europe*) and each of the consolidated subsidiaries of the Issuer.

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

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

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

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

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

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

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

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

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

**"Original Principal Amount"** means the nominal value of each Note on the Issue Date (i.e. €1,000), not taking into account any Loss Absorption or Reinstatement pursuant to Conditions 5.1 and 5.2.

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



**"Principal Amount"** means at any time the principal amount of each Note, calculated on the basis of the Original Principal Amount of such Notes as reduced, as the case may be, following a Supervisory Event and/or reinstated, as the case may be, following a Return to Financial Health pursuant to Conditions 5.1 and 5.2.

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

- (a) the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations, or
- (b) the notification by the SGCB, in its sole discretion, to the Issuer, that the SGCB has determined that the foregoing paragraph (a) of this definition would apply in the near term.

**"SGCB"** means the *Secrétariat général de la Commission bancaire* which reference shall, where applicable, include any other authority (a **"Replacement Supervisory Authority"**) having supervisory authority with respect to the Issuer.

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

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

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

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

**"Variable Rate Interest Period"** means the period beginning on (and including) 18 November 2005 and ending on (but excluding) the first Variable Rate Interest Payment Date and each successive period beginning on (and including) a Variable Rate Interest Payment Date and ending on (but excluding) the next succeeding Variable Rate Interest Payment Date.

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

## **2. FORM, DENOMINATION AND TITLE**

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

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

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

### 3. STATUS OF THE NOTES AND SUBORDINATION

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

The proceeds of the issue of the Notes will be treated for regulatory purposes as consolidated *fonds propres de base* ("**Tier 1 Capital**") within the meaning of Article 2 of *Règlement* n° 90-02 (as amended or replaced from time to time, the "**CRBF Regulation**") of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF**"). The CRBF Regulation should be read in conjunction with the report published annually by the SGCB headed "*Modalités de calcul du ratio international de solvabilité*" setting out the SGCB's position on *fonds propres de base* and referring, for this purpose, to the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (a French language version of which is attached to the said report).

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

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

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

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

#### 4. INTEREST AND INTEREST SUSPENSION

##### 4.1 General

Each Note bears interest on its then Principal Amount at a fixed rate of 6 per cent. per annum (the "**Fixed Interest Rate**") from (and including) 18 November 2004 (the "**Issue Date**") to but excluding 18 November 2005, payable semi-annually in arrear on 18 May 2005 and 18 November 2005 (each, a "**Fixed Rate Interest Payment Date**") and thereafter at a variable interest rate (the "**Variable Interest Rate**") as determined by the Calculation Agent in accordance with Condition 4.3 below payable semi-annually in arrear on 18 May and 18 November in each year (each a "**Variable Rate Interest Payment Date**"), commencing on 18 May 2006.

For the avoidance of doubt, the Interest Amount will not be adjusted if an Interest Payment Date is not a business day.

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

##### 4.2 Fixed Interest Rate

4.2.1 The amount of interest (the "**Fixed Rate Interest Amount**") payable on each Note on each Fixed Rate Interest Payment Date will be the product of the then Principal Amount of such Note and the Fixed Interest Rate, multiplied by the 30/360 day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

4.2.2 If interest is required to be calculated in respect of a Fixed Rate Interest Period where the then Principal Amount of a Note is less than its Original Principal Amount, it shall be calculated by the Calculation Agent by applying the Fixed Interest Rate to the then Principal Amount of such Note and multiplying such product by the 30/360 day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards). The Calculation Agent will cause such Fixed Rate Interest Amount to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and will cause the publication thereof in accordance with Condition 11 as soon as possible after its determination but in no event later than the fourth TARGET Business Day thereafter.

##### 4.3 Variable Interest Rate

4.3.1 The Notes bear interest at the Variable Interest Rate from 18 November 2005, payable on each Variable Rate Interest Payment Date.

The Variable Interest Rate for each Variable Rate Interest Period will be determined by the Calculation Agent on the following basis:

- (i) the Calculation Agent will determine the annual spot 10 year EUR fixed versus 6 month EUR EURIBOR swap rate (expressed as a percentage) (the "**10yrEUR Swap Rate**") which appears on the Reuters Screen ISDAFIX2 Page under the heading "EURIBOR BASIS", or such other page or service determined by the Calculation Agent as may replace Reuters Screen page ISDAFIX2, as of 11:00 a.m. (Central European time) on the day that is two TARGET Business Days before the first day of the relevant Variable Rate Interest Period (the "**Variable Rate Interest Determination Date**");
- (ii) if such rate does not appear on that page, the Calculation Agent will determine the 10yrEUR Swap Rate in its sole discretion;

and the Variable Interest Rate for such Variable Rate Interest Period shall be the lesser of (i) the aggregate of the rate so determined and 0.175 per cent. per annum and (ii) 8 per cent. per annum.

#### 4.3.2 Calculation of Variable Rate Interest Amount by the Calculation Agent

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Variable Rate Interest Determination Date in relation to each Variable Rate Interest Period, calculate the amount of interest (the "**Variable Rate Interest Amount**") payable in respect of each Note for such Variable Rate Interest Period. The Variable Rate Interest Amount will be calculated by applying the Variable Interest Rate for such Variable Rate Interest Period to the then Principal Amount of such Note, multiplying the product by the 30/360 day count fraction.

#### 4.3.3 Publication of Variable Interest Rate and Variable Rate Interest Amount

The Calculation Agent will cause the Variable Interest Rate and the Variable Rate Interest Amount for each Variable Rate Interest Period and the relevant Variable Rate Interest Payment Date to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and the Calculation Agent will cause publication thereof in accordance with Condition 11 as soon as possible after their determination but in no event later than the fourth TARGET Business Day thereafter. The Variable Rate Interest Payment Date so published may subsequently be amended (or appropriate arrangements made by way of adjustment).

### 4.4 Compulsory Interest and Optional Interest

#### 4.4.1 On any Compulsory Interest Payment Date

The Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of

"Compulsory Interest Payment Date"), pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Compulsory Interest Payment Date.

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

#### 4.4.2 On any Optional Interest Payment Date

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

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

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

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

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

#### 4.5 Optional Interest and Supervisory Event

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

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

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

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

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

Any Accrued Interest during the period beginning on the date of End of Supervisory Event not paid by the Issuer on the next succeeding Optional Interest Payment Date will be forfeited in accordance with Condition 4.4.2.

For the purposes of this Condition:

"**30/360**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such 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 relevant period is the 31st day of a month but the first day of the relevant 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 relevant 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)).

## 5. LOSS ABSORPTION AND RETURN TO FINANCIAL HEALTH

### 5.1 Loss Absorption

In the event that the occurrence of a Supervisory Event requires, in the opinion of the SGCB, a strengthening of the regulatory capital of the Issuer, the management board of the Issuer will convene an extraordinary shareholders' meeting during the three months following the occurrence of the Supervisory Event in order to propose a share capital increase or any other measure regarded as necessary or useful to remedy the Supervisory Event.

If the share capital increase(s) or any such other proposed measures are not accepted by the extraordinary shareholders' meeting of the Issuer, or if the share capital increase adopted by such extraordinary shareholders' meeting is insufficiently subscribed to remedy the Supervisory Event, or, in any event, if the Supervisory Event remains on the last day of the Interim Period during which the Supervisory Event has occurred, the management board of the Issuer will implement, within 10 days following the last day of such relevant Interim Period, a reduction of the amount of the then Principal Amount of the Notes ("**Loss Absorption**"). A Loss Absorption will be implemented by partially or fully reducing the then Principal Amount of the Notes. Such reductions will be recorded

as a profit in the Issuer's consolidated accounts (whether audited annual or unaudited semi-annual).

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

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

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

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

The amount by which the Principal Amount of the Notes will be reduced will be equal to the amount of losses of the Issuer which, following a Supervisory Event, have not been set off against the shareholders funds (*capitaux propres*) of the Issuer (as set out in its consolidated accounts), following the implementation of the measures adopted by the Issuer's extraordinary shareholders' meeting referred to above.

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

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

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

## 5.2 Return to Financial Health

If a positive Consolidated Net Income is recorded for at least two consecutive financial years following the End of Supervisory Event (a "**Return to Financial Health**") by the Issuer, the Issuer shall increase the then Principal Amount of the Notes (a

"**Reinstatement**") to the extent any such Reinstatement (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event.

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the then Principal Amount of the Notes to the extent any such increase of the Principal Amount (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event, prior to:

- (i) any declaration or payment of dividend in cash on any class of shares or more generally any payment in cash (including, *inter alia*, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a local branch (*caisse locale*) of the Group, by half or more of the local branches (*caisses locales*) of the Group; or
- (ii) any declaration or payment of a dividend (whether in cash, shares or any other form), or more generally any payment of any nature, by the Issuer, on any classes of share capital, on other equity security issued by the Issuer or on other Deeply Subordinated Notes or any other securities which rank *pari passu* with the Notes, unless such payment on other Deeply Subordinated Notes or other securities which rank *pari passu* with the Notes was required to be made as a result of a dividend or other payment having been made on any classes of shares or on other equity security issued by the Issuer; or
- (iii) any redemption, either by cancellation or by means of *amortissement* (as defined in Article L.225-198 of the French *Code de commerce*), repurchase or acquisition of any shares, whatever classes of share capital, if any, they belong to, or of any other equity securities issued by the Issuer, by any means; or
- (iv) any optional redemption by the Issuer of (1) the Notes, in accordance with Condition 6.2, or (2) any other Deeply Subordinated Obligations, in accordance with their terms.

For the sake of clarity, it is hereby specified that the Issuer shall not be required to increase the Principal Amount of the Notes up to the Original Principal Amount as a sole consequence of:

- (i) a reduction of the share capital of the Issuer or any of its subsidiaries made in order to set off losses which may entail a cancellation or redemption of shares; or
- (ii) payments in relation to repurchases of *parts sociales* of the local branches to their shareholders (*sociétaires*).

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



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

Any Reinstatement or increase of the Principal Amount of the Notes shall be recorded in the Issuer's consolidated accounts as a loss of an amount corresponding to the increase of the Reinstatement or increase of the Principal Amount of the Notes.

The amount of the Reinstatement or increase of the Principal Amount of the Notes will not exceed the amount of the latest Consolidated Net Income of the Issuer.

For the avoidance of doubt, the Reinstatement or increase of the Principal Amount of the Notes shall be made up to such maximum amount, to the extent any such Reinstatement or increase of the Principal Amount of the Notes does not trigger the occurrence of a Supervisory Event.

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

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

## **6. REDEMPTION AND PURCHASE**

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

### **6.1 No Final Redemption**

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

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

#### **(a) General Call Option**

On the First Call Date and on any Interest Payment Date thereafter, the Issuer, subject to having given not less than 30, and not more than 60, days' prior

notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to prior approval of the SGCB, may redeem all, but not some only, of the Notes at their Early Redemption Amount.

(b) Redemption for Taxation Reasons or Regulatory Reasons

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

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

(iii) If by reason of a change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8, the Issuer may, at any time, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be

irrevocable), in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Early Redemption Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

- (iv) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

### 6.3 Purchases

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

- (a) if the total aggregate principal amount of Notes so purchased shall exceed 10 per cent of the original aggregate principal amount of the Notes, and
- (b) in the *case of an offre publique d'achat* (a Public Cash-Tender Offer Bid) or an *offre publique d'échange* (a Public Exchange Tender Offer).

### 6.4 Cancellation

All Notes which are purchased or redeemed by the Issuer pursuant to paragraphs 6.2 to 6.3 of this Condition 6 will be cancelled and accordingly may not be reissued or sold.

## 7. PAYMENTS AND CALCULATIONS

### 7.1 Method of Payment

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

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

## 7.2 Payments on Business Days

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined below), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

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

## 7.3 Fiscal Agent, Paying Agents and Calculation Agent

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

### FISCAL AGENT AND PRINCIPAL PAYING AGENT

Société Générale Bank & Trust S.A.  
11, avenue Emile Reuter  
2420 Luxembourg  
Luxembourg

### PARIS PAYING AGENT AND CALCULATION AGENT

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent(s), Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Calculation Agent or any Paying Agent acts, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Fiscal Agent), and (iii) so long as any Note is outstanding, a Calculation Agent having a specified office in a European city. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent fails to make any calculations in relation to the Notes, the

Issuer shall appoint some other leading European bank engaged in the Euro inter-bank market (acting through its principal Paris or Luxembourg office) to act in its place, subject to having given notice to the Noteholders in accordance with Condition 11 not more than 45 nor less than 30 days prior to such appointment. The Calculation Agent may not resign its duties without a successor having been so appointed. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Noteholders as specified in Condition 11.

#### 7.4 Certificates to be final

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

### 8. TAXATION

#### 8.1 Withholding Tax Exemption

The Notes constituting *obligations* under French law and being denominated in Euro and accordingly deemed to be issued outside France for taxation purposes, payments of interest and other revenues made by the Issuer in respect of the Notes to non-French tax residents benefit under present law (as interpreted in the *Instruction* of the *Direction Générale des Impôts* 5 I-11-98 dated 30 September 1998) from the exemption provided for in Article 131 *quater* of the French *Code Général des Impôts* (General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

#### 8.2 Additional Amounts

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

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

- (b) who is not, at the time of the payment, established or domiciled in a country which has entered into a double tax treaty with France; or
- (c) more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 days; or
- (d) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

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

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

## **9. EVENT OF DEFAULT**

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

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

## **10. REPRESENTATION OF THE NOTEHOLDERS**

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

The Masse will be governed by the provisions of the French *Code de Commerce* (with the exception of the provisions of Articles L. 228-48 and L. 228-59 thereof) and by French *décret* no. 67-236 dated 23 March 1967, as amended (with the exception of the provisions of Articles 218, 222, 224 and 226 thereof) subject to the following provisions.

#### 10.1 Legal Personality

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

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

#### 10.2 Representative

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

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

The following person is designated as Representative:

Association de représentation des masses d'obligataires  
Centre Jacques Ferronière  
32, rue du Champs de Tir  
BP 81236  
44312 Nantes Cedex 3  
France

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

The Issuer shall pay to the Representative an amount of €10 per year payable on the anniversary of the Issue Date in each year, commencing on the first such anniversary in 2005.

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

#### 10.3 Powers of the Representative

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

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

#### 10.4 General Assemblies of Noteholders

General assemblies of the Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of outstanding Notes may address to the Issuer and the Representative a demand for convocation of the general assembly. If such general assembly has not been convened within two months from such demand, such Noteholders may commission one of themselves to petition a Court sitting in the jurisdiction of the Court of Appeal of Paris to appoint an agent (*mandataire*) who will call the meeting.

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

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

#### 10.5 Powers of General Assemblies

A general assembly is empowered to deliberate on the fixing of the remuneration of the Representative and its dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that a general assembly may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least a quarter of the Notes then outstanding.



On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat.

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

#### 10.6 Information to the Noteholders

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

#### 10.7 Expenses

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

### **11. NOTICES**

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, for so long as the Notes are cleared through such clearing systems. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice shall also be published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*). If any such publication is not practicable, notice shall be validly given if published in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

### **12. PRESCRIPTION**

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

### **13. FURTHER ISSUES**

The Issuer may from time to time, subject to the prior written approval of the SGCB but without the consent of the Noteholders and subject to there being no Supervisory Event in existence, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects

(or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilables*) notes will for the defence of their common interests be grouped in a single Masse having legal personality.

#### **14. GOVERNING LAW AND JURISDICTION**

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

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

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes amount to €47,375,000 and will be used by the Issuer for general corporate purposes.

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

### **European Solvency Ratio Equivalent ("ESR Equivalent")**

The ESR Equivalent of the Group as of 31 December 2003 was 11.53 per cent., including a Tier 1 Ratio Equivalent of 11.23 per cent.

### **Capital adequacy**

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

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

### ***The European Capital Adequacy Directive***

#### **General features**

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

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

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

In addition to credit risk, the CAD Regulations specify standards for investment entities' trading activities designed to reflect interest rate risk, market risk and settlement risk. The CAD Regulations also require banks to maintain additional capital measured by reference to the foreign exchange risk of all their activities, including commercial banking and trading. Under the CAD Regulations, a French bank's capital adequacy ratio ("**CAD Coverage Ratio**") is calculated by dividing the total available capital (including capital classified as Tier 1 and Tier 2

and certain other items) by the amount of capital required in respect of the different types of risk to which it is exposed, each type of risk being evaluated on the basis of specific weightings whose rates are fixed according to a predetermined scale. In compliance with CAD Regulations, the CAD Coverage Ratio must be at least equal to 100%.

At December 31, 2003, the Group's CAD Coverage Ratio and ESR Equivalent stood at 146 per cent. and 11.53 per cent. respectively (compared with 148 per cent. and 11.94 per cent. respectively at 31 December 2002).

### **Group / CAD Coverage Ratio**

<b>In €thousands</b>	<b>31/12/2003</b>	<b>31/12/2002</b>	<b>31/12/2001</b>	<b>31/12/2000</b>
<b>Credit risks</b>				
Total weighted risks	8,802,109	7,895,294	6,686,195	6,269,564
Capital requirement for credit risk	662,151	609,669	507,008	471,933
<b>Market risks</b>	32,610	25,878	25,934	33,846
<b>Total capital requirement</b>	694,761	635,547	532,942	505,779
<b>Available Capital</b>				
Tier 1	988,678	895,760	730,304	672,512
Tier 2	25,858	46,740	73,705	108,610
Tier 3	-	-	-	-
Deductions	-	-	-	-
<b>Total available capital</b>	1,014,536	942,500	804,009	781,122
<b>Ratios</b>				
<b>CAD Coverage Ratio</b>	<b>146%</b>	<b>148%</b>	<b>151%</b>	<b>154%</b>
<b>ESR Equivalent</b>	<b>11.53%</b>	<b>11.94%</b>	<b>12.02%</b>	<b>12.46%</b>
<b>Tier 1 - deduction</b>	-	-	-	-
<b>Tier 1 Ratio Equivalent</b>	<b>11.23%</b>	<b>11.35%</b>	<b>10.92%</b>	<b>10.73%</b>

The 25,858 figure for Tier 2 as at 31/12/2003 corresponds to 42,982 of Tier 2 minus 17,124 of deductions of holdings in credit institutions, as described below in the chart detailing the total available capital of the Group.

### ***The International Solvency Ratio***

#### **General features**

In 1996, the Basle Committee significantly amended the BIS standards to provide a specific capital cushion for market risks in addition to banks' credit risks. This amendment defines market risks as (i) the risks pertaining to interest rate-related instruments and equity positions in

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

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

### **Reform of BIS standards**

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

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

On 26 June 2004, the central bank governors and heads of bank supervisory authorities in the "Group of ten countries" endorsed the publication of the new BIS standards, the "International Convergence of Capital Measurement and Capital Standards: a Revised Framework".

For banks applying IRBF (Internal Ratings Based Foundation) method, introduction is planned for 31 December 2006, following a year (2006) in which both ratios (the existing Cooke ratio and the McDonough reform) will be calculated.

For banks applying IRBA (Internal Ratings Based Advanced) method, introduction is planned for 31 December 2007, after 2 years (2006 and 2007) with calculation of both ratios.

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

<b>In €thousands</b>	<b>31/12/2003</b>
Equity capital without results	980,405
Minority interests in reserves	23,825
Reserve for general banking risks	16,326
Deductions of intangible assets and goodwill	-31,878
<b>Tier 1</b>	<b>988,678</b>
Subordinated debt	35,048
Public subsidy	7,934
<b>Tier 2</b>	<b>42,982</b>
<b>Tier 3</b>	-
Deductions of holdings in credit institutions	-17,124
<b>Total deductions</b>	<b>-17,124</b>
<b>Total available capital</b>	<b>1,014,536</b>

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

<i>Issue date</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Subordinated debt (gross amount in € thousands)</i>	<i>Subordinated debt (reg.amort. In € thousands)</i>
<b>Dated subordinated debt</b>				
Nov. 1992	Nov. 2004	8.86%	4.600	0.900
Nov. 1993	Nov. 2005	6.44%	15.200	6.100
Sep. 1994	Sep. 2004	8.25%	37.000	7.400
Dec. 1998	Jan. 2006	4.55%	2.000	1.200
<b>Undated subordinated debt</b>				
Feb. 1993	n/a	L6M+3.22%	19.500	19.500

The Tier 2 subordinated debt component amounting to 35.1 million euros complies with the following regulatory requirements:

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

## DESCRIPTION OF THE GROUP

The Crédit Mutuel Nord Europe group operates in the seven départements north of Paris through its network of 176 local branches (*Caisses Locales*). It is the third largest of the 18 regional groups that constitute the Crédit Mutuel Group. It also operates in Belgium through its partnership with *Crédit Professionnel*.

The Crédit Mutuel Nord Europe group is a pioneer and leader in *bancassurance*, which is an original concept in the banking relationship and its transparent cooperative status ensure a participative organisation that links directors closely with staff members.

The Caisse Fédérale du Crédit Mutuel Nord Europe has his head office and registered office in Lille, 4 Place Richebé. It is registered with the *greffe* of the *Tribunal de Commerce* of Lille under number 320 342 264 since 19 July 1994 and is the result of the merger, which took place in 1993 and 1994, between three *Caisse Fédérales*: Nord, Artois-Picardie and Champagnes-Ardenne.

The Caisse Fédérale du Crédit Mutuel Nord Europe was incorporated in 1994 for 99 years.

The Caisse Fédérale du Crédit Mutuel Nord Europe operates under the law of the Republic of France as a *Société Anonyme Coopérative à Capital Variable* since its general assembly, dated 7 may 2004, which adopted this new status.

The purpose of the *Caisse Fédérale*, as stated in article 2 of its status is:

- To manage the common interests of the *Caisses Locales* members of the *Fédération* and their societaries,
- To facilitate the technical and financial operations of the *Caisses Locales*,
- To set up and operates a compensation fund between the *Caisses Locales*,
- More generally, to make for its own account or for the account of the *Caisses Locales*, all operations in relation with its status of *établissement de crédit*, all investment activities, all brokerage or intermediary activities in the field of insurance.

The constitutive documents, as amended by the general assembly of 7 may 2004, are registered with the *Tribunal de Commerce* of Lille under number 320 342 264 RCS.

## BUSINESSES STRUCTURED INTO DIFFERENT AREAS

### *Bancassurance France*

*CMNE continues to progress in all of its markets.*

At 31st December 2003, CMNE's market share in accounting savings was 9.46%, representing an increase of 0.14% over the year.

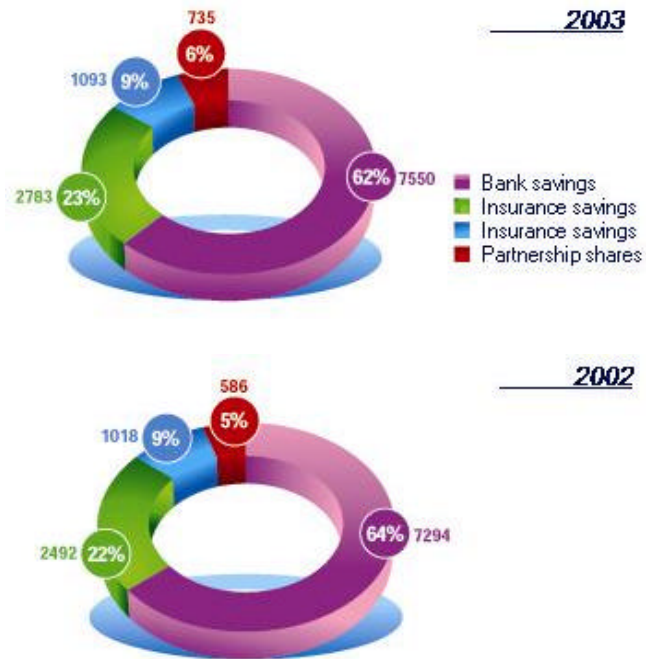
For loans, market share was 8.25% - an increase of 0.37 % over the 12 months.

Outstanding resources increased overall by 6.8%, rising to €12.2 billion.



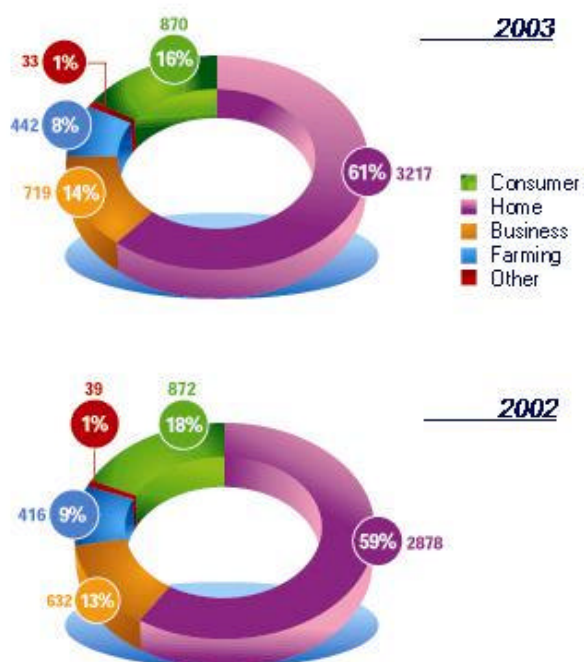
Outstanding loans rose by 9.18%, reaching €5.2 billion.

### STRUCTURE OF OUTSTANDING RESOURCES (in millions of€)



All outstanding amounts increased, more particularly for partnership shares and insurance savings.

STRUCTURE OF OUTSTANDING LOANS  
(in millions of€)



Outstanding home and business loans continued to grow.

**Retail banking France**

Receipts from customers, excluding cheque accounts, reached €508 million by 31st December 2003, representing a rise of 8.1% over the year.

*Cheque accounts increased by 6.7% in average annual outstanding funds.*

Despite the fall in returns on bank savings products, receipts increased by €78 million after falling in 2002.

The benefits accruing from the trend for recovery in the markets have not yet flowed through to financial savings receipts.

Receipts from insurance savings, the form of savings preferred by the French, were still plentiful, reaching €68 million.

The assets management arm contributed well to receipts, generating €155 million. Over the course of the year, the number of customers receiving advice rose from 2 400 to 3 200, representing outstanding assets of €700 million.

(in millions of€)

<b>Receipts of customer savings Network of Crédit Mutuel branches</b>	<b>2003</b>	<b>2002</b>
Cheque accounts	75	24
Savings accounts	142	38
of which At Call savings accounts	78	-61,5
Savings accounts allocated	64	99
Insurance savings	368	390
Financial savings	-2,4	42
<b>RECEIPTS OF SAVINGS (net change excluding interest capitalisation)</b>	<b>583</b>	<b>493</b>

Overall revenue from loans rose by **5.6%** compared with 2002, home loans were up by **10.2%** and business loans by **7.3%**.

(in millions of€)

<b>Revenue from customer loans Network of Crédit Mutuel branches</b>	<b>2003</b>	<b>2002</b>
Consumer	497	511
Housing	910	825
Farming	169	176
Business	263	227
Associations/Communities/Other	10	12
<b>REVENUE FROM LOANS</b>	<b>1 849</b>	<b>1 751</b>

An insurance banker in its own right, CMNE increased its revenue from damage cover insurance. At the end of 2003, the insurance portfolio included 235 217 major policies – car, multi-risk housing, health - and policy numbers increased by 17%.

*CMNE is constantly adjusting the products and services it offers to its customer base of private individuals*

By creating investment packages such as CMNE PEA Entreprise Rendement and CMNE PEA Garanti 2008, CMNE meets the demand for returns and guarantees made by its customers for stock market investments. The use of remote banking instruments continues to develop: the number of connections to *CyberCMN* rose by 65% over the year. CMNE boosted this development by launching *P@yweb Card*, which enables customers to pay for their purchases remotely (Internet, Minitel, telephone, fax, etc.) with a "virtual" single-use number that is different to their bank card number.

Payment cards increased their range and number of holders: approximately 9% of customers with a Cirrus withdrawal card made the move to the Maestro payment/withdrawal card. Over 532 700 customers now have a payment card.

Subscriptions to Eurocompte policies and monthly subscription offers rose sharply: 50 629 compared with 35 456 in 2002. Net stock was 193 026 policies at the end of 2003, representing an increase of 20% over the year.

*CMNE works closely with business people and associations*

CMNE is constantly offering new services to business people. It created Créfidis, an establishment specialising in vendor credit, in partnership with Cofidis.

It enhanced *CyberMUT P@iement*, introducing new functionalities, rolled out *Monéo* to the seven *départements* in France covered by the bank and introduced transfers that can be programmed and personalised.

In the area of salary savings, CMNE marketed a new product called *CMNE Participation monétaire*.

The number of international transactions handled by CMNE rose by 26%, generating increased turnover of 15%.

Last year, 14% of newly created associations formed a relationship with CMNE.

*Strong development of CMNE's presence on the markets*

The amounts handled rose by 17% compared with last year. Issues of negotiable credit instruments (TCN) increased sharply; deposit certificates rose by 66% to reach €2.11 billion by 31st December 2003. Over the course of the year, negotiable medium-term bonds increased from €1.40 to €1.73 billion. Applications for refinancing with the Caisse de Refinancement de l'Habitat (CRH) (Housing Refinance Fund) took outstanding loans to €750 million.

On the lending side, the bonds portfolio exceeded €500 million and a portfolio of treasury bills and Euro Commercial Paper was developed, with a great deal of care being taken in the selection of corporates.

The funds managed by the dealing room increased by 28% to a total of over €12 billion at the end of December 2003.

Borrowings, issued mainly in the form of deposit certificates and negotiable medium-term bonds, represented €3.84 billion, or an increase of 44% over 2002.

The results for retail banking France rose in terms of the Caisse Fédérale and the network of local branches. Added to this are the holding company, CMNE France, dedicated to specialised instruments, Créfidis, the pooling of resources and Immobilière du CMN which, with its SCI property investment partnerships, drives property operations along.

(in thousands of €)

<b>ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	5 368 791	4 454 773
Transactions with customers	5 620 415	5 183 448
Bonds, equities and other securities	1 980 451	1 464 981
Shareholdings and shares in associated companies	570 500	398 089
Tangible and intangible fixed assets	155 281	152 065
Other assets and accruals	522 760	563 512
<b>TOTAL</b>	<b>14 218 198</b>	<b>12 216 868</b>

(in thousands of €)

<b>LIABILITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	536 773	326 110
Transactions with customers	7 549 126	7 290 043
Debts represented by a security	4 715 857	3 421 346
Other liabilities and accruals	256 452	186 495
Provisions for risks and charges	84 865	83 390
Subordinated debts	53 861	62 600
Funds for general banking risks	2 957	20 757
Minority interests		1
Equity capital excluding result (share of group)	964 581	808 296
Result for the period	53 726	17 830
<b>TOTAL</b>	<b>14 218 198</b>	<b>12 216 868</b>

(in thousands €)

<b>PROFIT-AND-LOSS ACCOUNT</b>	<b>31/12/03</b>	<b>31/12/02</b>
<b>NET BANKING REVENUE</b>	<b>332 367</b>	<b>302 248</b>
General operating overheads and allocation to write-downs	-252 372	-233 531
<b>GROSS OPERATING PROFIT</b>	<b>79 995</b>	<b>68 717</b>
Cost of risk	-18 830	-25 562
<b>OPERATING PROFIT</b>	<b>61 165</b>	<b>43 155</b>
Gains or losses on fixed assets	11 293	-3 861
<b>NET OPERATING PROFIT BEFORE TAX</b>	<b>72 458</b>	<b>39 294</b>
Extraordinary loss	-16 309	-5 515
Tax on profits	-20 211	-15 812
Allocation and recovery of FGBR and regulatory provisions	17 788	-137
<b>PROFIT FOR THE PERIOD (share of group)</b>	<b>53 726</b>	<b>17 830</b>

Also in 2003, the Caisse Fédérale continued its commitments, made aimed at reimbursing the national solidarity funding from which the Group benefited in 1993. In accordance with the protocol agreement laid down at the time, the Caisse Fédérale is required to deduct from its profit margin the funds needed to reimburse the subsidies received (€100,23 million) up to a level of half of the incorporated result of the previous financial year.

These terms for reimbursement, approved in agreement with Crédit Mutuel's National Confederation take account of the charge as the net self-financing margin is gradually achieved, and allocate it individually to the entities from which it originated.

On the other hand, and while awaiting the IAS/IFRS standards to come into effect, the balance of the commitments, corresponding to the subsidies remaining to be reimbursed at the end of 2003, has been fully funded in the group's consolidated accounts, in accordance with the breakdown below (in thousands of €):

- Subsidies remaining to be reimbursed: 92 822
- Provisions made up of social accounts: 25 474
- Amount funded for liabilities and charges in the consolidated accounts: 67 348, with the corresponding deferred tax (23 121) entered as an asset.

### ***Business Finance***

#### **BCM N**

During the 2003 financial year - the first 12-month period for the three new business centres in Calais, Compiègne and Valenciennes - the business finance activity continued to develop at a steady rate: the bank's business volume increased by over 25%.

#### *Sustained business and profits up*

Short-term outstanding loans increased by 13% over the year, reaching €146 million, while medium and long-term loans rose by 21% to €341 million.

With commitments by signature also on the rise, the overall outstanding application of BCMN's funds exceeded €500 million for the first time (+ 19%).

Although the economic sluggishness experienced in 2003 had a detrimental effect on a number of customer companies, outstanding doubtful and contentious loans remained limited to 1.9% of total commitments and funded for more than 50%.

*(in millions of €)*

<b>APPLICATION OF FUNDS (outstanding at the end of the month)</b>	<b>At 31/12/03</b>	<b>At 31/12/02</b>
Operating loans	42.2	36.2
Debit accounts	103.5	92.6
<b>Total Short Term</b>	<b>145.7</b>	<b>128.8</b>
<b>Medium and Long-Term Loans</b>	<b>340.9</b>	<b>282.8</b>
<b>Total Loans</b>	<b>486.7</b>	<b>411.5</b>
Commitments by Signature	30.2	23.3
<b>Total Application of Funds</b>	<b>516.9</b>	<b>434.8</b>

Outstanding receipts rose sharply by 30%. This applied to deposits, which were up by 35%, deposit certificates, with outstanding funds of €444 million and unit trusts, with €724 million.

BCM N's international business increased by 7%. The best areas of development were in repatriation of funds (+ 22%) and documentary credit (+ 15%).

(in thousands of €)

<b>PROFIT-AND-LOSS ACCOUNT</b>	<b>AT 31/12/03</b>	<b>AT 31/12/02</b>
NET BANK INCOME	12 435	10 292
General operating overheads and allocation to write-downs	-7 125	-6 363
<b>GROSS OPERATING PROFIT</b>	<b>5 310</b>	<b>3 929</b>
Cost of risk	-1 667	-713
<b>OPERATING PROFIT</b>	<b>3 643</b>	<b>3 216</b>
Gains or losses on fixed assets	-36	0
<b>NET OPERATING PROFIT BEFORE TAX</b>	<b>3 607</b>	<b>3 216</b>
Extraordinary loss	-93	-167
<b>Tax on profits</b>	<b>-1 215</b>	<b>-1 001</b>
<b>NET PROFIT (share of group)</b>	<b>2 299</b>	<b>2 048</b>

As a result of satisfactory developments in its various components, NBI was €12.4 million (+21%). Thanks to good control over risk and general overheads, the net book profit rose to €2.3 million (+ 12%).

### **Bail Actea**

*Greater presence on the business market*

Going against the trend of very sluggish economic growth and a property lease finance market falling slightly across the whole of France in 2003, revenue at Bail Actea increased by 3%, to €28 million of finance agreements.

Out of this overall amount, revenue from BCMN performed very favourably: €4 million (+ 4 %).

The overall outstanding finance from the business managed by Bail Actea reached €461 million at the end of 2003, which was up 9% over the year. Net book profit rose by 6%, to €3.5 million.

### **Bail Immo Nord and Bâtiroc Normandie**

*Promising development*

The group's two property lease structures, Bail Immo Nord and Bâtiroc Normandie, recorded a rise in revenue of 33%, compared with 2002, increasing to €38.5 million. Outstanding finance was €126 million at 31st December 2003, compared with €16 million a year previously. Net bank income progressed satisfactorily to €3.4 million, while the net book profit was €1.2 million.

Balance sheet and profit-and-loss account

Activity in the Business Finance arm developed through BCMN and the three companies specialising in property and other leasing: Bail Actea, Bail Immo Nord and Bâtiroc Normandie.

The Business Finance contribution to the Group's consolidated accounts was as follows:

*(in thousands of €)*

<b>ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	19 224	22 814
Transactions with customers	591 871	445 632
Leasing transactions and similar	605 147	552 440
Bonds and other fixed-revenue securities	6 539	6 023
Shareholdings and other securities held long term	10 392	7 498
Tangible and intangible fixed assets	756	802
Accruals and miscellaneous assets	42 232	37 482
<b>TOTAL</b>	<b>1 276 161</b>	<b>1 072 691</b>

*(in thousands of €)*

<b>LIABILITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	901 626	776 727
Transactions with customers	174 077	134 254
Debts represented by a security	0	404
Accruals and miscellaneous liabilities	78 671	49 785
Provisions for risks and charges	3 878	5 279
Minority interests	106	90
Equity capital excluding profit (share of group)	109 574	94 458
Result for the period (share of group)	8 229	11 694
<b>TOTAL</b>	<b>1 276 161</b>	<b>1 072 691</b>

*(in thousands of €)*

<b>PROFIT-AND-LOSS ACCOUNT</b>	<b>31/12/03</b>	<b>31/12/02</b>
<b>NET BANKING EARNINGS</b>	<b>31 633</b>	<b>26 303</b>
General operating overheads and allocation to write-downs	-16 269	-14 368
<b>GROSS OPERATING PROFIT</b>	<b>15 364</b>	<b>11 935</b>
Cost of risk	-3 058	-2 557
<b>OPERATING PROFIT</b>	<b>12 306</b>	<b>9 378</b>
Gains or losses on fixed assets	339	-31
<b>NET OPERATING PROFIT BEFORE TAX</b>	<b>12 645</b>	<b>9 347</b>
Extraordinary loss	-628	5 188
Tax on profits	-3 782	-2 821
Write-downs on goodwill	4	
Minority interests	-10	-20
<b>NET PROFIT (share of group)</b>	<b>8 229</b>	<b>11 694</b>

### ***Banking Belux***

#### **CMNE Belgium**

##### *Structure of the group in Belgium and Luxembourg*

In 2003, CMNE Belgium continued and strengthened its policy of creating synergies between the entities it controls. In the area of IT, joint developments and adaptations were made to software designed to meet the requirements of customers, as well as the gradual grouping of IT staff.



Along the same lines, the loan analysis, loan secretariat, management of outstanding loans, preliminary contentious and contentious activities were brought into the same entity with a single management organisation.

In the area of human resources, a collective bargain agreement was reached with all of the organisations representing staff. This agreement introduced a single status for all members of staff working for the Belgian entities controlled by CMNE Belgium. This single status encourages the mobility of staff within the CMNE Belgium group. The group will now function as a single unit for employment relations in future.

Further to its desire to develop an effective method of asset management, CMNE Belgium took control of VMS Luxembourg, located in the Grand-Duchy.

### **Crédit Professionnel S.A.**

#### *Joint refinancing for regional banks*

Business during 2003 was highlighted by :

- Growth for the second consecutive year of outstanding loans to regional banks refinanced by Crédit Professionnel;
- The broad distribution of the Internet BKCP Online application throughout the network;
- The development of insurance savings receipts.

Net bank income was €8.7 million, while the net book profit was €1 million.

The total balance sheet was €2.3 billion.

The European solvency ratio was satisfactory at 9.08%.

### **VMS Luxembourg**

#### *Take-over for a new start*

In July 2003, CMNE Belgium acquired 100% of the shares in Van Moer Santerre Luxembourg, which became VMS Luxembourg.

VMS Luxembourg specialises in asset management services, broking and acting as a foreign exchange agent. With a team of 21 employees, the company manages assets of €200 million on behalf of 1 075 customers.

Its incorporation into the CMNE Group led to the company being given a new lease of life. A new management team of 6 was put in place and the company invested in high-level IT software to meet the requirements of its own customers as well as those of BKCP. VMS Luxembourg's investment strategy was reviewed by basing itself on the expertise of Multifonds.

In 2003, VMS Luxembourg handled €62 million of transactions, including transactions for non-managed customers and sub-funds for investment trusts. The company's net pre-tax profit

was €1 000. In view of the fundamental changes made in 2003, any comparison with previous financial years has little value.

### **Banque du Brabant**

#### *Revenue doubled*

The bank continued with the developments featured in the "DEFI 2005" ("CHALLENGE 2005") business plan aimed at intensifying its development and updating its operating methods:

- The programme to revamp the network began with the Ganshoren branch.
- The IT migration operation to the Thaler platform was carried out and new workstations were installed in the branches. Activities at head office were reorganised to fit in with the services common to the CMNE Belgium group and an audit committee was set up.

With loans produced for €29 million (+ 85%) and receipts of €31 million (+ 77%), outstanding funds managed reached €76 million for loans (+ 29%) and €62 million for deposits (+ 15%), of which €18 million was in financial savings and €40 million in insurance savings.

The net profit of €2.8 million, after recovery of provisions, was at a level equivalent to that for 2002.

### **Crédit Professionnel Interfédéral**

#### *Major investments to ensure development*

Loans were produced for €54 million, up by 18%, while receipts were at €22 million versus €3 million in 2002.

Outstanding funds managed reached €122 million for loans (+ 39%) and €104 million for deposits (+ 16%), of which €71 million was in financial savings and €33 million in insurance savings.

The two main objectives set for 2003 were achieved: the launch of a new branch in Tournai and the introduction of a new banking workstation to improve customer service.

The very high level of investment made in 2003 weighed down heavily on overheads for the period. However, the recovery of provisions set up previously for this purpose, restricted the net loss to €266 000.

**Banking Belux** is made up of entities owned by the CMNE Belgium holding company. Their contribution to the CMNE Group's consolidated accounts can be seen from the figures below:

*(in thousands of €)*

<b>ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	1 506 083	1 525 760
Transactions with customers	820 148	866 120
Leasing transactions and similar	0	0
Bonds and other fixed-revenue securities	215 527	141 829
Shareholdings and other securities held long term	592	590
Tangible and intangible fixed assets	24 608	22 459

Goodwill	1 944	
Accruals and miscellaneous assets	13 837	13 501
<b>TOTAL</b>	<b>2 582 739</b>	<b>2 570 259</b>

(in thousands of €)

<b>LIABILITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	767 806	747 134
Transactions with customers	825 169	794 204
Debts represented by a security	750 527	780 043
Accruals and miscellaneous liabilities	30 044	22 580
Goodwill (1)	41 287	41 563
Provisions for risks and charges	35 250	49 431
Subordinated debts	66 580	70 555
Funds for general banking risks	13 369	13 321
Minority interests	19 275	19 981
Equity capital excluding result (share of group)	31 276	29 445
Result for the period	2 156	2 002
<b>TOTAL</b>	<b>2 582 739</b>	<b>2 570 259</b>

(in thousands of €)

<b>PROFIT-AND-LOSS ACCOUNT</b>	<b>31/12/03</b>	<b>31/12/02</b>
<b>Net bank income</b>	<b>30 763</b>	<b>33 535</b>
Banking operating charges and allocations to write-downs	-40 710	-34 242
<b>Gross operating loss</b>	<b>-9 947</b>	<b>-707</b>
Cost of risk (2)	7 150	193
<b>Operating loss</b>	<b>-2 797</b>	<b>-514</b>
Gains or losses on fixed assets	-79	
<b>Net operating loss before tax</b>	<b>-2 876</b>	<b>-514</b>
Extraordinary profit	5 189	5 761
Tax on profits	281	-2 551
Write-downs on goodwill	168	
Allocations and recovery of FGBR and regulatory provisions	-48	-349
Minority interests	-558	-345
<b>RESULT FOR THE PERIOD</b>	<b>2 156</b>	<b>2 002</b>

(1) With the restructuring operations resulting from the entry of Banque du Brabant now complete, the amount for goodwill has been incorporated in full into the consolidated accounts for the CMNE group as €8 540 000.

(2) The cost of risk made a positive contribution to the result following the recovery of provisions for risks and charges, entered mainly by the Banque du Brabant (€6.9 million) and Crédit Professionnel (€1.7 million).

### **Insurance**

#### **ACMN Vie**

##### *New synergies*

The turnover for ACMN Vie increased by 52% over the year to €769 million. Turnover was divided between the three branch networks of CMNE (€397 million), Crédit Professionnel in Belgium (€137 million) and UFG (€235 million), with the latter two multiplying their production by four in 2003.

Compared with 2002, the number of policies under management increased by 17% to 254 086 while outstanding funds managed rose by 32% to € 857 million.

As a result of the upturn in the financial markets and the relevance of the decisions taken at the end of 2002 aimed at funding the securities portfolio in full, net profit for the period was €1.5 million.

## **ACMNIARD**

*Development remains highly active*

The company's turnover in 2003 was €77 million - up by 18% on the year.

Stock in the portfolio was 522 784 policies, of which 235 217 were major policies – car, home, health - compared with 455 607 and 201 735 respectively in 2002.

Current annual premiums were €7 million, which was up 19% for the year.

Production, at 66 938 policies, continues to increase. New products were marketed successfully, including *Protec Mobile*, which is a policy insuring holders against the theft or accidental breakage of their mobile phone.

Against a background of rising operating conditions, the increases in premium applied by ACMN IARD remained moderate, particularly for multi-risk home cover.

The book profit for the period was €1.16 million, compared with €190 000 in 2002.

## **LA PÉRENNITÉ**

Turnover was €30.5 million, compared with €12.4 million in 2002, bringing with it an increase in outstanding business of 15% to €180 million.

The company's subsidiary, Pérennité Entreprises, develops salary-based savings products for CMNE, the main one of which is PES (Plan d'Epargne Simplifié) (Simplified Savings Plan).

Taken overall, insurance, which includes the business from ACMN IARD, ACMN Vie, La Pérennité, La Pérennité Entreprises and Courtage CMN, is as follows at a Group level:

*(in thousands of €)*

<b>ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>
Fixed assets	2 962	3 212
Insurance company investments	3 421 303	2 585 510
Share of reinsurers in technical provisions	41 677	45 863
Other insurance assets	26 589	24 717
Receivables, other assets and accruals	29 480	35 078
<b>TOTAL</b>	<b>3 522 011</b>	<b>2 694 380</b>

*(in thousands of €)*

LIABILITIES	31/12/03	31/12/02
Gross technical provisions	3 199 377	2 449 123
Other debts and accruals	65 038	59 417
Other insurance liabilities	72 905	56 408
Provisions for risks and charges	10 259	8 815
Minority interests	14 841	13 745
Equity capital excluding result (share of group)	151 372	127 752
Result for the period (share of group)	8 219	-20 880
<b>TOTAL</b>	<b>3 522 011</b>	<b>2 694 380</b>

*(in thousands of €)*

PROFIT-AND-LOSS ACCOUNT	31/12/03	31/12/02
<b>Gross margin on insurance business</b>	<b>40 787</b>	<b>-19 511</b>
Operating charges	-16 122	-12 162
Net profit from other businesses	570	-394
<b>OPERATING PROFIT</b>	<b>25 235</b>	<b>-32 067</b>
<b>EXTRAORDINARY LOSS</b>	<b>-2 277</b>	<b>-3 178</b>
Tax on profit	-12 889	15 252
Write-downs on goodwill	1 152	
Minority interests	-3 002	-887
<b>RESULT FOR THE PERIOD (share of group)</b>	<b>8 219</b>	<b>-20 880</b>

### *Third-party management*

#### **UFG**

#### *Exceptional growth in receipts*

UFG had a year of exceptional growth in its receipts in 2003, which rose to in excess of €60 million - up 90% over 2002, or almost 60% of receipts for the total market. Savings products based on real estate, in direct purchases, SCPI property management or in the form of insurance policies, experienced great popularity, both with direct customers and through the various distribution channels.

The logical consequence of this level of receipts was that real estate investments by the UFG group also increased dramatically, placing the company among the leading investors on the French market, with over €400 million in acquisitions signed up.

In the area of product, UFG strengthened its position as market leader for SCPI property management companies. It also increased its residential real estate business and, in conjunction with ACMN Vie, developed new insurance policy vehicles incorporating SCPIs and offering attractive returns.

2003 was also the year in which the new market for fixed-capital SCPI shares was launched, as well as the completion of the restructuring operation begun in 2002 that included the rationalisation of holdings.

At the end of 2003, capital managed amounted to €3.3 billion.

Net operating profit was €14 million and the overall net result was €0.7 million.

## MULTIFONDS

### *Numerous awards*

During 2003, Multifonds received six awards for the quality of its management.

2003 was only a good one for creativity and the launch of new products: the "CMNE PEA Entreprise Rendement" FCP guaranteed trust fund, aimed at distributing 1.2 times the dividend from the CAC 40 index, the "CMNE PEA Garanti 2008" FCP guaranteed trust fund, an alternative management fund of funds, and a new salary-based savings vehicle, "CMNE Participations monétaires", as well as dedicated funds.

Receipts were stimulated by the contribution from BCMN, as well as the significant increase in customers outside MULTIFONDS, in particular for the range of dynamic money products.

Overall outstanding funds managed and advised on by MULTIFONDS reached €5.7 billion (+ 35%, of which 29% was in new receipts).

The book profit for 2003 was €2.2 million (+ 80%), brought about by a very strong rise in the funds managed and tight controls over expenses.

The financial management of the CMNE Technologies, Cambacérès Risques and CMNE Entreprise Emploi funds, previously delegated to Fortis Investment Management France, was taken back by MULTIFONDS.

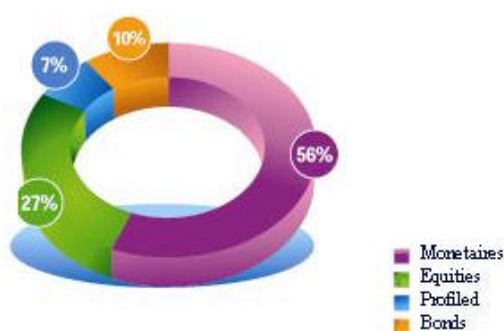
## ALTERAM

### *Highly promising development*

2003 was a decisive year for ALTERAM as it put its alternative multi-manager business into effect, both in terms of performance and the increase in the level of outstanding funds under management: €80 million in 2001 (4 months of business), €10 million in 2002, €60 million in 2003. The book profit for 2003 was €1.7 million.

In all, MULTIFONDS and ALTERAM employ some 40 people who manage and give advice on consolidated funds of €6.1 billion, generating a consolidated profit of €3.9 million.

Breakdown of Unit Trusts in the network:



Third-party management is made up of the UFG group and multi-fund management companies, Alteram and the proportion held in Française des Placements (20%). The results are shown in the figures below:

*(in thousands of €)*

<b>ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	22 273	11 825
Transactions with customers	5 575	3 325
Bonds and other fixed-revenue securities	113 069	5 776
Shareholdings and other securities held long term	3 226	2 904
Tangible and intangible fixed assets	16 080	14 110
Goodwill	3 857	
Accruals and miscellaneous assets	20 204	21 502
<b>TOTAL</b>	<b>184 284</b>	<b>59 442</b>

*(in thousands of €)*

<b>LIABILITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	436	2 585
Transactions with customers	5 087	2 919
Accruals and miscellaneous liabilities	28 219	18 000
Provisions for risks and charges	2 592	966
Minority interests	6 287	5 208
Equity capital excluding result (share of group)	128 613	24 015
Result for the period (share of group)	13 050	5 749
<b>TOTAL</b>	<b>184 284</b>	<b>59 442</b>

*(in thousands of €)*

<b>PROFIT-AND-LOSS ACCOUNT</b>	<b>31/12/03</b>	<b>31/12/02</b>
<b>NET BANK INCOME</b>	<b>98 255</b>	<b>71 382</b>
General operating overheads and allocations to write-downs	-74 577	-58 593
<b>GROSS OPERATING PROFIT</b>	<b>23 678</b>	<b>12 789</b>
Cost of risk	-25	26
<b>OPERATING PROFIT</b>	<b>23 653</b>	<b>12 815</b>
Share of profit from equity companies	655	-397
Gains or losses on fixed assets	9	
<b>ORDINARY PROFIT BEFORE TAX</b>	<b>24 317</b>	<b>12 418</b>
Extraordinary loss	-280	37
Tax on profits	-7 988	-4 508
Write-downs for goodwill	-1 378	-1 179
Minority interests	-1 621	-1 019
<b>NET PROFIT (share of group)</b>	<b>13 050</b>	<b>5 749</b>

### *Services and miscellaneous business*

This area of business encompasses all business activities not part of the Group's strategic professions: CMN Immobilier (consolidated base – Real Estate non-operating), CMN Investissements, CMNtel, Euro Information, Financière Malesherbes Anjou, Financière Malesherbes, Sicorfé SNP, Sicorfé Maintenance, Transactimmo and Vie Services.

The contribution made by these various businesses was as follows:

*(in thousands of €)*

<b>ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	13 563	19 761
Transactions with customers	18 312	18 294
Bonds and other fixed-revenue securities	29 193	30 071
Shareholdings and other securities held long term	25 796	23 815
Tangible and intangible fixed assets	65 716	72 651
Goodwill	815	
Accruals and miscellaneous assets	23 227	12 315
<b>TOTAL</b>	<b>176 622</b>	<b>176 907</b>

*(in thousands of €)*

<b>LIABILITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>
Interbank transactions and similar	25 989	27 021
Debts represented by a security	23 936	23 939
Accruals and miscellaneous liabilities	4 741	4 180
Provisions for risks and charges	725	990
Subordinated debts	41 350	40 202
Minority interests	27	61
Equity capital excluding result (share of group)	78 633	77 276
Result for the period (share of group)	1 221	3 238
<b>TOTAL</b>	<b>176 622</b>	<b>176 907</b>

*(in thousands of €)*

<b>PROFIT-AND-LOSS ACCOUNT</b>	<b>31/12/03</b>	<b>31/12/02</b>
<b>NET BANK INCOME</b>	<b>20 157</b>	<b>16 771</b>
General operating overheads and allocation to write-downs	-19 948	-16 491
<b>GROSS OPERATING PROFIT</b>	<b>209</b>	<b>280</b>
Cost of risk	-361	-387
<b>OPERATING LOSS</b>	<b>-152</b>	<b>-107</b>
Share of profit from equity companies	2 992	2 640
Gains or losses on fixed assets	-749	713
<b>ORDINARY PROFIT BEFORE TAX</b>	<b>2 091</b>	<b>3 246</b>
Extraordinary loss	-431	442
Tax on profits	-345	-410
Write-downs for goodwill	-90	-90
Minority interests	-4	50
<b>NET PROFIT (share of group)</b>	<b>1 221</b>	<b>3 238</b>



## CORPORATE GOVERNANCE

### *Board of Directors*

<i>Honorary Chairmen :</i>	Gérard AGACHE Elie JONNART
<i>Chairman :</i>	Philippe VASSEUR
<i>Vice-Chairmen :</i>	Edouard DELEPOULLE Raymond DEVLOO André HALIPRE
<i>Secretary :</i>	Jean Marie PEUGNET
<i>Treasurer :</i>	André RAMBAUX
<i>Directors :</i>	Jean Louis BOUDET Jean Marc BRUNEAU Jacques CHOMBART Patrice DENIL Pierre DUPONT Michel HEDIN Jean LAMBERTYN Philippe LELEU Patrick LIMPENS Annie LUGEZ Onésime MARIEN Gérard MASSE Bertrand OURY Francis QUEVY Michel ROZAT Yvon STAFFOLINI Christian TAVET Maurice TOME Jacques VANBREMEERSCH

The Federal Board of Directors meets ten times a year and decides on the Group's strategy based on proposals submitted to it by General Management, as well as monitoring its implementation.

The Board is elected by the 176 local branches, each of which has its own Board of Directors made up of members elected by the shareholders at the Annual General Meeting on the basis of "one man, one vote".

Federal directors also sit on the boards of the Group's holding companies: CMNE France and CMNE Belgium, as well as on the board of BCMN, the bank for SMEs and SMIs.

- The Audit Committee has taken the place of the former Control and Audit Committee.

The Audit Committee is responsible for verifying the clarity of the information provided and assessing the pertinence of the accounting methods used to draw up the individual and consolidated financial statements.

The Audit Committee also monitors the group's credit, market and operating risks, as well as the quality of internal auditing through a series of reports on Inspection works.

The Audit Committee includes four federal directors, under the authority of the Federation chairman, assisted by the general manager, the inspector-general and members of the Management Committee.

The Audit Committee meets at least five times a year.

- The Federal Loans Committee rules once a week on matters relating to loans with unit amounts greater than €400,000 or which are subject to terms that override the rules laid down by the Federation.

### ***Group Management***

General Manager :	<i>André CORMIER</i>
Deputy General Manager, with responsibility for Finance and Enterprise :	<i>Eric CHARPENTIER</i>
Deputy General Manager, with responsibility for Organisation, Information Technology and Administrative Management :	<i>Gilles DURET</i>
Deputy General Manager, with responsibility for Group Strategy Planning :	<i>Pierre GERVAIS</i>
Deputy General Manager, with responsibility for Marketing and Group Development :	<i>François d'HENNEZEL</i>
Deputy General Manager, with responsibility for Network and Logistics :	<i>Paul LOIGNON</i>
Director of the Office of the Chairman and the Managing Director :	<i>François TURPIN</i>
Central Director - Human and Social Relations:	<i>Philippe LEVEUGLE</i>
Delegate Director - Accounting and Management Control :	<i>Florence DESMIS</i>
Inspector-General :	

*Jean-Marie LAURENT*

Company Auditors :

*Acéa  
Européenne Audit*

The Management Committee is made up of nine employees and chaired by the General Manager, who has the most extensive powers to manage the CMNE group within the context of the strategy decided by the Federal Board of Directors.

The Management Committee meets once a week, as well as once every two months in an extended form, when it hosts the managers for the various individual business areas: Insurance, Belux, Enterprise, Property Asset Management and UFG.

The Management Committee bases itself on the work carried out by a number of specialised committees :

- **The Group Finance Committee** manages rate and liquidity risks. It is supported by quarterly finance committees at the financial entities within the Group, as well as by a monthly investment committee at Multifonds and ACMN Vie.
- **The Major Risks Committee** operates within the framework of regulation 2001-01 and every quarter examines any risks that are greater than the thresholds laid down by General Management in terms of the various entities and in a consolidated fashion.
- **The Development Committee** proposes changes to charges, as well as managing the range of products and services and providing guidance for sales campaigns.
- **The Performance Improvement Committee** is responsible for developing and monitoring the budget, as well as proposing cost cuts.

## **RISKS**

### *Credit risks*

#### **Granting loans goes through a specific procedure at Crédit Mutuel Nord Europe.**

The granting of loans has to go through a specific procedure at Crédit Mutuel Nord Europe.

The delegation of powers granted to the managers of local branches, The Loans Committee for each branch, made up of directors and the manager, meets every week to rule on applications.

If an application exceeds the threshold of €400 000 or is subject to special terms, it has to be analysed by the Caisse Fédérale's Commitment Department and is submitted to the Federal Loans Committee.

In 2003, CMNE continued its active participation in the McDonough project.

Once the Crédit Mutuel – CIC group had decided on its internal scoring system, it was rolled out to the whole of CMNE / BCMN for private individuals and business deals. Prior to this,

these deals were subject to the definition of specific algorithms in order to comply with the discrimination criteria required by the new European solvency ratio.

These algorithms are based on a combination of an intrinsic score for the customer and a set of variable elements associated with the way the customer's current account is operated.

Based on a scale of 11 ratings, customers are broken down into 9 ratings for outstanding debts, 1 rating for bad outstanding debt and 1 rating for contentious outstanding debt.

Applied for the first time to CMNE and BCMN at the end of 2003, the results were as follows :

Individual ratings (amounts in percentage)  
percentage)

Business ratings (amounts in percentage)



The overall breakdown of credit risk per sector for the retail bank and business finance arms, through BCMN and specialist finance companies, was as follows :

*Overall breakdown of credit risk by business sector*



(in millions of€)

<b>BAD AND CONTENTIOUS DEBTS FOR CUSTOMER BUSINESSES</b>	<b>31/12/03</b>	<b>31/12/02</b>
<b>Banking France</b>		
Total commitments	<b>5754</b>	<b>5315</b>
<i>Commercial debts</i>	12	12
<i>Other support for customers</i>	5601	5156
<i>Ordinary debit accounts</i>	141	147
<b>Gross outstanding bad debts</b>	<b>182</b>	<b>186</b>
<b>Outstanding provisions</b>	<b>-123</b>	<b>-121</b>
<b>Net outstanding bad debts</b>	<b>60</b>	<b>65</b>
<b>Rate of provisions on bad debts</b>	<b>67.3%</b>	<b>65.0%</b>
<b>Net outstanding bad debts / total commitments</b>	<b>1.0%</b>	<b>1.2%</b>
<b>Banking Belux</b>		
<b>Total commitments</b>	<b>1537</b>	<b>1551</b>
<i>Loans to regional banks</i>	717	685
<i>Commercial debts</i>		
<i>Other support for customers</i>	820	866
<i>Ordinary debit accounts</i>		
<b>Gross outstanding bad debts</b>	<b>54</b>	<b>51</b>
<b>Outstanding provisions</b>	<b>-25</b>	<b>-22</b>
<b>Net outstanding bad debts</b>	<b>29</b>	<b>29</b>
<b>Rate of provisions on bad debts</b>	<b>46.9%</b>	<b>43.2%</b>
<b>Net outstanding bad debts / total commitments</b>	<b>1.9%</b>	<b>1.9%</b>
<b>Business finance</b>		
<b>Total commitments</b>	<b>1197</b>	<b>998</b>
<i>Commercial debts</i>	13	10
<i>Other support for customers</i>	392	336
<i>Ordinary debit accounts</i>	187	99
<i>Outstanding leases</i>	605	552
<b>Net outstanding bad debts</b>	<b>25</b>	<b>24</b>
<b>Outstanding provisions</b>	<b>-16</b>	<b>-15</b>
<b>Net outstanding bad debts</b>	<b>9</b>	<b>8</b>
<b>Rate of provisions on bad debts</b>	<b>64.3%</b>	<b>64.5%</b>
<b>Net outstanding bad debts / total commitments</b>	<b>0.7%</b>	<b>0.8%</b>

### **Market risks**

Management of the group's refinancing is centralised at the Caisse Fédérale of Crédit Mutuel Nord Europe. In Belgium, BKCP has its own dealing room, which acts in conjunction with the CMNE dealing room as part of its aim to become the bank for the Crédit Professionnel network in Belgium.

The limits per counter-party are defined by the Group's Finance Committee in compliance with the rules laid down by the Crédit Mutuel National Confederation, which handles the centralised management of counter-party risk.

There are two kinds of transactions carried out by the Markets Directorate:

- One: the aim of the group's medium and long-term refinancing transactions is to protect the intermediation margin based on figures for the risk rate and liquidity analysed by the finance committees for each entity in the group and, in particular for the whole formed by the Caisse Fédérale and Local Branches.

- Two: arbitrage transactions structured to general minimal risk by extracting their profitability from the taking of a counter-party risk and a liquidity risk.

Structural management transactions on the balance sheet, such as arbitrage transactions in the dealing room, come under the tight control of the Group's Finance Committee and are the subject of individual reports that are merged to measure the liquidity risk.

The liquidity risk, which is measured exhaustively at the end of each calendar quarter for the Group's entire banking operation over a period of two years, is faced with the Group's ability to borrow, assuming a stress situation for which the main elements are :

Ability to issue CDs reduced to 80% of the average outstanding debt for the previous 12 months;

Ability to issue NMTBs reduced to 70% of deadlines during the analysis period, with the terms of the NMTB's limited to two years.

Added to this ability to issue are financial assets that can be realised rapidly: equity portfolios, unit trusts and bonds.

Over the period of time being analysed, the liquidity risk must not be greater than the ability to borrow and the realisation of assets.

The rate risk, as with other forms of financial risk, is measured every month by way of a formalised process that is examined regularly by internal audit and by the Confederal Inspectorate.

Conversion positions are monitored based on the sensitivity of the financial margin to rate changes. This margin, which is extremely dependent on certain conventions in balance sheet disposals, has moved between 2% one year out and 8% four years out.

The portfolio of equities, added to equity capital, amounted to €103 million at 31/12/2003. This portfolio is made up of a holding of €50 million in CIC, representing a little over 1% of capital, and a group of OPCVM unit trusts representing the investments made by CMNE and BKCP on their own behalf.

There are no speculative currency exchange transactions.

The quality of CMNE's consolidated balance sheet contributes to the rating for the Crédit Mutuel – CIC group by Standard & Poor's of "A+, perspective stable" for the long term and "A1" for the short term, which was confirmed in 2003.

Given the specific nature of their business, Multifonds and Alteram have their own rules for allocating assets.

### ***Operational risks***

The aim of managing operational risks at CMNE is to avoid a major claim, or series of claims, creating a threat to the Group's financial results - and hence its future development.

This aim takes the form of the regularly updated identification of the claims encountered in order to quantify the impact and to ensure management by prevention and an insurance policy covering the three main risk areas in business: people, liability, assets. Beyond this particular policy, CMNE is one of the guides in the working group examining operating risks in the context of implementing the McDonough ratio.

This group has the task of defining, for the whole of the Mutuel - CIC group, a classification and common mapping of risks, as well as drawing up a set of IT specifications for managing these risks, and appointing an operating risk manager for each of the regional entities in the Crédit Mutuel – CIC group.

Risk mapping, which is based on three areas: type of risk / purpose of risk / consequence, results in the systematic recording of claims in excess of €10 000 nationally and €2 000 for the Northern Europe Federation to set up a reference database.

After laying down the elements involved in the standard method, the whole of the methodology defined by the working group was presented to the Banking Commission, which approved it, thereby enabling the group to envisage the choice of the advanced method to be used.

### ***Controls and Audits***

In view of the changes in the company and its environment, particularly in terms of regulations, the audit activities have been adapted and so contribute to strengthening the cover of risks.

These checks, governed by an audit charter and conducted by the general inspectorate, are presented to the Audit Committee.

The Inspectorate checks regularly on the conformity of operations, compliance with procedures and the effectiveness of the provisions in place to measure and monitor risk.

The audits conducted by the Inspectorate concern all of the Group's areas of business: retail banking - network and federal services, business finance and the management of assets on behalf of third parties.

#### **• Retail banking – network**

Seventy-five local branches were inspected in 2003, either as part of a general inspection of risks and procedures for the unit, or as part of a specific assignment focused on credit risk. These assignments helped to strengthen controls in the following areas: security of transactions, compliance with the procedures for granting loans, credit risk monitoring, and the organisation of the unit's internal audits. The observations made by the General Inspectorate result in a plan of action to which the unit manager is committed. At the end of 2003, 74% of the recommendations made had been put into effect.

Elsewhere, the General Inspectorate continued its information and training programmes for network staff in the area of fraud prevention (awareness campaigns, reminder of the basic principles and ethical regulations, presentations on fraud techniques, etc.).

### • Retail banking - federal services

The main recommendation made by the internal audit related to the measures taken for IT continuity at the computer production site for CMNE and BCMN.

It was as a result of this that an IT group committee was set up in 2003 to define the strategy and future methods used to resume production across the whole of CMNE-BCMNE and the group's other companies in the event of a major disaster at the IT sites in question.

These directions were approved by the Management Committee and the IT recovery solutions agreed on will be operational for companies during the course of 2004:

- contracts with a specialised service provider for UFG, ACMNVie, Multifonds-Alteram, BKCP IT.

- in-house solution for Bail Actéa at a recovery site belonging to the group in Arras.

For CMNE-BCMNE as a whole, which already has a disaster recovery solution in Metz, the policy outlined provides for the short-term strengthening of existing measures in conjunction with GTOCM (IT EIG combining the majority of Mutual Credit Federations and virtually all of the CIC regional banks).

Various recommendations have also been made about the adaptation or strengthening of internal audit procedures in accounting - management controls, credits, marketing and group development. Overall, 93% of the recommendations made by the internal audit have been put into effect.

### • Business finance

At Bail Actéa, to inspection assignment in 2003 pointed out that major works had been carried out to strengthen internal audits

However, the company will have to make additional efforts in the following areas: greater formalisation of the examination procedures for credit applications, measurement and monitoring of supplier recovery commitments, implementation of additional budget guidance tools, completion of the IT emergency plan.

### • Asset management

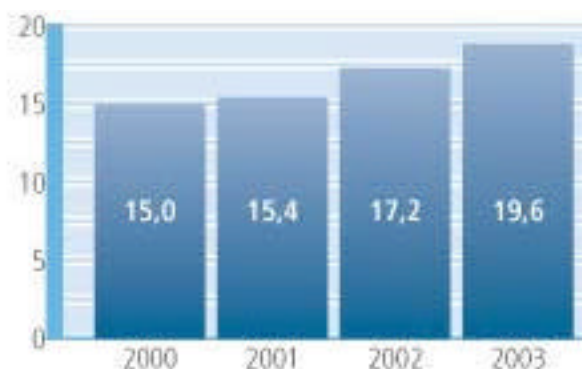
Multifonds and Alteram are the subject of a measurement and monitoring process for risks that is applied very regularly, in particular with regard to everything to do with the management of unit trusts: monitoring of performance, investment and management process, compliance with regulatory constraints. The social bodies are informed on a regular basis about the development of risks and the monitoring of controls.

The two companies need to continue their work towards better control of operating risks based on the updating of the identification of those risks, the definition of new reporting tables and the continued implementation of an IT emergency plan.



## Consolidated balance sheets and results

Consolidated balance sheet in billions of €



Consolidated book equity capital, group share in millions of €

The contribution made to the consolidated results by the Group's various areas of business for the 2003 financial year, in thousands of € was as follows:

(in thousands of €)

	<b>NBI</b>	<b>GOP</b>	<b>Result</b>	<b>Total balance sheet</b>
BANKING FRANCE	332 367	79 995	53 726	14 218 198
BUSINESS FINANCE	31 633	15 364	8 229	1 276 161
BANKING BELUX	30 763	-9 947	2 156	2 582 739
INSURANCE	41 356	25 216	8 219	3 522 011
THIRD-PARTY MANAGEMENT	98 255	23 678	13 050	184 284
SERVICES AND OTHER	20 157	209	1 222	176 621
Specific transactions for 2003 consolidation (1)				
- Acquisition of goodwill for Banque du Brabant			38 540	
- Net provision for reimbursement of Crédit Mutuel solidarity funding, tax deferred			-44 227	23 121
Deletions between business areas	-41 951	-14 088	-26 136	-2 342 657
<b>Total</b>	<b>512 580</b>	<b>120 427</b>	<b>54 779</b>	<b>19 640 478</b>

(1) With the restructuring operations resulting from the entry of Banque du Brabant now complete, the amount for goodwill has been incorporated in full into the consolidated accounts for the CMNE group as €38 540 000.

In 2003, the Caisse Fédérale continued its commitments, aimed at reimbursing the national solidarity funding from which the Group benefited in 1993. In accordance with the protocol agreement laid down at the time, the Caisse Fédérale is required to deduct from its profit margin

the funds needed to reimburse the subsidies received (€100,23 million) up to a level of half of the incorporated result of the previous financial year.

These terms for reimbursement, approved in agreement with Crédit Mutuel's National Confederation take account of the charge as the net self-financing margin is gradually achieved, and allocate it individually to the entities from which it originated.

On the other hand, and while awaiting the IAS/IFRS standards to come into effect, the balance of the commitments, corresponding to the subsidies remaining to be reimbursed at the end of 2003, has been fully funded in the group's consolidated accounts, in accordance with the breakdown below (in thousands of €):

- Subsidies remaining to be reimbursed: 92 822
- Provisions made up of social accounts: 25 474
- Amount funded for liabilities and charges in the consolidated accounts: 67 348, with the corresponding deferred tax (23 121) entered as an asset.

## **LITIGATION**

The proceedings lodged by the European Commission against the French State in relation to the so-called State Aid granted to Crédit Mutuel as part of the management of the Livret Bleu passbook have evolved into a request for reimbursement and the amount indicated in the ruling has been set aside. The matter is the subject of a joint appeal by Crédit Mutuel and the French State to the European court of appeal. As a result, the amount set aside during the 2001 financial year of €17.8 million, remains unchanged.

This matter is being monitored by the National Confederation of Crédit Mutuel.

## **DETAILS OF THE COMPANIES WITHIN THE GROUP**

**Crédit Mutuel Nord Europe France (CMNE France)** Tel: 03 20 78 38 38 - Fax: 03 20 30 86 59 Website: [www.cmne.fr](http://www.cmne.fr)

Chairman of the Board of Directors: Philippe VASSEUR Vice-Chairman of the Board of Directors: André CORMIER General Manager: Eric CHARPENTIER

### **Business Finance**

**BCMN - Banque du Crédit Mutuel Nord Europe** 4, Place Richebé - 59000 LILLE  
Administrative head office: 7, rue Frédéric Degeorge - 62000 ARRAS Tel: 03 21 71 71 51 -  
Fax: 03 21 71 71 59 Website: [www.bcmn.fr](http://www.bcmn.fr)

Chairman of the Monitoring Board: Philippe VASSEUR Chairman of the Management Board: Didier AVELINE

**BAIL ACTEA - Crédit Bail Mobilier** 33, rue Jeanne d'Arc - 62000 ARRAS Tel: 03 21 71 44 11 - Fax: 03 21 71 44 22 Website: [www.bail-actea.fr](http://www.bail-actea.fr)

Chairman of the Board of Directors: Didier AVELINE General Manager: Christian ROUSSEAU

**BAIL IMMO NORD - Crédit Bail Immobilier** 135, boulevard de la Liberté - 59044 LILLE  
Cedex Tel: 03 20 30 73 74 - Fax: 03 20 57 62 56

Chairman of the Board of Directors: Guy COURBOT General Manager: Paul HERNU

**BATIROC NORMANDIE - Crédit Bail Immobilier** 15, rue Pierre-Gilles de Gennes BP 148  
76135 MONT SAINT AIGNAN Cedex Tel: 02 35 59 44 20 - Fax: 02 35 59 13 82

Chairman of the Board of Directors: Eric CHARPENTIER  
General Manager: Paul HERNU

### **Banking Belux**

**Crédit Mutuel Nord Europe Belgium (CMNE Belgium)** Avenue des Arts 6-9 - 1210  
BRUSSELS (Belgium) Tel: 02 289 82 00 - Fax: 02 289 89 90

Chairman of the Board of Directors: Philippe VASSEUR Chairman of the Management  
Committee: André CORMIER

**BKCP Crédit Professionnel** Belgian bank dedicated to businesses Avenue des Arts 6 - 9 - 1210  
BRUSSELS (Belgium) Tel: 02 289 82 00 - Fax: 02 289 89 90 Website: [www.bkcp.be](http://www.bkcp.be)

Chairman of the Board of Directors: André CORMIER Chairman of the Management  
Committee: Werner ROGIERS

**CPI BANQUE - Crédit Professionnel Interfédéral** Belgian bank dedicated to businesses Rue  
de la Station 40 - 7700 MOUSCRON (Belgium) Tel: 056 33 37 11 - Fax: 056 34 52 53 Website:  
[www.cpibk.be](http://www.cpibk.be)

Chairman of the Board of Directors: Philippe VASSEUR Chairman of the Management  
Committee: Daniel BROUET

**BANQUE DU BRABANT** Belgian bank dedicated to businesses Boulevard du Régent 58 -  
1000 BRUSSELS (Belgium) Tel: 02 289 84 40 - Fax: 02 289 84 41

Chairman of the Board of Directors: Philippe VASSEUR Managing Director: Pierre GERVAIS

### **Insurance**

**ACMN IARD - Assurances du Crédit Mutuel Nord Iard** 4, Place Richebé - 59000 LILLE  
Tel: 03 20 78 38 38 - Fax: 03 20 30 86 59

Chairman of the Board of Directors and General Manager: François d'HENNEZEL General  
Manager: Xavier LECOMPTE

**ACMN VIE - Assurances du Crédit Mutuel Nord Vie** 173 Boulevard Haussmann - 75008  
PARIS Tel: 01 43 12 90 90 - Fax: 01 43 12 90 93 Website: [www.acmnvie.fr](http://www.acmnvie.fr)

Chairman of the Board of Directors: André CORMIER General Manager: Bernard LE BRAS

**LA PERENNITE** 173 Boulevard Haussmann - 75008 PARIS Tel: 01 43 12 90 90 - Fax: 01 43 12 90 93 Website: *www.laperennite.fr*

Chief Executive Officer: André CORMIER General Manager: Bernard LE BRAS

**Nord Europe Life Luxembourg** 62 Rue Charles Martel - L2134 Luxembourg Tel: 00 352 42 40 20 1 - Fax: 00 352 42 40 20 44 Website: *www.nellweb.com*

Manager: Isabelle LOMBET

**CCMN - Courtage Crédit Mutuel Nord** 4, Place Richebé - 59000 LILLE Tel: 03 20 78 39 84 - Fax: 0820 360 900

Chairman: François d'HENNEZEL General Manager: Jacques NOIZE

### **Third-party management**

**U.F.G - Union Française de Gestion Creation**, management and distribution of investment products, mainly property 173 Boulevard Haussmann - 75008 PARIS Tel: 01 44 56 10 00 - Fax: 01 44 56 11 00 Website: *www.groupe-ufg.com*

Chief Executive Officer: André CAMO Directors: Jean-Marc COLY, Thierry SEVOUMIANS

**MULTIFONDS** - Portfolio management 173 Boulevard Haussmann - 75008 PARIS Tel: 01 43 12 01 00 - Fax: 01 43 12 01 20 Website: *www.e-multifonds.com*

Chairman of the Monitoring Committee: Eric CHARPENTIER Chairman of the Management Board: Xavier LEPINE

**ALTERAM** - Portfolio management 173 Boulevard Haussmann 75008 PARIS Tel: 01 43 12 64 24 - Fax: 01 43 12 64 21 Website: *www.alteram.fr*

Chairman: Xavier LEPINE General Manager: Gilles ROUCHIE Development Director: Christian DESBOIS

**VMS Luxembourg** 52- 54 Rue Charles Martel - L2134 LUXEMBOURG Tel: 00 352 45 45 221 - Fax: 00 352 44 98 80

Chairman: André CORMIER Managing Director: Bernard de THOMAZ



## **REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to the assignment entrusted to us by your general meeting, we have conducted an audit of the consolidated accounts of the Crédit Mutuel Nord Europe Group for the financial year ending on 31st December 2003, as attached to this report. The consolidated accounts have been approved by the Board of Directors. It is our task, based on our audit, to express an opinion in relation to these accounts.

### **Opinion on the consolidated accounts**

We conducted our audit in accordance with the professional standards that apply in France; these standards require the implementation of due diligence that makes it possible to obtain reasonable reassurance that the consolidated accounts do not contain any significant anomalies. An audit consists of examining, by taking soundings, the probative elements that justify the details contained in these accounts. The audit also involves evaluating the accounting principles applied and the major assessments used to approve the accounts, as well as the presentation of the accounts as a whole. We believe that our audit provides a reasonable basis for the opinion expressed below.

We certify that the consolidated accounts, given the regulations and French accounting principles, are fair and sincere. They also provide a faithful image of the assets and the financial situation, as well as of the overall result made up by the companies included in the consolidation.

### **Justification of assessments**

Pursuant to the provisions of article L.225-235 of the Code of Commerce relating to the justification of our assessment, as introduced by the law on financial security enacted on 1st August 2003 and which are applied for the first time to this accounting period, we would draw to your attention the following elements:

As stated in note n° 22 of the attachment “Provisions for Risks and Charges”, your group has decided, in the consolidated accounts, to fund in full the balance of the subsidies received by way of national solidarity. This equates to an amount net, with deferred taxes of €44 227 000.

We would remind you that this charge is recorded in the social accounts progressively as the net margin of self-financing is achieved by the entities concerned.

Also, the guarantee and accumulation funds entered under “Funds for General Banking Risks” have been used in the form of subsidies granted to the Local Branches to enable them to accommodate in their accounts the provision for “Livret Blue Litigation” (notes 24 and 42). Finally, as indicated in note 21, recovery of the goodwill recorded at the time the Banque du Brabant joined the group resulted in revenue of €38 540 000.

As part of our assessment of the accounting principles used by the company, we were led to examine the accounting implications of these transactions.

These assessments form part of our approach to auditing the consolidated accounts taken as a whole and have therefore contributed to the formation on the opinion expressed without reservation in the first part of this report.

### **Specific verification**

Elsewhere, in accordance with the accounting standards applicable in France, we have also proceeded to verify the information relating to the group stated in the report into the management of the group.

We have no observations to make as to their sincerity and their correspondence with the consolidated accounts.

Drawn up in Paris and Villeneuve d'Ascq, 20th April 2004

### **The Auditors**

<b>Européenne Audit</b>	<b>Acéa</b>
Gérard BIENAIME	Christian CHOUNAVELLE

## CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER

*Consolidated Accounts at 31/12/2003*

*(in thousands of €)*

	Nationality F / E	Closing date	Audit (%)	Interest (%)	Contribution to result	Method of consolidation
<b>1. Financial companies</b>						
<b>1.1 Credit establishments</b>						
> Caisses de crédit Mutuel + Caisse Fédérale du CMNE + Fédération du CMNE	F	12-03	100	100	-12 399	parent
> Banque Coopérative et Mutuelle Nord - 4 place Richebé 59000 LILLE	F	12-03	100	100	2 299	IG
> CMNE Belgium (base consolidée) - Avenue des Arts 6-9 - 1210 BRUXELLES	E	12-03	100	100	40 696	IG
> Crédifidis - 61 avenue Halley 59667 Villeneuve d'Ascq	F	12-03	50	50	-223	IP
<b>1.2 Financial establishments other than 1.1</b>						
> FCP Richebé Gestion -	F	12-03	99,5	99,5	1 649	IG
<b>1.3 Other financial companies</b>						
> CMNE France (base consolidée) - 4 Place Richebé 59000 LILLE	F	09-03	100	100	-29 310	IG
<b>2. Non-financial companies</b>						
<b>2.1 Insurance</b>						
> La Pérennité - 14 Rue Cambacérés - 75008 PARIS	F	12-03	78,75	78,75	-5 906	IG
<b>2.2 Services</b>						
> GIE CMN Gestion - 4 Place Richebé 59000 LILLE	F	12-03	100	100	0	IG
> GIE CMN Prestations - 4 Place Richebé 59000 LILLE	F	12-03	100	100	0	IG
> Groupement Technique CMN - 4 Place Richebé 59000 LILLE	F	12-03	100	100	0	IG
> CMN Investissements - 4 Place Richebé 59800 LILLE	F	12-03	99,85	99,85	-63	IG
> L'Immobilière du CMN (base consolidée) - 4 Place Richebé 59000 LILLE	F	12-03	100	100	1 649	IG
<b>2.3 Industry</b>						
<b>2.4 Non-financial holding company</b>						
> CMN Immobilier - 4 Place Richebé - 59000 LILLE	F	09-03	100	100	-2	IG
> Société d'Investissements et de Participations du Nord - (consolidated base - 4 Place Richebé 59000 LILLE	F	09-03	100	100	-2 231	IG
				<b>Total</b>	<b>54 779</b>	



## CMNE Belgium

Scope of consolidation used as the basis for the elements included in the publishable consolidation	Nationality F / E	Closing date	Audit (%)	Interest (%)	Contribution to result	Method of consolidation
Banque du Brabant. Rue Belliard 21 - 1040 BRUXELLES	E	12-03	93,91	93,75	2 507	IG
Crédit Professionnel SA Avenue des Arts 6-9 - 1210 BRUXELLES	E	12-03	58,27	57,95	541	IG
CNCP - NKBK Pool SA Avenue des Arts 6-9 -1210 BRUXELLES	E	12-03	99,99	57,95	21	IG
CNCP - NKBK International Finance SA Rue des Girondins, 2 - 1626 Luxembourg	E	12-03	99,99	57,95	18	IG
CP-BK Reinsurance SA Avenue de la gare, 65 - 1611 Luxembourg	E	12-03	99,96	57,93	0	IG
Crédit Professionnel Interfédéral SCRL Rue de la station, 40 - 7700 MOUSCRON	E	12-03	99,01	98,97	-267	IG
GEIE BKCP IT - Avenue des Arts 69 - 1210 BRUXELLES	E	12-03	100	100	0	IG
BKCP Soft – Avenue des Arts 69 - 1210 BRUXELLES	E	12-03	74,99	63,44	-48	IG
Van Moer Santerre Rue Charles Martel 54 L2134 Luxembourg	E	12-03	100	100	41	IG
				<b>Total</b>	<b>2 813</b>	

IG: full consolidation

IP: proportionnal consolidation

MEE: equity method

## CMNE France

Scope of consolidation used as the basis for the elements included in the publishable consolidation	Nationality F / E	Closing date	Audit (%)	Interest (%)	Contribution to result	Method of consolidation
<b>1.3 Other financial companies</b>						
> Bail Actea - 33 rue Jeanne d'Arc 62 000 ARRAS	F	12-03	100	100	2 972	IG
> SDR Normandie (base consolidée) - 15 rue Pierre-Gilles de Gennes - BP148 - 76135 MONT SAINT AIGNAN	F	12-03	99,68	99,68	2 959	IG
<b>2. Non-financial companies</b>						
<b>2.1 Insurance</b>						
> ACMN IARD - 4 Place Richebé - 59000 LILLE	F	12-03	51	51	591	IG
> ACMN Retraite - 4 Place Richebé - 59000 LILLE	F	12-03	99,8	99,8	0	IG
> ACMN Ve - 14 Rue Cambacérés - 75008 PARIS	F	12-03	100	93,33	14 778	IG
> Nord Europe Life Luxembourg - rue Charles Martel 62 L2134 Luxembourg	E	12-03	100	93,33	-1 075	IG
<b>2.2 Services</b>						
> ACMN Finance Conseil - 14 Rue Cambacérés - 75008 PARIS	F	12-03	100	93,25	0	IG
> Alteram - 14 Rue Cambacérés - 75008 PARIS	F	12-03	88,62	88,62	1 583	IG
> Courtage Crédit Mutuel Nord - 4 Place Richebé - 59000 LILLE	F	12-03	100	100	192	IG
> CMN TEL - 4 Place Richebé - 59000 LILLE	F	12-03	100	100	321	IG
> Euro-Information - STRASBOURG	F	12-03	12	12	2 699	MEE
> Financière Malesherbes Anjou - 4 Place Richebé - 59000 LILLE	F	12-03	100	100	4	IG
> Française des Placements - PARIS	F	12-03	20	20	652	MEE
> Multifonds - 14 rue Cambacérés - 75008 PARIS	F	12-03	92,49	92,49	2 051	IG
> Pérennité Entreprises - 14 Rue Cambacérés - 75008 PARIS	F	12-03	89,98	88,92	-361	IG
> Sicorfé SNP - rue Pierre et Marie Curie 62223 St Laurent Blangy	F	12-03	33,9	33,9	273	MEE
> Sicorfé Maintenance - rue Pierre et Marie Curie 62223 St Laurent Blangy	F	12-03	19,45	11,53	18	MEE
> Transactimmo - 1 Rue Arnauld de Vuez - 59000 LILLE	F	12-03	100	100	109	IG
> Union Française de Gestion (base consolidée) - 14 Rue Cambacérés - 75008 PARIS	F	12-03	85,66	85,18	7 114	IG
> Vie Services - 14 Rue Cambacérés - 75008 PARIS	F	12-03	77,5	77,47	14	IG
				<b>Total</b>	<b>34 894</b>	

## SDR Normandie

Scope of consolidation used as the basis for the elements included in the publishable consolidation	Nationality F / E	Closing date	Audit (%)	Interest (%)	Contribution to result	Method of consolidation
> Bâtiroc - 15 rue Pierre-Gilles de Gennes - BP148 76135 MONT-SAINT-AIGNAN	F	12-03	99,99	99,66	199	IG
> Bail Immo Nord – 135 boulevard de la Liberté – 59000 LILLE	F	12-03	100	99,67	1 006	IG
> Normandie Partenariat - 15 rue Pierre-Gilles de Gennes - BP148 MONT-SAINT-AIGNAN	F	12-03	97	96,21	13	IG
				<b>Total</b>	<b>1 218</b>	

## Union Française de Gestion

Scope of consolidation used as the basis for the elements included in the publishable consolidation	Nationality F / E	Closing date	Audit (%)	Interest (%)	Contribution to result	Method of consolidation
CMH Gestion	F	12-03	24,48	20,85	3	MEE
Ico	F	12-03	100	85,17	-17	IG
UFG Courtages	F	12-03	99,8	85,01	35	IG
UFG Hôtels	F	12-03	99,8	85,01	2	IG
UFG Immobilier	F	12-03	93,75	85,17	92	IG
UFG Transactions	F	12-03	95	80,92	85	IG
				<b>Total</b>	<b>200</b>	

## Société d'Investissements et de Participations du Nord

Scope of consolidation used as the basis for the elements included in the publishable consolidation	Nationality F / E	Closing date	Audit (%)	Interest (%)	Contribution to result	Method of consolidation
SCI Centre Gare	F	12-03	100	100	811	IG
Financière Malesherbes	F	12-03	100	100	190	IG
Fininmad (Marchand de biens)	F	09-03	100	100	158	IG
Poujoulat Belgique (Holding d'une société de production)	E	12-03	34,53	34,53	2	MEE
Sofimpar ( Holding des sociétés reprises ci-dessous)	E	09-03	100	100	263	IG
SNC Fonçière Clémenceau	F	09-03	100	100	-6	IG
Fonçière Lieu Saint	F	09-03	100	100	-1 089	IG
Immobilière Léon Frot	F	09-03	100	100	-30	IG
Mathimmo Finances	F	09-03	100	100	13	IG
SCI Saint Joseph	F	09-03	100	100	-21	IG
Société Financière de Gestion	F	09-03	100	100	-793	IG
Sofimmo 1 (Fonçière)	F	09-03	100	100	-71	IG
Sofimmo 3 (Fonçière)	F	09-03	100	100	-498	IG
				<b>Total</b>	<b>-1 071</b>	

## Immobilier du CMN

Scope of consolidation used as the basis for the elements included in the publishable consolidation	Nationality F / E	Closing date	Audit (%)	Interest (%)	Method of consolidation
SCI CMN	F	12-03	100	100	IG
SCI CMN 1	F	12-03	100	100	IG
SCI CMN 2	F	12-03	100	100	IG
SCI CMN 3	F	12-03	100	100	IG
SCI CMN Location	F	12-03	100	100	IG
SCI CMN Location 2	F	12-03	100	100	IG
SCI RICHEBE INKERMAN	F	12-03	100	100	IG

As a reminder: inflows and outflows of companies during the financial year

<b>Inflows:</b> Creation	ACMN Finance Conseil Crédidis FCP Richebé Gestion Sicorfé Maintenance
Acquisition of securities or control acquired during the financial year	Van Moer Santerre Nord Europe Life Luxembourg Normandie Partenariat
<b>Outflows:</b> Deconsolidation	JMPJ

## Balance Sheet

### Assets

(in thousands of €)

ASSETS	Note	31/12/03	31/12/02	Variation	
<b>INTERBANK AND SIMILAR TRANSACTIONS</b>					
Cash, central banks, Post Office	1	209 514	186 388	23 126	12.41%
Government securities and similar		482 688	580 198	-97 510	-16.81%
Debts on loan establishments	2				
* At call		1 107 499	952 574	154 925	16.26%
* Term		3 685 850	3 497 546	188 304	5.38%
<b>TRANSACTIONS WITH CUSTOMERS</b>					
Trading debts	3	24 419	22 021	2 398	10.89%
Other supports to customers		6 644 748	6 201 938	442 810	7.14%
Ordinary debit accounts		207 208	179 559	27 649	15.40%
<b>LEASING AND SIMILAR TRANSACTIONS</b>					
	4	<b>605 147</b>	<b>552 440</b>	<b>52 707</b>	<b>9.54%</b>
<b>BONDS, STOCKS, OTHER FIXED AND VARIABLE SECURITIES</b>					
Bonds and other fixed-revenue securities	5	1 952 878	1 323 135	629 743	47.59%
Stocks and other variable-revenue securities		338 761	271 661	67 100	24.70%
<b>INSURANCE COMPANY INVESTMENTS</b>					
Investments representing policies in units of account	6	304 227	262 371	41 856	15.95%
Other investments		3 105 654	2 311 106	794 548	34.38%
<b>SHAREHOLDINGS, SHARES IN ASSOCIATED COMPANIES, OTHER LONG-TERM SECURITIES</b>					
Shareholdings, portfolio activity and shares in associated companies	7	35 547	29 978	5 569	18.58%
Shareholdings and shares in associated equity companies	8	26 687	23 467	3 220	13.72%
<b>INTANGIBLE AND TANGIBLE FIXED ASSETS</b>					
Intangible fixed assets	9	25 041	18 875	6 166	32.67%
Tangible fixed assets		240 362	246 425	-6 063	-2.46%
<b>GOODWILL</b>					
	10	<b>32 786</b>	<b>34 334</b>	<b>-1 548</b>	<b>-4.51%</b>
<b>SETTLEMENT ACCOUNTS AND MISCELLANEOUS ASSETS</b>					
	11	<b>548 831</b>	<b>493 935</b>	<b>54 896</b>	<b>11.11%</b>
<b>SHARE OF REINSURERS IN TECHNICAL PROVISIONS</b>					
	12	<b>41 677</b>	<b>45 863</b>	<b>-4 186</b>	<b>-9.13%</b>
<b>OTHER INSURANCE ASSETS</b>					
	13	<b>20 954</b>	<b>15 936</b>	<b>5 018</b>	<b>31.49%</b>
<b>TOTAL ASSETS</b>		<b>19 640 478</b>	<b>17 249 748</b>	<b>2 390 730</b>	<b>13.86%</b>

## *Liabilities*

*(in thousands of €)*

<b>LIABILITIES</b>	<b>Note</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	
<b>INTERBANK AND SIMILAR TRANSACTIONS</b>					
Central banks, Post Office	14	31	5	26	507.60%
Debts to loan establishments	15				
* At call		93 721	108 004	-14 283	-13.22%
* Term		519 098	759 690	-240 592	-31.67%
<b>TRANSACTION WITH CUSTOMERS</b>					
<b>16</b>					
Special savings accounts					
* At call		3 637 797	3 444 237	193 560	5.62%
* Term		2 549 181	2 507 802	41 379	1.65%
Other debts					
* At call		1 829 727	1 706 373	123 354	7.23%
* Term		523 678	552 097	-28 419	-5.15%
<b>DEBTS REPRESENTED BY A SECURITY</b>					
<b>17</b>					
Cash certificates		375 806	459 055	-83 249	-18.13%
Interbank market securities		5 066 480	3 699 424	1 367 056	36.95%
Bond loans		23 936	42 543	-18 607	-43.74%
Other debts represented by a security				0	-
<b>TECHNICAL PROVISIONS OF INSURANCE COMPANIES</b>					
<b>18</b>					
Technical provisions of policies in units of account		304 218	262 440	41 778	15.92%
Other technical provisions		2 895 159	2 186 683	708 476	32.40%
<b>SETTLEMENT ACCOUNTS AND MISCELLANEOUS LIABILITIES</b>					
<b>19</b>					
<b>407 031</b>					
<b>285 531</b>					
<b>121 500</b>					
<b>42.55%</b>					
<b>OTHER INSURANCE LIABILITIES</b>					
<b>20</b>					
<b>27 818</b>					
<b>30 499</b>					
<b>-2 681</b>					
<b>-8.79%</b>					
<b>GOODWILL</b>					
<b>21</b>					
<b>3 270</b>					
<b>42 200</b>					
<b>-38 930</b>					
<b>-92.25%</b>					
<b>PROVISIONS FOR RISKS AND CHARGES</b>					
<b>22</b>					
<b>204 916</b>					
<b>148 870</b>					
<b>56 046</b>					
<b>37.65%</b>					
<b>SUBORDINATED DEBTS</b>					
<b>23</b>					
<b>101 281</b>					
<b>113 993</b>					
<b>-12 712</b>					
<b>-11.15%</b>					
<b>FUND FOR GENERAL BANKING RISKS</b>					
<b>24</b>					
<b>16 326</b>					
<b>34 078</b>					
<b>-17 752</b>					
<b>-52.09%</b>					
<b>MINORITY INTERESTS</b>					
<b>25</b>					
<b>40 533</b>					
<b>39 076</b>					
<b>1 457</b>					
<b>3.73%</b>					
<b>EQUITY CAPITAL, SHARE OF GROUP</b>					
<b>26</b>					
Share capital issued		814 610	660 919	153 691	23.25%
Issue premiums		2 750	2 750	0	0.01%

Consolidated reserves and others		148 332	155 213	-6 881	-4.43%
Result for the period (+/-)		54 779	8 267	46 512	562.65%
<b>TOTAL LIABILITIES</b>		<b>19 640 478</b>	<b>17 249 748</b>	<b>2 390 730</b>	<b>13.86%</b>



## *Profit-and-loss account*

Revenue and charges from banking operations

(in thousands of €)

<b>REVENUE AND CHARGES FROM BANKING OPERATIONS</b>	<b>Note</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>Interest and similar revenue</b>	<b>27</b>	<b>679 760</b>	<b>695 624</b>	<b>-15 864</b>	<b>-2,28%</b>
Interest and similar revenue on credit establishment transactions		173 432	196 625	-23 193	-11,80%
Interest and similar revenue on customer transactions		390 117	378 650	11 467	3,03%
Interest and similar revenue on bonds and other fixed-revenue securities		74 763	81 545	-6 782	-8,32%
Other interest and similar revenue		41 448	38 804	2 644	6,81%
<b>Interest and similar charges</b>	<b>27</b>	<b>-484 358</b>	<b>-498 884</b>	<b>14 526</b>	<b>-2,91%</b>
Interest and similar charges on credit establishment transactions		-26 609	-34 971	8 362	-23,91%
Interest and similar charges on customer transactions		-239 223	-247 491	8 268	-3,34%
Interest and similar charges on bonds and other fixed-revenue securities		-174 423	-174 098	-325	0,19%
Other interest and similar charges		-44 103	-42 324	-1 779	4,20%
<b>Revenue from variable-revenue securities</b>	<b>28</b>	<b>2 509</b>	<b>2 483</b>	<b>26</b>	<b>1,03%</b>
<b>Net commissions</b>	<b>29</b>	<b>117 336</b>	<b>102 117</b>	<b>15 219</b>	<b>14,90%</b>
Commissions (revenue)		133 053	118 273	14 780	12,50%
Commissions (charges)		-15 717	-16 156	439	-2,72%
<b>Gains or losses on trading portfolio transactions</b>	<b>30</b>	<b>-10 571</b>	<b>-783</b>	<b>-9 788</b>	<b>n.s.</b>
Gains or losses on transaction securities		-2 097	-122	-1 975	n.s.
Gains or losses on foreign exchange transactions		188	-93	281	-301,32%
Gains or losses on financial instruments		-8 662	-567	-8 095	n.s.
<b>Gains or losses on investment portfolio transactions and similar</b>	<b>31</b>	<b>19 406</b>	<b>-7 826</b>	<b>27 232</b>	<b>n.s.</b>
Gains and recovery of provisions		41 994	23 320	18 674	80,08%
Losses and allocations to provisions		-22 588	-31 146	8 558	-27,48%
<b>Other net revenue and charges from banking operations</b>		<b>121 932</b>	<b>99 160</b>	<b>22 772</b>	<b>22,96%</b>
Revenue from leasing and similar transactions	32	208 792	189 946	18 846	9,92%

Other revenue from banking operations	33	106 331	83 986	22 345	26,61%
Charges on leasing and similar transactions	32	-177 543	-160 497	-17 046	10,62%
Other charges from banking operations	33	-15 648	-14 274	-1 374	9,63%
<b>Gross margin from insurance business</b>	<b>34</b>	<b>66 566</b>	<b>-917</b>	<b>67 483</b>	<b>n.s.</b>
<b>Net revenue from other business (insurance)</b>		<b>0</b>	<b>-429</b>	<b>429</b>	<b>-100,00%</b>
<b>NET BANKING REVENUE</b>		<b>512 580</b>	<b>390 545</b>	<b>122 035</b>	<b>31,25%</b>

### Other ordinary revenue and charges

(in thousands of €)

OTHER ORDINARY REVENUE AND CHARGES	Note	31/12/03	31/12/02	Variation	Variation (%)
<b>General operating overheads</b>	<b>35</b>	<b>-370 013</b>	<b>-322 053</b>	<b>-47 960</b>	<b>14,89%</b>
Staff overheads		-213 786	-183 150	-30 636	16,73%
Other administrative overheads		-156 227	-138 903	-17 324	12,47%
<b>Allocations to write-downs and provisions for depreciation on tangible and intangible fixed assets</b>	<b>36</b>	<b>-22 140</b>	<b>-20 508</b>	<b>-1 632</b>	<b>7,96%</b>
<b>GROSS OPERATING RESULT</b>		<b>120 427</b>	<b>47 984</b>	<b>72 443</b>	<b>150,97%</b>
<b>Cost of risk</b>	<b>37</b>	<b>-82 455</b>	<b>-28 287</b>	<b>-54 168</b>	<b>191,50%</b>
Write-backs of provisions and recovery of depreciated debts		80 473	99 926	-19 453	-19,47%
Allocations to provisions and irrecoverable debts		-162 928	-128 212	-34 716	27,08%
<b>OPERATING RESULT</b>		<b>37 972</b>	<b>19 697</b>	<b>18 275</b>	<b>92,78%</b>
<b>Share in net result of companies consolidated using the equity method</b>	<b>38</b>	<b>3 647</b>	<b>2 242</b>	<b>1 405</b>	<b>62,65%</b>
<b>Gains or losses on fixed assets</b>	<b>39</b>	<b>2 757</b>	<b>1 711</b>	<b>1 046</b>	<b>61,11%</b>
<b>NET OPERATING PROFIT BEFORE TAX</b>		<b>44 376</b>	<b>23 651</b>	<b>20 725</b>	<b>87,63%</b>
<b>Exceptional profit/loss</b>	<b>40</b>	<b>-14 837</b>	<b>2 734</b>	<b>-17 571</b>	<b>-642,71%</b>
Exceptional revenue		15 390	14 794	596	4,03%
Exceptional charges		-30 227	-12 060	-18 167	150,63%
<b>Tax on profits</b>	<b>41</b>	<b>-21 811</b>	<b>-10 851</b>	<b>-10 960</b>	<b>101,01%</b>
<b>Write-down on goodwill</b>	<b>42</b>	<b>34 506</b>	<b>-4 561</b>	<b>39 067</b>	<b>n.s.</b>
<b>Allocations and write-backs of FGFR and regulated provisions</b>		<b>17 740</b>	<b>-486</b>	<b>18 226</b>	<b>n.s.</b>
<b>Minority interests</b>		<b>-5 195</b>	<b>-2 220</b>	<b>-2 975</b>	<b>133,98%</b>
<b>NET RESULT. SHARE OF GROUP</b>		<b>54 779</b>	<b>8 267</b>	<b>46 512</b>	<b>562,65%</b>

*Off balance sheet*

	Note	31/12/03	31/12/02	Variation	Variation (%)
<b>COMMITMENTS GIVEN</b>		<b>2 024 177</b>	<b>2 154 623</b>	<b>-130 446</b>	<b>-6,05%</b>
<b>COMMITMENTS GIVEN BY THE BANKING BUSINESS</b>					
FINANCING COMMITMENTS	43				
Commitments in favour of credit establishments		72 088	134 922	-62 834	-46,57%
Commitments in favour of customers		816 267	747 911	68 356	9,14%
GUARANTEE COMMITMENTS	44				
Commitments in favour of credit establishments		172 169	461 577	-289 408	-62,70%
Commitments in favour of customers		952 833	810 212	142 621	17,60%
COMMITMENTS ON SECURITIES					
Securities acquired with purchase or buy-back facility		0	0	0	-
Other commitments given		9 919	0	9 919	n.s.
<b>COMMITMENTS GIVEN BY THE INSURANCE BUSINESS</b>		<b>901</b>	<b>1</b>	<b>900</b>	<b>n.s.</b>
<b>COMMITMENTS RECEIVED</b>		<b>9 058 634</b>	<b>6 042 945</b>	<b>3 015 689</b>	<b>49,90%</b>
<b>COMMITMENTS RECEIVED FROM THE BANKING BUSINESS</b>					
FINANCE COMMITMENTS					
Commitments received from credit establishments		17 054	57 140	-40 086	-70,15%
Commitments received from customers		853	0	853	n.s.
GUARANTEE COMMITMENTS					
Commitments received from credit establishments		519 250	412 824	106 426	25,78%
Commitments received from customers		8 464 236	5 517 494	2 946 742	53,41%
COMMITMENTS ON SECURITIES					
Securities sold with purchase or buy-back facility		0	0	0	-
Other commitments received		22 394	9 720	12 674	130,38%
<b>COMMITMENTS RECEIVED FROM THE INSURANCE BUSINESS</b>		<b>34 847</b>	<b>45 766</b>	<b>-10 919</b>	<b>-23,86%</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER

### *Method of evaluation and presentation of accounts*

The consolidated accounts have been drawn up in accordance with:

- the rules laid down in regulation 99-07 issued by the Accounting Regulation Committee, amended by regulation 2000-04 issued on 4th July 2000,
- the methods defined by the group for its consolidation; these methods are consistent for all of the companies included in the sphere of consolidation and comply with the general accounting principles that apply in France to credit establishments and investment companies.

The decree issued on 17th January 2001 in relation to the consolidation of insurance companies applies for the group in the area of provisions for the equalisation and capitalisation reserves. These elements have therefore been reworked.

The accounts are presented in euros, in the publishable form, with reference to the model featured in paragraph 43 of regulation N° 2000-04 of the CRC relating to establishments consolidating non-banking activities.

No change of method occurred during the financial year.

### *Sphere and methods used for consolidation*

The attached sphere of consolidation has been defined in accordance with the general principles contained in regulation 99-07, amended by regulation 2000-04.

There are a number of consolidating companies within the group, which justifies the various levels included within the sphere for consolidation:

- CMNE France
- CMNE Belgium
- SDR Normandie
- Union Française de Gestion
- Société d'Investissements et de Participations du Nord
- Immobilière du CMN

The method of consolidation used varies depending on whether the consolidating entity exercises sole or joint control or has a significant influence over the company owned. Consequently, and depending on the type of audit, the method of consolidation may be:

- full consolidation, aimed at showing the accounts of the consolidated companies after any reprocessing and deletion of reciprocal transactions;
- proportional consolidation, aimed at achieving the same end, but in proportion to the control exercised;

- the equity method, which consists of substituting the proportion of equity capital for the book value (including the profit/loss) of the equity held.

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

#### **Fixed assets and write-downs**

Fixed assets acquired before 31st December 1976 are entered in the balance sheet at the utility value on that date, while fixed assets acquired subsequently are entered at their cost of acquisition. Tangible fixed assets are written down over their estimated period of use by applying the linear or graduated method, depending on the type of asset.

IT software acquired outside the company is immobilised and written down linearly over a maximum period of 3 years.

#### **Goodwill**

Goodwill is represented by the difference between the cost price of the equities in the consolidated companies and the proportion of net book assets that corresponds to the date of acquisition or first consolidation. Goodwill is determined after allocation of any goodwill amounts to the balance sheet items in question.

Positive goodwill is entered in the assets and written down over a period of time that reflects as reasonably as possible the elements to which it refers and which justified the goodwill at the time of acquisition.

Negative goodwill entered in the liabilities is carried forward to the result in accordance with the assumptions used and set at the time of acquisition.

#### **Securities Portfolio**

Transactions on securities are accounted for in accordance with Regulation n° 90.01 issued by the Banking and Finance Regulation Committee, amended by Regulations 95-04 of 21st July 1995 and 2000-02 of 4th July 2000.

The regulations apply regardless of the legal medium used (shares, bonds, government bonds, deposit certificates, negotiable promissory notes, negotiable credit instruments, etc.) and depend on the purpose of the transaction.

• ***Transaction securities:*** these are securities bought or sold with the intention of selling them on or buying them back within a short period of time. Transaction securities can be traded on markets whose liquidity is assured. The securities are entered into the books at the transaction price. At each accounting statement, they are evaluated at market value and the overall balance of the valuation reserve is carried forward to the profit-and-loss account as charges or receipts. If transaction securities are held for more than 6 months, they are converted into investment securities at the market price on the day they are reclassified.

• ***Investment securities:*** these are bought with the intention of holding them for more than 6 months in order to secure a return. They are recorded excluding purchase charges and interest incurred. The difference between the purchase price of fixed-revenue securities and their

repayment price is carried forward to the profit-and-loss account over the residual life of the securities (spreading of higher or lower value). At the end of the financial year, they are valued individually at the lower of either the purchase cost or their estimated value. Latent depreciation is acknowledged by way of provisions, while latent appreciation is not entered in the books.

- **Investment securities:** these correspond to fixed-revenue securities and are bought with the intention of holding for an extended period. In accordance with regulatory provisions, latent depreciation is not protected and any differential between the purchase price and the repayment value is recorded in the results proportionate to the remaining period left to run until their repayment date.

- **Shareholdings and other securities held long term:** this category includes investments made in the form of securities that give rights in the capital of a company by creating a durable link with the company, but not having any significant influence over the company's management. These securities are valued individually at the lowest amount of their use value at 31st December or at their acquisition cost. The use value at the end of the financial period is determined based on a number of criteria, such as the net revalued asset or profitability. When the use value becomes less than the acquisition cost, depreciation is acknowledged in the form of a provision to reduce assets. Latent appreciation is not entered in the books.

- **Non-consolidated shareholding securities:** this category includes securities for which the long-term ownership is deemed to be of value for the company's business. These securities are valued individually at the lowest amount of their use value at 31st December or at their acquisition cost. The use value at the end of the financial period is determined based on a number of criteria, such as the net revalued asset or profitability. When the use value becomes less than the acquisition cost, depreciation is acknowledged in the form of a provision to reduce assets. Latent appreciation is not entered in the books.

### **Loans and Provisions for doubtful debts**

Loans granted to customers feature in the balance sheet at their nominal value, net of any provisions.

Doubtful debts are determined in accordance with the directives of the Banking Commission.

In particular, debts of every kind are systematically reclassified that present a probable risk of not being recovered, even if they are backed by guarantees: unauthorised debit cheque accounts or repayments on loans that are outstanding by more than three months (six months for real estate loans) or if they are subject to a particular legal situation (receivership, Neiertz proceedings, etc.). When a probable risk of partial or total non-recovery occurs, the doubtful debts are transferred to a special account and are subject to provisions assessed on a case-by-case basis allocated to the profit-and-loss account.

As part of the reforms to the handling of credit risk and in compliance with ruling CNC 2002-04 and regulation CRC 2002-03, a distinction is made between doubtful debts that are "simple" or "compromised". A doubtful debt is said to be compromised when the term for the debt has expired or when it has been classified as a doubtful debt for over a year.

As part of the same provisions and with the exception of charges on current accounts not covered by the reforms, interest on doubtful debts ceases to be entered in the accounts once a debt has reached compromised status.

### **Provisions for risks and charges**

Provisions for risks are constituted in accordance with the provisions under Regulation N° 2000-06 issued by the Accounting Regulation Committee and are adjusted each year to cover any risks incurred as the result of commitments made. These provisions are allocated and are tax-deductible or not, according to their type.

### **Funds for General Banking Risks**

This item covers the special funds put together as guarantees for loans and in the context of solidarity, in accordance with the finance regulations that apply to the Group.

### **Equity Capital and minority interests**

The variation table for equity capital is appended to this attachment in accordance with the recommendations issued by regulation 99-07

### **Term financial instruments**

These transactions are recorded in accordance with regulation 90.15 issued by the Banking and Finance Regulation Committee.

Commitments relating to these transactions are entered in the non-balance sheet accounts at the nominal value of the contracts. Commitments relating to option contracts are entered non-balance sheet for the nominal value of the underlying commitment.

The methods used for recording the result vary according to the instruments and intentions of the operators behind them.

The profits and charges relating to term financial instruments aimed at covering and managing the overall risk of establishments are entered *pro rata temporis* in the profit-and-loss account. Latent gains and losses are not recorded.

The profits and charges relating to contracts entered into private deals made up of isolated positions are recorded in the results at the conclusion of the contracts (recording of any appreciation and depreciation) or *pro rata temporis* (accounting of interest incurred) depending on the type of instrument. Any latent losses recorded in relation to the market value are subject to a provision for risk and charges.

Variations in values relative to contracts on regulated markets and similar, come into the category of isolated positions and are entered immediately into the profit column at each accounting statement.

Determining market value is a function of the markets involved (regulated or similar, or private contract). For instruments associated with regulated markets, use is made of permanent listings in order to justify their valuation at market price.

With exchange contracts for interest rates or foreign currency, market value is determined as a function of the price calculated by updating future fluctuations at the market interest rate.

### **Accounting for charges and receipts**

Accounting for charges and receipts, including commissions, follows the principle of attachment to the financial period.

Details about accounting for revenue from securities portfolios:

- Revenue from equities and SICAV investment trusts is recorded as and when that revenue is received.
- Revenue from bonds is entered *pro rata temporis* in the profit column according to how long the securities in question have been held. Interest incurred on purchase is placed in a settlement account. Tax credits corresponding to earnings subject to the common law tax system are not recording with earnings.

### **Results of disposals of securities:**

- Profits/losses released by transactions involving the transaction portfolio are recorded as profits or losses in the negotiation portfolio; profits and losses from the disposal of investment securities, as well as allocations to (or withdrawals from) the provisions for depreciation are entered as profits of losses in the investment portfolio.
- By contrast, the proceeds from the disposal of shareholding securities and subsidiaries, as well as allocations to or withdrawals from provisions set up along the same lines are incorporated into the results on fixed assets.

### **Deferred taxation and corporation tax**

Assets from deferred taxation are taken into account:

- if it is likely that the company will be able to recover the tax as the result of the existence of a taxable profit expected during an unstipulated period;
- on reworking specific to the leasing business, certified by Bail Actea, Bail Immo Nord and Bâtiroc,
- on reworking required by the consolidation of insurance business,
- on the provision constituted for withdrawal commitments,
- on the provision constituted for repaying the national solidarity grant.

The rate applied for calculating deferred tax is the latest rate known for forthcoming financial years, i.e. 34.33%. No deferred tax was noted for the group's companies abroad.

The tax charge made on profits entered in the profit-and-loss account represents the tax payable for the adjusted period of fixed-rate taxes that may have been lost and the deferred taxation.



## Notes on balance sheet items – Assets

### *Central Banks and Post Office accounts*

(in thousands of €)

	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Notes and cash	58 548	53 830	4 718	8.77%
Other securities	1 765	220	1 546	704.10%
Central Banks	148 799	131 743	17 056	12.95%
Post Office account	402	596	-194	-32.55%
	<b>209 514</b>	<b>186 388</b>	<b>23 126</b>	<b>12.41%</b>

### *Government securities and similar securities*

(in thousands of €)

	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Transaction	-	-	-	-
Marketable	-	5 780	-5 780	-100.00%
Investment	482 688	574 418	-91 730	-15.97%
	<b>482 688</b>	<b>580 198</b>	<b>-97 510</b>	<b>-16,81%</b>

## *Debts on credit establishments*

*(in thousands of €)*

<b>DEBTS ON CREDIT ESTABLISHMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>DEBTS AT CALL</b>	<b>1 107 499</b>	<b>952 574</b>	<b>154 925</b>	<b>16.26%</b>
Ordinary debit accounts	57 570	59 005	-1 435	-2.43%
Day-to-day accounts and loans	390 000	115 165	274 835	238.64%
Crédit Mutuel network accounts	638 306	748 001	-109 695	-14.67%
Unassigned securities	1 516	673	843	125.26%
Doubtful debts	46	1 116	-1 070	n.s.
- Provisions for doubtful debts	-	-317	317	-100.00%
Associated debts	20 061	28 931	-8 870	-30.66%
<b>TERM DEBTS</b>	<b>3 685 850</b>	<b>3 497 546</b>	<b>188 304</b>	<b>5.38%</b>
Term accounts and loans	3 680 583	3 480 655	199 928	5.74%
- Provision for depreciation	-106	-	-106	n.s.
Financial loans	801	952	-151	-15.83%
Associated debts	4 572	15 939	-11 367	-71.32%
	<b>4 793 349</b>	<b>4 450 119</b>	<b>343 230</b>	<b>7.71%</b>

### *Transactions with customers*

*(in thousands of €)*

<b>TRANSACTIONS WITH CUSTOMERS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>TRADING DEBTS</b>	<b>24 419</b>	<b>22 021</b>	<b>2 398</b>	<b>10,89%</b>
Discount and similar transactions	8 834	8 562	272	3,18%
Daily Act	15 585	13 459	2 126	15,80%
<b>OTHER SUPPORT TO CUSTOMERS</b>	<b>6 644 748</b>	<b>6 201 938</b>	<b>442 810</b>	<b>7,14%</b>
Export loans	1 257	1 750	-493	-28,16%
Cash loans	1 060 178	1 043 075	17 103	1,64%
Equipment loans	1 231 751	1 089 936	141 815	13,01%
Housing loans	3 536 637	3 175 395	361 243	11,38%
Other loans to customers	646 982	715 485	-68 503	-9,57%
Equity loans	23 516	18 021	5 495	30,49%
Associated debts	27 618	26 144	1 474	5,64%
Unassigned securities	16 928	20 812	-3 884	-18,66%
Portfolio of bought debts	2 174	5 742	-3 568	-62,14%
Doubtful debts on customer business	274 052	272 400	1 652	0,61%
- Provisions for doubtful debts on customer business	-176 345	-166 821	-9 524	5,71%
<b>ORDINARY DEBIT ACCOUNTS</b>	<b>207 208</b>	<b>179 559</b>	<b>27 649</b>	<b>15,40%</b>
Ordinary accounts	207 208	179 559	27 649	15,40%
	<b>6 876 375</b>	<b>6 403 517</b>	<b>472 858</b>	<b>7,38%</b>

### *Lease transactions and similar*

*(in thousands of €)*

<b>LEASE TRANSACTIONS AND SIMILAR</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Property leases	225 032	296 238	-71 206	-24.04%
Real estate leases	224 450	117 248	107 202	91.43%
Goods on rental	155 665	138 954	16 711	12.03%
	<b>605 147</b>	<b>552 440</b>	<b>52 707</b>	<b>9.54%</b>

Lease transactions stem from the equity method used for the Bail Actea, Bail Immo Nord and Bâtiroc Normandie subsidiaries. The consolidation of these subsidiaries is carried out on the basis of their financial statements.

### ***Bonds and other fixed-revenue securities***

(in thousands of €)

<b>BONDS AND OTHER FIXED-REVENUE SECURITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>TRANSACTION SECURITIES</b>	<b>102 311</b>	-	<b>102 311</b>	<b>N.S.</b>
Value of securities in portfolio	102 311	-	102 311	n.s.
<b>MARKETABLE SECURITIES</b>	<b>92 200</b>	<b>106 559</b>	<b>-14 359</b>	<b>-13.48%</b>
Value of securities in portfolio	94 223	107 823	-13 600	-12.61%
Associated debts	532	933	-401	-42.96%
- Provisions	-2 555	-2 197	-358	16.31%
<b>INVESTMENT SECURITIES</b>	<b>1 758 367</b>	<b>1 216 576</b>	<b>541 791</b>	<b>44.53%</b>
Value of securities in portfolio	1 744 122	1 204 315	539 807	44.82%
Associated debts	14 245	12 261	1 984	16.18%
- Provisions	-	-	-	-
	<b>1 952 878</b>	<b>1 323 135</b>	<b>629 743</b>	<b>47.59%</b>

### ***Equities and other variable-revenue securities***

<b>EQUITIES AND OTHER VARIABLE-REVENUE SECURITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>TRANSACTION SECURITIES</b>	-	<b>2 085</b>	<b>-2 085</b>	<b>-100.00%</b>
Value of securities in portfolio	-	2 085	-2 085	-100.00%
<b>MARKETABLE SECURITIES</b>	<b>338 761</b>	<b>269 576</b>	<b>69 185</b>	<b>25.66%</b>
Value of securities in portfolio	348 376	300 250	48 126	16.03%
Associated debts	-	-	-	-
- Provisions	-9 615	-30 674	21 059	-68.65%
	<b>338 761</b>	<b>271 661</b>	<b>67 100</b>	<b>24.70%</b>

### ***Breakdown of portfolios at 31/12/2003***

<b>BREAKDOWN OF PORTFOLIOS AT 31/12/2003</b>	<b>Listed securities</b>	<b>Unlisted securities</b>	<b>Total</b>
<b>BONDS AND OTHER FIXED-REVENUE SECURITIES</b>	<b>845 417</b>	<b>1 107 461</b>	<b>1 952 878</b>
<b>Transaction securities</b>	<b>98 688</b>	<b>3 623</b>	<b>102 311</b>
Value of securities in portfolio	98 688	3 623	102 311
<b>Marketable securities</b>	<b>89 830</b>	<b>2 370</b>	<b>92 200</b>
Value of securities in portfolio	91 868	2 355	94 223
of which appreciation/depreciation	1 122	-4	1 118
Associated debts	517	15	532
- Provisions	-2 555	0	-2 555
<b>Investment securities</b>	<b>656 899</b>	<b>1 101 468</b>	<b>1 758 367</b>
Value of securities in portfolio	650 869	1 093 253	1 744 122
of which appreciation/depreciation	248	204	452
Associated debts	6 030	8 215	14 245
- Provisions	0	0	0
<b>EQUITIES AND OTHER VARIABLE-REVENUE SECURITIES</b>	<b>311 217</b>	<b>27 544</b>	<b>338 761</b>
<b>Transaction securities</b>	<b>0</b>	<b>0</b>	<b>0</b>
Value of securities in portfolio	0	0	0
<b>Marketable securities</b>	<b>311 217</b>	<b>27 544</b>	<b>338 761</b>
Value of securities in portfolio	319 319	29 057	348 376
Associated debts	0	0	0
- Provisions	-8 102	-1 513	-9 615

### *Other information relating to securities portfolios*

<b>OTHER INFORMATION RELATING TO SECURITIES PORTFOLIOS</b>	
Amount of debt representing loaned securities (pensions provided)	0
Amount of French and foreign distribution Unit Trusts	0
Amount of French and capitalisation distribution Unit Trusts	271 331
Amount of investment securities sold before maturity	0
Amount of securities subject to transfer from one portfolio to another	0
Latent gains on marketable securities	13 412
Latent losses on marketable securities subject to a provision	12 170
Amount of securities issued by public bodies	470 210

### *Insurance company investments*

*(in thousands of €)*

<b>INSURANCE COMPANY INVESTMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Investments representing policies in units of account	304 227	262 371	41 856	15.95%
Other investments	3 105 654	2 311 106	794 548	34.38%
Land and buildings	761 643	392 384	369 259	94.11%
Other insurance company investments	2 288 270	1 869 481	418 789	22.40%
Appreciation/depreciation	10 428	7 553	2 875	38.06%
Associated debts	45 313	41 688	3 625	8.70%
	<b>3 409 881</b>	<b>2 573 478</b>	<b>836 403</b>	<b>32.50%</b>

### *Portfolio holdings and activities*

*(in thousands of €)*

<b>PORTFOLIO HOLDINGS AND ACTIVITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Unconsolidated securities				
Value of securities in portfolio	44 494	41 006	3 488	8.51%
Associated debts	-	-	-	-
- Provisions	-8 947	-11 028	2 081	-18.87%
	<b>35 547</b>	<b>29 978</b>	<b>5 569</b>	<b>18.58%</b>

### *Holdings and shares in equity companies*

*(in thousands of €)*

<b>HOLDINGS AND SHARES IN EQUITY COMPANIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
CMH Gestion	81	77	4	5.61%
Euro-Information	23 116	20 731	2 385	11.50%
Française des Placements	2 369	1 682	687	40.86%
Poujoulat Belgique	470	468	2	0.34%
Sicorfé SNP	628	509	119	23.38%
Sicorfé Maintenance	23	-	23	n.s.
	<b>26 687</b>	<b>23 467</b>	<b>3 220</b>	<b>13.72%</b>

### *Intangible fixed assets*

*(in thousands of €)*

<b>INTANGIBLE FIXED ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Duty on leases	4 394	4 178	216	5.17%
Establishment fees and other fixed assets	32 705	23 307	9 398	40.32%
- Provisions for depreciation	-36	-45	9	-20.19%
- Write-downs	-12 022	-8 565	-3 457	40.36%
	<b>25 041</b>	<b>18 875</b>	<b>6 166</b>	<b>32.67%</b>

### *Tangible fixed assets*

*(in thousands of €)*

<b>TANGIBLE FIXED ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Operating fixed assets	366 024	354 526	11 498	3.24%
Non-operating fixed assets	18 764	18 779	-15	-0.08%
- Provisions for depreciation	-2 008	-1 991	-17	0.87%
- Write-downs	-142 418	-124 890	-17 529	14.04%
	<b>240 362</b>	<b>246 425</b>	<b>-6 063</b>	<b>-2.46%</b>

## **Goodwill**

(in thousands of €)

<b>GOODWILL</b>	<b>31/12/03</b>	<b>31/12/02</b>
SIPN / SCI Centre station	1 358	1 358
<i>Depreciation / 15 years</i>	-543	-453
SIPN / UFG Immobilier (formerly Sélectigest)	6 321	6 321
<i>Depreciation / 10 years</i>	-3 793	-3 161
CMNE France / ACMN Vie	3 272	2 116
<i>Depreciation / 5 years</i>	-452	-
CMNE France / UFG	1 247	461
<i>Depreciation / 5 years</i>	-511	-330
CMNE France / Multifonds	8 061	8 061
<i>Depreciation / 10 years</i>	-2 542	-1 736
CMNE France / Pérennité	18 025	18 025
<i>Depreciation / 10 years</i>	-4 056	-2 253
CMNE France / Sicorfé SNP	747	671
<i>Depreciation / 5 years</i>	-149	-
UFG / UFG Immobilier (including previous goodwill on Corime)	6 986	6 986
<i>Depreciation / 5 years</i>	-3 129	-1 732
CMNE Belgium / VMS	2 046	-
<i>Depreciation / 20 years</i>	-102	-
BKCP / CPBK Réassurance	1	-
<i>Immediate depreciation</i>	-1	-
	<b>32 786</b>	<b>34 334</b>

*Settlement accounts and miscellaneous assets*

*(in thousands of €)*

<b>SETTLEMENT ACCOUNTS AND MISCELLANEOUS ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation(%)</b>
<b>SETTLEMENT ACCOUNTS</b>	<b>340 979</b>	<b>277 609</b>	<b>63 370</b>	<b>22.83%</b>
Securities received at encashment	50 534	80 178	-29 644	-36.97%
Securities to be rejected	299	563	-264	-46.90%
Adjustment accounts on term financial instruments	4 071	15 477	-11 406	-73.70%
Charges to be allocated	21 977	25 359	-3 382	-13.34%
Charges recorded in advance	9 117	5 208	3 910	75.07%
Receipts to come in	12 562	12 468	94	0.75%
Miscellaneous settlement accounts	201 321	110 982	90 339	81.40%
Deferred tax on assets	41 098	27 375	13 723	50.13%
<i>of which: associated with reworking consolidation</i>	<i>32 409</i>	<i>6 568</i>	<i>25 841</i>	<i>393.43%</i>
<i>associated with tax deficits carried forward</i>	<i>8 689</i>	<i>20 807</i>	<i>-12 118</i>	<i>-58.24%</i>
<b>OTHER ASSETS</b>	<b>207 852</b>	<b>216 326</b>	<b>-8 474</b>	<b>-3.92%</b>
Customer accounts	60	7	53	795.52%
Guarantee deposits made	3 182	1 318	1 864	141.48%
Collective management of Codevi savings accounts	30 030	36 927	-6 897	-18.68%
Other miscellaneous debtors	161 409	168 226	-6 817	-4.05%
Stock accounts and similar (including stocks of real estate resulting from the incorporation of real estate agent companies)	13 446	10 045	3 401	33.86%
- Provisions on stock accounts	-275	-196	-79	40.09%
	<b>548 831</b>	<b>493 935</b>	<b>54 896</b>	<b>11.11%</b>

Most of the amounts for the miscellaneous settlement accounts include the offset accounts between banks in the "SIT" and "SCOP" systems. The charges to be allocated are made up mainly of the issue fees on securities depreciated over the terms of the corresponding loans (subscriptions to the Caisse de Refinancement de l'Habitat – CRH).



### *Share of reinsurers in technical provisions*

*(in thousands of €)*

<b>SHARE OF REINSURERS IN TECHNICAL PROVISIONS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Provisions for premiums not received	13 599	16 382	-2 783	-16.99%
Provisions for life assurance	469	616	-147	-23.91%
Provisions for Life claims	827	372	455	122.37%
Provisions for Non-Life claims	24 804	25 512	-708	-2.77%
Provisions for equalisation borne by the reinsurer	767	368	400	108.71%
Other technical Life provisions	78	78	-	-
Other technical Non-Life provisions	1 133	2 536	-1 403	-55.32%
	<b>41 677</b>	<b>45 863</b>	<b>-4 186</b>	<b>-9.13%</b>

### *Other insurance assets*

*(in thousands of €)*

<b>OTHER INSURANCE ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Debts created by direct insurance transactions	-273	-239	-34	14.18%
Debts created by reinsurance transactions	-	85	-85	-100.00%
Other assets	21 227	16 090	5 137	31.93%
	<b>20 954</b>	<b>15 936</b>	<b>5 019</b>	<b>31.49%</b>

### **Notes to balance sheet items - Liabilities**

#### *Central Banks and Post Office accounts*

*(in thousands of €)*

<b>CENTRAL BANKS AND POST OFFICE ACCOUNTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Central Banks	28	5	23	449.02%
Post Office	3	-	3	n.s.
	<b>31</b>	<b>5</b>	<b>26</b>	<b>507.64%</b>

*Debts to loan establishments*

	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>DEBTS TO LOAN ESTABLISHMENTS</b>				
<b>DEBTS AT CALL</b>	<b>93 721</b>	<b>108 004</b>	<b>-14 283</b>	<b>-13.22%</b>
Ordinary accounts	45 742	46 900	-1 158	-2.47%
Transactions internal to the Crédit Mutuel network	12 288	14 975	-2 687	-17.94%
Associated debts	313	-	313	n.s.
Other amounts due	35 378	46 129	-10 751	-23.31%
<b>TERM DEBTS</b>	<b>519 098</b>	<b>759 690</b>	<b>-240 592</b>	<b>-31.67%</b>
Term accounts and loans	431 194	678 568	-247 374	-36.46%
Transactions internal to the Crédit Mutuel network	572	1 193	-621	-52.07%
Securities given as pension provided	82 960	73 318	9 643	13.15%
Associated debts	4 372	6 612	-2 240	-33.87%
	<b>612 819</b>	<b>867 694</b>	<b>-254 875</b>	<b>-29.37%</b>

## *Transactions with customers*

*(in thousands of €)*

<b>TRANSACTIONS WITH CUSTOMERS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>SPECIAL SAVINGS ACCOUNTS</b>	<b>6 186 978</b>	<b>5 952 039</b>	<b>234 939</b>	<b>3.95%</b>
<b>at call</b>	<b>3 637 797</b>	<b>3 444 237</b>	<b>193 560</b>	<b>5.62%</b>
Ordinary passbooks	661 165	627 587	33 578	5.35%
Special passbooks and deposits	1 414 399	1 341 014	73 385	5.47%
Popular savings passbook	554 632	508 818	45 814	9.00%
CODEVI savings accounts	469 961	462 364	7 597	1.64%
Housing savings accounts	213 002	205 014	7 989	3.90%
Other special savings accounts	315 885	291 085	24 800	8.52%
Associated debts on special savings accounts	8 753	8 356	398	4.76%
<b>Term</b>	<b>2 549 181</b>	<b>2 507 802</b>	<b>41 379</b>	<b>1.65%</b>
Housing saving schemes	2 074 678	2 039 181	35 497	1.74%
Popular savings schemes	474 495	468 621	5 874	1.25%
Associated debts on special savings accounts	8	-	8	n.s.
<b>OTHER DEBTS</b>	<b>2 353 405</b>	<b>2 258 470</b>	<b>94 935</b>	<b>4.20%</b>
<b>at call</b>	<b>1 829 727</b>	<b>1 706 373</b>	<b>123 354</b>	<b>7.23%</b>
Ordinary credit accounts	1 727 027	1 571 951	155 076	9.87%
At call guarantee deposits	298	-	298	n.s.
Other amounts due	102 321	134 421	-32 100	-23.88%
Associated debts	81	-	81	n.s.
<b>Term</b>	<b>523 678</b>	<b>552 097</b>	<b>-28 419</b>	<b>-5.15%</b>
Term credit accounts	236 520	246 296	-9 776	-3.97%
Term loans to finance customers	268 311	283 168	-14 857	-5.25%
Term guarantee deposits	94	77	17	22.08%
Associated debts	18 753	22 557	-3 804	-16.86%
	<b>8 540 383</b>	<b>8 210 509</b>	<b>329 874</b>	<b>4.02%</b>

*Debts represented by a security*

(in thousands of €)

<b>DEBTS REPRESENTED BY A SECURITY</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>Cash certificates</b>	<b>375 806</b>	<b>459 055</b>	<b>-83 249</b>	<b>-18.13%</b>
Cash certificates and savings certificates	365 934	447 146	-81 212	-18.16%
Associated debts	9 872	11 909	-2 037	-17.10%
<b>Interbank market securities</b>	<b>5 066 480</b>	<b>3 699 424</b>	<b>1 367 056</b>	<b>36.95%</b>
Interbank market securities	752 704	627 204	125 500	20.01%
Negotiable debt securities	4 264 604	3 025 718	1 238 886	40.95%
Associated debts	49 172	46 502	2 670	5.74%
<b>Bond loans</b>	<b>23 936</b>	<b>42 543</b>	<b>-18 607</b>	<b>-43.74%</b>
Bonds	22 867	41 465	-18 598	-44.85%
Associated debts	1 069	1 078	-9	-0.84%
	<b>5 466 222</b>	<b>4 201 022</b>	<b>1 265 200</b>	<b>30.12%</b>

*Insurance company investments*

(in thousands of €)

<b>INSURANCE COMPANY INVESTMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Technical provisions for policies in account units	304 218	262 440	41 778	15.92%
Other technical provisions	2 895 159	2 186 683	708 476	32.40%
Provision for premiums not received and outstanding risks	20 410	18 611	1 799	9.67%
Provisions for life assurance	2 722 667	2 051 394	671 273	32.72%
Provisions for claims (Life)	6 782	6 852	-70	-1.02%
Provisions for claims (Non-Life)	51 994	45 884	6 110	13.32%
Provisions for participation in profits and discounts (Life)	69 095	39 493	29 602	74.96%
Other technical provisions (Life)	15 291	15 377	-86	-0.56%
Other technical provisions (Non-Life)	8 920	9 072	-152	-1.68%
	<b>3 199 377</b>	<b>2 449 122</b>	<b>750 255</b>	<b>30.63%</b>

**Settlement accounts and other liabilities**

(in thousands of €)

<b>SETTLEMENT ACCOUNTS AND OTHER LIABILITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>SETTLEMENT ACCOUNTS</b>	<b>239 438</b>	<b>104 842</b>	<b>134 596</b>	<b>128.38%</b>
Accounts associated with recovery transactions	7 219	11 121	-3 902	-35.09%
Adjustment accounts on foreign currency	-	20	-20	-100.00%
Adjustment accounts for term financial instruments	9 328	5 281	4 047	76.64%
Products noted in advance	70 403	62 857	7 546	12.00%
Charges to pay	15 610	15 177	433	2.85%
Miscellaneous settlement accounts	129 140	5 279	123 861	n.s.
Deferred taxes Liabilities	7 738	5 107	2 631	51.53%
<i>of which: associated with consolidation reworking</i>	<i>7 738</i>	<i>5 107</i>	<i>2 631</i>	<i>51.52%</i>
<b>OTHER LIABILITIES</b>	<b>167 593</b>	<b>180 689</b>	<b>-13 096</b>	<b>-7.25%</b>
Guarantee deposits received	2 125	2 287	-162	-7.08%
Investment grants	7 934	6 945	989	14.24%
Miscellaneous creditors	157 534	171 457	-13 923	-8.12%
	<b>407 031</b>	<b>285 531</b>	<b>121 500</b>	<b>42.55%</b>

As with assets, for most of their amount, the miscellaneous settlement accounts include the offset accounts between banks in the "SIT" and "SCOP" systems.

**Other insurance liabilities**

(in thousands of €)

<b>OTHER INSURANCE LIABILITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Debts created by direct insurance transactions	19 684	16 941	2 743	16.19%
Debts created by reinsurance transactions	4 638	9 413	-4 775	-50.73%
Other liabilities	3 496	4 144	-648	-15.64%
	<b>27 818</b>	<b>30 499</b>	<b>-2 681</b>	<b>-8.79%</b>

## *Goodwill*

*(in thousands of €)*

<b>GOODWILL</b>	<b>31/12/03</b>	<b>31/12/02</b>
CMNE Belgium / Crédit Professionnel SA	11 717	11 717
Allocation of loss on Crédit Professionnel SA 2000	-7 875	-7 875
Allocation of loss on Crédit Professionnel SA 2001	-1 914	-1 914
CMNE Belgium / CPI	1 090	1 090
Allocation of loss on CPI 2003	-271	-
CMNE Belgium / Banque du Brabant	38 540	38 545
Acquisition of CMNE Belgium (recorded in the results)	-38 540	-
CMNE France / UFG (increase in capital)	671	671
Acquisition of CMNE France (recorded in the results)	-168	-34
UFG / Ico (via UFG Immobilier)	19	-
Immediate acquisition of UFG	-19	-
ACMN Vie / Nord Europe Life Luxembourg	1 172	-
Acquisition of ACMN Vie (allocation of loss on NELL 2003)	-1 152	-
	<b>3 270</b>	<b>42 200</b>

The restructuring operations resulting from the entry of the Banque du Brabant into the group. As maintaining the balance of the goodwill is no longer justified, its acquisition was transacted for a total amount of €38 540 000.

## *Provisions for risks and charges*

*(in thousands of €)*

<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Provisions for commitments by signature	3 170	1 027	2 143	208.67%
Provisions for withdrawal charges	21 447	20 133	1 314	6.52%
Other provisions	179 235	126 964	52 271	41.17%
Regulated provisions	1 064	746	318	42.70%
	<b>204 916</b>	<b>148 870</b>	<b>56 046</b>	<b>37.65%</b>

\* Commitments in terms of career-end indemnities are partially covered by a policy taken out with an insurance company. The balance is the subject of a provision in the consolidated accounts. The consequences of modifications required by the "Fillon Act" of 21st August 2003 have been taken into account by using the preferential method authorising their spread over the average residual period of work for the salaried beneficiaries. The amount of the provision is established according to the following terms:

-Total excluding social charges €20 931

-Total impact of the "Fillon Act"(social charges) €2 337

-Social charges according to spread over residual period of work €16

\* At 31st December 2000, the CMNE had reached the threshold of equity capital required to proceed with the clearing of the national solidarity fund from which CMNE benefited during the restructuring of the group in 1993. This solidarity fund was made up as follows:

- balance advances of €17 185 000

- grants of €100 237 000.

In accordance with the agreement protocol and its subsequent amendments, the Caisse Fédérale du Crédit Mutuel Nord Europe began repaying this fund from 2002 by deducting from its profit margin the funds required to repay these grants (up to half of the group's incorporated result at the end of the 2001 financial year and subsequent years).

These terms for reimbursement, approved in agreement with Crédit Mutuel's National Confederation take account of the charge as the net self-financing margin is gradually achieved, and allocate it individually to the entities from which it originated.

On the other hand, and while awaiting the IAS/IFRS standards to come into effect, the balance of the commitments, corresponding to the subsidies remaining to be reimbursed at the end of 2003, has been fully funded in the group's consolidated accounts, in accordance with the breakdown below (in thousands of €):

- Subsidies remaining to be reimbursed: €2 822

- Provisions made up of social accounts: €25 474

- Amount funded for liabilities and charges in the consolidated accounts: €67 348  
(with the corresponding deferred tax entered as an asset.)

### *Subordinated debts*

*(in thousands of €)*

<b>SUBORDINATED DEBTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Mutual-style guarantee deposits	6 406	5 799	607	10.47%
Participative loans	19 818	27 441	-7 623	-27.78%
Subordinated securities	58 998	63 577	-4 579	-7.20%
Long-term advance (Caisse Centrale Crédit Mutuel)	14 713	15 741	-1 028	-6.53%
Associated debts	1 346	1 435	-89	-6.19%
	<b>101 281</b>	<b>113 993</b>	<b>-12 712</b>	<b>-11.15%</b>

### *Funds for general banking risks*

<b>FUNDS FOR GENERAL BANKING RISKS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Guarantee fund	-	4 791	-4 791	-100.00%
Accumulation fund	2 957	15 966	-13 009	-81.48%
FGBR CMNE Belgium	13 369	13 321	48	n.s.
	<b>16 326</b>	<b>34 078</b>	<b>-17 752</b>	<b>-52.09%</b>

During the period, the guarantee and accumulation funds were used in the form of subsidies granted to the local branches to enable them to handle the provision for the “Livret Bleu litigation” into their accounts



## Minority interests

(in thousands of €)

	31/12/03	31/12/02	Variation	Variation (%)
<b>MINORITY RESERVES</b>	<b>35 338</b>	<b>36 855</b>	<b>-1 517</b>	<b>-4.12%</b>
Immobilière du CMN and affiliated SCI property partnerships	-	1	-1	-100.00%
SIPN and integrated companies	-	0	0	-100.00%
ACMN IARD	7 206	7 113	93	1.31%
ACMN Vie	-1 768	1 637	-3 405	-208.00%
Alteram	117	40	78	196.20%
Bail Actea	-	0	0	-100.00%
Bail Immo Nord	-4	-	-4	n.s.
Batiroc	1	-	1	n.s.
CMNE Belgium and integrated companies	18 716	19 636	-920	-4.69%
CMN Investissements	4	4	-	-
Multifonds	398	394	4	1.12%
Nord Europe Life Luxembourg	79	-	79	n.s.
Normandie Partenariat	9	-	9	n.s.
La Pérennité	6 293	4 109	2 184	53.16%
Pérennité Entreprises	30	82	-52	-63.41%
Richebé Gestion	501	-	501	n.s.
SDR Normandie	89	69	20	29.74%
UFG and integrated companies	3 651	3 758	-107	-2.84%
Vie Services	16	14	2	13.48%
<b>RESULT OF MINORITIES</b>	<b>5 195</b>	<b>2 220</b>	<b>2 975</b>	<b>133.99%</b>
ACMN IARD	568	93	475	510.75%
ACMN Vie	1 057	-1 391	2 448	-176.00%
Alteram	203	16	187	n.s.
Bail Immo Nord	3	-	3	n.s.
Batiroc	1	-	1	n.s.
CMNE Belgium and integrated companies	557	345	212	61.45%
Multifonds	167	95	73	76.72%
Nord Europe Life Luxembourg	-77	-	-77	n.s.

Normandie Partenariat	1	-	1	n.s.
La Pérennité	1 499	2 184	-685	-31.37%
Pérennité Entreprises	-45	-52	7	-13.79%
Richebé Gestion	8	-	8	n.s.
SDR Normandie	6	20	-14	-69.70%
UFG and integrated companies	1 243	908	335	36.88%
Vie Services	4	2	2	73.91%
	<b>40 533</b>	<b>39 076</b>	<b>1 457</b>	<b>3.73%</b>

### *Capital subscribed*

*(in thousands of €)*

<b>CAPITAL SUBSCRIBED</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Parts "A"	79 545	74 893	4 652	6.21%
Parts "B"	718 256	585 877	132 379	22.60%
Parts "F"	16 809	149	16 660	n.s.
	<b>814 610</b>	<b>660 919</b>	<b>153 691</b>	<b>23.25%</b>

<b>ISSUE PREMIUMS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Merger premium	2 750	2 750	0	0.01%
	<b>2 750</b>	<b>2 750</b>	<b>0</b>	<b>0.01%</b>

<b>CONSOLIDATED RESERVES AND OTHER</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Mandatory reserves	497	497	-	-
Statutory reserves	128 780	117 224	11 556	9.86%
Special reserves of long-term gains	40 724	40 724	0	0.00%
Other reserves	2 958	2 596	363	13.97%
Balance carried forward	-33 848	-22 367	-11 482	51.33%
Consolidated reserves	9 221	16 540	-7 319	-44.25%
	<b>148 332</b>	<b>155 213</b>	<b>-6 881</b>	<b>-4.43%</b>

<b>CONSOLIDATED RESERVES – CONTRIBUTION PER COMPANY</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Caisses de Crédit Mutuel + Caisse Fédérale du CMNE + Fédération du CMNE	153 887	145 221	8 666	5.97%
BCMN	963	915	49	5.30%
Immobilière du CMN and affiliated SCI property partnerships	-3 096	-2 537	-559	22.02%
CMNE France	46 033	46 458	-425	-0.91%
SIPN and integrated companies	768	239	529	221.61%
ACMN IARD	-275	-372	97	-26.04%
ACMN Retraite	-1	-1	0	-16.67%
ACMN Vie	-21 999	-4 151	-17 848	429.96%
Alteram	35	-206	241	n.s.
Bail Actea	6 283	6 756	-473	-7.00%
Bail Immo Nord	316	156	160	102.05%
Batiroc	130	-	130	n.s.
Courtage CMN	-61	-162	101	-62.30%
CMNE Belgium and integrated companies	1 276	-555	1 831	-330.12%
CMN Investissements	2 140	2 179	-39	-1.79%
CMN Tél	-192	-92	-100	n.s.
Euro-Information	16 300	13 978	2 322	16.61%
CMN Immobilier	-1 553	-1 543	-10	0.62%
Financière Malesherbes Anjou	-349	37	-386	n.s.
Française des placements	-1 282	-918	-364	39.67%
SCI JMPJ	-	-114	114	-100.00%
Multifonds	-10 887	-10 941	54	-0.49%
Nord Europe Life Luxembourg	1 095	-	1 095	n.s.
Normandie Partenariat	-289	-	-289	n.s.
La Pérennité	-43 454	-38 074	-5 380	14.13%
Pérennité Entreprises	-565	-147	-419	285.67%
Richebé Gestion	17	-	17	n.s.

SDR Normandie	14 876	8 610	6 267	72.79%
Sicorfé SNP	-900	-671	-229	34.15%
Sicorfé Maintenance	5	-	5	n.s.
Transactimmo	97	60	37	60.60%
UFG and integrated companies	-11 011	-8 930	-2 081	23.30%
Vie Services	25	18	8	42.86%
	<b>148 332</b>	<b>155 213</b>	<b>-6 881</b>	<b>-4.43%</b>

<b>RESULT FOR THE FINANCIAL YEAR CONTRIBUTION PER COMPANY</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>(in thousands of €)</b>				
Caisses de Crédit Mutuel + Caisse Fédérale du CMNE + Fédération du CMNE	-12 399	11 737	-24 136	-205.64%
BCMN	2 299	2 048	251	12.24%
Immobilière du CMN and affiliated SCI property partnerships	1 649	933	716	76.72%
CMNE France	-5 584	-5 779	195	-3.38%
SIPN and integrated companies	-2 231	868	-3 099	-357.12%
ACMN IARD	591	97	494	510.54%
ACMN Retraite	-	-	-	-
ACMN Vie	14 778	-15 597	30 375	-194.75%
Alteram	1 583	303	1 280	422.44%
Bail Actea	2 972	2 643	329	12.46%
Bail Immo Nord	1 006	890	116	13.05%
Batiroc	199		199	n.s.
Courtage CMN	192	100	92	91.24%
CMNE Belgium and integrated companies	40 696	2 002	38 694	n.s.
CMN Investissements	-63	-39	-25	63.64%
CMN TEL	321	-100	421	-419.72%
Euro-Information	2 699	2 637	62	2.36%
CMN Immobilier	-2	-10	8	-79.80%
Crédidis	-223		-223	n.s.
Financière Malesherbes Anjou	4	-63	67	-106.36%
Française des Placements	652	-400	1 052	-262.88%
SCI JMPJ	-	0	0	-100.00%
Multifonds	2 051	1 164	887	76.19%
Nord Europe Life Luxembourg	-1 075	-	-1 075	n.s.
Normandie Partenariat	13	-	13	n.s.
La Pérennité	-5 906	-5 380	-526	9.77%

Pérennité Entreprises	-361	-419	58	-13.76%
Richebé Gestion	1 649	-	1 649	n.s.
SDR Normandie	1 740	6 113	-4 373	-71.54%
Sicorfé SNP	273	-	273	n.s.
Sicorfé Maintenance	18	-	18	n.s.
Transactimmo	109	21	88	414.15%
UFG and integrated companies	7 115	4 489	2 626	58.49%
Vie Services	14	8	6	77.22%
	<b>54 779</b>	<b>8 267</b>	<b>46 512</b>	<b>562.65</b>

### Notes to the items in the profit-and-loss account

#### *Interests and similar income on transactions with loan establishments*

(in thousands of €)

<b>INTEREST AND SIMILAR INCOME ON TRANSACTIONS WITH LOAN ESTABLISHMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Interest from central banks and Post Office accounts	2 917	3 856	-939	-24.36%
Interest on ordinary debit accounts	526	972	-446	-45.91%
Interest on accounts and term loans	154 391	165 847	-11 456	-6.91%
Interest on Crédit Mutuel internal accounts	15 598	25 950	-10 352	-39.89%
	<b>173 432</b>	<b>196 625</b>	<b>-23 193</b>	<b>-11.80%</b>

<b>INTEREST AND SIMILAR CHARGES ON TRANSACTIONS WITH LOAN ESTABLISHMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Interest on ordinary credit accounts	910	868	42	4.80%
Interest on accounts and loans	21 720	27 680	-5 960	-21.53%
Interest on Crédit Mutuel internal accounts	125	794	-669	-84.26%
Interest on securities given on pensions provided	1 839	3 234	-1 395	-43.13%
Charges on participative loans	2 015	2 387	-372	-15.58%

Charges on guarantee commitments	0	8	-8	-100.00%
	<b>26 609</b>	<b>34 971</b>	<b>-8 362</b>	<b>-23.91%</b>

***Interests and similar income on transactions with customers***

*(in thousands of €)*

<b>INTEREST AND SIMILAR INCOME ON TRANSACTIONS WITH CUSTOMERS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Interest on trading debts and loans to customers	362 867	354 195	8 672	2.45%
Interest on ordinary debit accounts	15 376	16 257	-881	-5.42%
Interest on doubtful debts	9 343	9 757	-414	-4.25%
Net allocation to provisions on interest from doubtful debts	444	-2 271	2 715	-119.55%
Income from finance commitments	1 483	41	1 442	n.s.
Income from guarantee commitments	604	671	-67	-10.00%
	<b>390 117</b>	<b>378 650</b>	<b>11 467</b>	<b>3.03%</b>

<b>INTEREST AND SIMILAR CHARGES ON TRANSACTIONS WITH CUSTOMERS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Interest on ordinary credit accounts	3 090	4 373	-1 283	-29.34%
Interest on special savings accounts	199 879	206 936	-7 057	-3.41%
Interest on term credit accounts	31 368	29 437	1 931	6.56%
Interest on subordinated debts	3 971	5 813	-1 842	-31.69%
Charges on guarantee commitments	915	931	-16	-1.68%
	<b>239 223</b>	<b>247 491</b>	<b>-8 268</b>	<b>-3.34%</b>

***Interest and similar income from bonds and fixed-revenue securities***

*(in thousands of €)*

<b>INTEREST AND SIMILAR INCOME FROM BONDS AND FIXED-REVENUE SECURITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Marketable securities	5 492	7 213	-1 721	-23.86%
- Spread of depreciation (charges)	-459	-625	166	-26.54%
+ Spread of depreciation (income)	0	214	-214	-100.00%
Investment securities	68 743	73 682	-4 939	-6.70%
- Spread of depreciation (charges)	-442	-549	107	-19.49%
+ Spread of depreciation (income)	0	0	-	-
Income from collective management of Codevi savings accounts	1 429	1 610	-181	-11.26%
	<b>74 763</b>	<b>81 545</b>	<b>-6 782</b>	<b>-8.32%</b>

<b>INTEREST AND SIMILAR CHARGES ON BONDS AND FIXED-REVENUE SECURITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Interest on cash certificates and savings certificates	20 264	24 865	-4 601	-18.50%
Interest on securities from the interbank market	91 656	25 444	66 212	260.23%
Interest on negotiable debt securities	56 440	117 192	-60 752	-51.84%
Interest on bond loans	3 124	3 834	-710	-18.52%
Other charges on debts made up of securities	2 939	2 763	176	6.37%
	<b>174 423</b>	<b>174 098</b>	<b>325</b>	<b>0.19%</b>



### *Other interest and similar income*

*(in thousands of €)*

<b>OTHER INTEREST AND SIMILAR INCOME</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Income from debts made up of securities	1 242	697	545	78.14%
Miscellaneous income from transactions on securities	40 206	38 107	2 099	5.51%
	<b>41 448</b>	<b>38 804</b>	<b>2 644</b>	<b>6.81%</b>

<b>OTHER INTEREST AND SIMILAR CHARGES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Miscellaneous charges for transactions on securities	44 103	42 324	1 779	4.20%
	<b>44 103</b>	<b>42 324</b>	<b>1 779</b>	<b>4.20%</b>

### *Income from variable-revenue securities*

*(in thousands of €)*

<b>INCOME FROM VARIABLE-REVENUE SECURITIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Dividends and similar income from equity securities	914	950	-36	-3.75%
Dividends and similar income from investment securities	1 595	1 534	61	3.98%
	<b>2 509</b>	<b>2 483</b>	<b>25</b>	<b>1.03%</b>

### *Commissions*

*(in thousands of €)*

<b>COMMISSIONS - INCOME</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Commissions on cash and interbank transactions	7 166	6 993	173	2.47%
Commissions on transactions with customers	41 596	39 940	1 656	4.15%
Commissions on foreign exchange transactions	152	622	-470	-75.56%
Income from providing financial services	84 139	70 717	13 422	18.98%
	<b>133 053</b>	<b>118 273</b>	<b>14 780</b>	<b>12.50%</b>

<b>COMMISSIONS - CHARGES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Commissions on cash and interbank transactions	12 995	15 372	-2 377	-15.46%
Commissions on transactions with customers	148	80	68	85.00%
Commissions on securities transactions	0	107	-107	-100.00%
Commissions on foreign exchange transactions	0	3	-3	-100.00%
Income from providing financial services	2 574	594	1 980	333.11%
	<b>15 717</b>	<b>16 156</b>	<b>-439</b>	<b>-2.72%</b>

*Gains or losses on trading portfolios*

*(in thousands of €)*

<b>GAINS OR LOSSES ON TRADING PORTFOLIOS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>GAINS OR LOSSES ON TRANSACTION SECURITIES</b>	<b>-2 097</b>	<b>-122</b>	<b>-1 975</b>	<b>N.S.</b>
Gains on transaction securities	2 421	273	2 148	786.81%
Losses on transaction securities	-4 518	-395	-4 123	n.s.
<b>GAINS OR LOSSES ON FOREIGN EXCHANGE TRANSACTIONS</b>	<b>188</b>	<b>-93</b>	<b>281</b>	<b>-301.34%</b>
Gains on foreign exchange and arbitrage transactions	396	623	-227	-36.45%
Losses on foreign exchange and arbitrage transactions	-208	-717	509	-70.97%
<b>GAINS OR LOSSES ON FINANCIAL INSTRUMENTS</b>	<b>-8 662</b>	<b>-567</b>	<b>-8 095</b>	<b>N.S.</b>
Income from interest rate swaps	8 581	1 138	7 443	654.31%
Income from other rate instruments	57	114	-57	-50.13%
Income from other term financial instruments	160	3 778	-3 618	-95.77%
Charges on interest rate swaps	-17 418	-17	-17 401	n.s.
Charges on other term financial instruments	-42	-5 580	5 538	-99.25%
	<b>-10 571</b>	<b>-783</b>	<b>-9 788</b>	<b>n.s.</b>

***Gains or losses on investment portfolios***

*(in thousands of €)*

<b>GAINS OR LOSSES ON INVESTMENT PORTFOLIOS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>GAINS AND RECOVERY OF PROVISIONS</b>	41 994	23 320	18 674	80.08%
Gains from disposals of marketable securities	11 792	11 098	694	6.25%
Recovery of provisions on marketable securities	30 202	12 221	17 981	147.12%
<b>LOSSES AND ALLOCATIONS TO PROVISIONS</b>	-22 588	-31 146	8 558	-27.48%
Losses from disposals of marketable securities	-14 228	-1 118	-13 110	n.s.
Allocations to provisions on marketable securities	-8 360	-30 028	21 668	-72.16%
	<b>19 406</b>	<b>-7 826</b>	<b>27 233</b>	<b>-347.95%</b>

***Income from lease and similar transactions***

*(in thousands of €)*

<b>INCOME FROM LEASE AND SIMILAR TRANSACTIONS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>INCOME FROM LEASE TRANSACTIONS</b>	154 252	139 855	14 397	10.29%
Rents	147 866	136 327	11 539	8.46%
Recovery of provisions	539	19	520	n.s.
Gains on fixed assets	265	6	259	n.s.
Other income	5 582	3 503	2 079	59.35%
<b>INCOME FROM SIMPLE RENTAL TRANSACTIONS</b>	54 540	50 091	4 449	8.88%
	<b>208 792</b>	<b>189 946</b>	<b>18 846</b>	<b>9.92%</b>

<b>CHARGES ON LEASE AND SIMILAR TRANSACTIONS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>CHARGES ON LEASE TRANSACTIONS</b>	129 755	116 737	13 018	11.15%
Allocations to write-downs	120 369	108 005	12 364	11.45%
Allocation to provisions	4 890	5 217	-327	-6.27%
Losses on fixed assets	752	99	653	661.90%
Other charges	3 744	3 416	328	9.60%
<b>CHARGES ON SIMPLE RENTAL TRANSACTIONS</b>	47 788	43 760	4 028	9.21%
	<b>177 543</b>	<b>160 497</b>	<b>17 046</b>	<b>10.62%</b>

***Other bank operating income***

*(in thousands of €)*

<b>OTHER BANK OPERATING INCOME</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Miscellaneous income	6 502	6 454	48	0.74%
Re-billed charges	17 983	13 917	4 066	29.22%
Income from non-banking activities	76 316	57 096	19 220	33.66%
Other auxiliary income	915	1 879	-964	-51.30%
Transfers of charges and other income	1 317	2 110	-793	-37.59%
Proportion of investment subsidy	747	627	120	19.10%
Recovery of provisions (tax and non-banking)	2 551	1 902	649	34.14%
	<b>106 331</b>	<b>83 986</b>	<b>22 345</b>	<b>26.61%</b>

<b>OTHER BANK OPERATING CHARGES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Other miscellaneous charges	12 074	12 609	-535	-4.24%
Allocations to provisions for risks (tax and non-banking)	3 574	1 665	1 909	114.60%
	<b>15 648</b>	<b>14 274</b>	<b>1 374</b>	<b>9.62%</b>

***Gross margin for insurance business***

*(in thousands of €)*

<b>GROSS MARGIN FOR INSURANCE BUSINESS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Premiums or subscriptions received	828 699	536 213	292 486	54.55%
Service charges	-931 559	-538 286	-393 273	73.06%
Net income from investments	177 183	1 604	175 579	n.s.
Other income and insurance charges	-7 757	-448	-7 309	n.s.
	<b>66 566</b>	<b>-917</b>	<b>67 483</b>	<b>n.s.</b>

**General operating charges**

(in thousands of €)

<b>GENERAL OPERATING CHARGES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>STAFF OVERHEADS</b>	213 786	183 150	30 636	16.73%
Wages and salaries	133 023	120 389	12 634	10.49%
Social charges	55 380	47 333	8 047	17.00%
Employee incentive and shareholding programmes	11 098	2 283	8 815	386.16%
Levies, taxes and similar payments on salaries	12 971	11 697	1 274	10.89%
Allocation to provision for pension charge	1 356	1 519	-163	-10.75%
Recovery of provision for pension charge	-42	-72	30	-41.67%
<b>OTHER ADMINISTRATIVE OVERHEADS</b>	156 227	138 903	17 324	12.47%
Levies and taxes	8 519	8 982	-463	-5.16%
Outside services	32 473	28 248	4 225	14.96%
Transport and travel	3 512	3 508	4	0.11%
Other outside services	111 723	98 165	13 558	13.81%
	<b>370 013</b>	<b>322 053</b>	<b>47 960</b>	<b>14.89%</b>

**Allocations to write-downs and provisions on fixed assets**

(in thousands of €)

<b>ALLOCATIONS TO WRITE-DOWNS AND PROVISIONS ON FIXED ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Allocations to write-downs on tangible fixed assets	19 492	18 405	1 087	5.91%
Allocations to write-downs on intangible fixed assets	1 820	2 101	-281	-13.36%
Allocations to provisions on fixed assets	828	3	825	n.s.
	<b>22 140</b>	<b>20 508</b>	<b>1 632</b>	<b>7.96%</b>

### *Cost of risk*

(in thousands of €)

<b>RECOVERY OF PROVISIONS AND RECOUPING OF DEBTS WRITTEN DOWN</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Recovery of provisions on doubtful customer debts	29 291	84 611	-55 320	-65.38%
Recovery of provisions on banking risks and charges	45 358	10 870	34 488	317.29%
Recouping of debts written down	5 824	4 445	1 379	31.02%
	<b>80 473</b>	<b>99 926</b>	<b>-19 453</b>	<b>-19.47%</b>

<b>ALLOCATIONS TO PROVISIONS AND IRRECOVERABLE DEBTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Allocations to provisions on doubtful customer debts	35 937	37 463	-1 526	-4.07%
Allocations to provisions on banking risks and charges	104 623	22 406	82 217	366.95%
Losses on irrecoverable debts covered	17 494	35 668	-18 174	-50.95%
Losses on irrecoverable debts not covered	4 874	32 675	-27 801	-85.08%
	<b>162 928</b>	<b>128 212</b>	<b>34 716</b>	<b>27.08%</b>

### *Share in result of equity companies*

(in thousands of €)

<b>SHARE IN RESULT OF EQUITY COMPANIES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
CMH Gestion	3	3	-	-
Euro-Information	2 699	2 637	62	2.36%
Française des Placements	652	-400	1 052	-262.88%
Poujoulat Belgique	2	3	-1	-25.93%
Sicorfé SNP	273	0	273	n.s.
Sicorfé Maintenance	18	0	18	n.s.
	<b>3 647</b>	<b>2 242</b>	<b>1 405</b>	<b>62.66%</b>

### *Gains or losses on fixed assets*

*(in thousands of €)*

<b>GAINS OR LOSSES ON FIXED ASSETS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Gains on disposals of tangible and intangible fixed assets	226	1 124	-898	-79.90%
Gains on financial fixed assets	3 264	1 000	2 264	226.40%
Recovery of provisions on financial fixed assets	1 438	675	763	112.97%
Losses on disposals of tangible and intangible fixed assets	-764	-586	-178	30.46%
Losses on financial fixed assets	-1 084	-484	-600	124.01%
Allocations to provisions / depreciation on financial fixed assets	-323	-19	-304	n.s.
	<b>2 757</b>	<b>1 711</b>	<b>1 046</b>	<b>61.11%</b>

### *Extraordinary items*

*(in thousands of €)*

<b>EXTRAORDINARY INCOME</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Recovery of provision for future extinctive management losses (SDRN)	0	5 957	-5 957	-100.00%
Recovery of provision for exceptional charges (CMNE Belgium)	5 136	5 433	-297	-5.47%
Recovery of provision for abandonment (La Pérennité)	2 859	0	2 859	n.s.
Income from real estate (Lieu Saint)	4 622	0	4 622	n.s.
Miscellaneous extraordinary income	2 773	3 404	-631	-18.55%
	<b>15 390</b>	<b>14 794</b>	<b>596</b>	<b>4.03%</b>

<b>EXTRAORDINARY CHARGES</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Allocation to provision for abandonment (La Pérennité)	445	2 120	-1 675	-79.01%
Adjustment for CT	6 517	0	6 517	n.s.
Provision for move (Paris)	4 209	0	4 209	n.s.
Charges on real estate (Lieu Saint)	5 175	0	5 175	n.s.
Repayment of Solidarity grant	3 083	4 330	-1 247	-28.80%
Transactional agreements	5 111	0	5 111	n.s.
Miscellaneous exceptional charges	5 687	5 610	77	1.37%

	30 227	12 060	18 167	150.63%
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**Corporation tax**

(in thousands of €)

<b>CORPORATION TAX</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
CT due	32 912	23 477	9 436	40.19%
CT deferred	-11 101	-12 626	1 525	-12.08%
	<b>21 811</b>	<b>10 851</b>	<b>10 960</b>	<b>101.01%</b>

**EVIDENCE OF TAX**

Pre-tax result, write-down of goodwill and FGBR	29 539
Temporary differences	35 293
Theoretical base	64 831
Corporation Tax due	32 912
Corporation Tax deferred	- 11 101
Net Corporation Tax	21 811
Effective rate of CT	33,64 %
Normal tax rate	35,43 %
Tax impact at reduced rate	- 1,98 %
Other	0,19 %
Effective rate	33,64 %



*Allocations and recoveries of FGBR and regulated provisions*

(in thousands of €)

<b>ALLOCATIONS AND RECOVERIES OF FGBR AND REGULATED PROVISIONS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Allocations to fund for general banking risks	-48	-477	429	n.s.
Allocations to regulated provisions	-12	-12	0	-1.64%
Recoveries from fund for general banking risks	17 800	3	17 797	n.s.
	<b>17 740</b>	<b>-486</b>	<b>18 226</b>	<b>n.s.</b>

**Notes on non-balance sheet items**

*Finance commitments granted in favour of credit establishments*

(in thousands of €)

<b>FINANCE COMMITMENTS GRANTED IN FAVOUR OF CREDIT ESTABLISHMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Other commitments	72 088	134 922	-62 834	-46.57%
	<b>72 088</b>	<b>134 922</b>	<b>-62 834</b>	<b>-46.57%</b>

<b>FINANCE COMMITMENTS GRANTED IN FAVOUR OF CUSTOMERS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Confirmed credit openings	783 556	729 665	53 891	7.39%
Agreements or commitments to pay	409	88	321	363.19%
Other commitments	32 302	18 157	14 145	77.90%
	<b>816 267</b>	<b>747 911</b>	<b>68 356</b>	<b>9.14%</b>

*Guarantee commitments to credit establishments*

(in thousands of €)

<b>GUARANTEE COMMITMENTS TO CREDIT ESTABLISHMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Other guarantees to credit establishments	172 169	461 577	-289 408	-62.70%
	<b>172 169</b>	<b>461 577</b>	<b>-289 408</b>	<b>-62.70%</b>

<b>GUARANTEE COMMITMENTS TO CUSTOMERS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Loan repayment guarantees	14 335	11 492	2 843	24.73%
of which administrative and tax deposits	8 667	10 217	-1 550	-15.17%
Guaranteed bonds	1 476	31	1 445	n.s.
Other customer guarantees	937 022	798 688	138 334	17.32%
	<b>952 833</b>	<b>810 212</b>	<b>142 621</b>	<b>17.60%</b>

Guarantee commitment by the Caisse Fédérale in favour of Française des Placements: by its letter dated 18th January 2001, the Caisse Fédérale granted its support to Française des Placements, in which it has a 20% holding via CMNE France. This guarantee is designed to ensure that the establishment is always in a position to comply with the obligations laid down by the regulations in effect, more specifically the management standards defined by regulation 97-04 issued by the Banking and Finance Regulation Committee.

*(in thousands of €)*

<b>GUARANTEE COMMITMENTS RECEIVED FROM CREDIT ESTABLISHMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Deposits, securities and other guarantees received	519 250	412 824	106 426	25.78%
	<b>519 250</b>	<b>412 824</b>	<b>106 426</b>	<b>25.78%</b>

<b>GUARANTEE COMMITMENTS RECEIVED FROM CUSTOMERS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
Guarantees received from public administrative bodies	331 107	297 789	33 318	11.19%
Guarantees received from insurance	2 618	819	1 799	219.66%
Guarantees received from customers	1 078 611	656 703	421 908	64.25%
Other guarantees received	7 051 900	4 562 183	2 489 717	54.57%
	<b>8 464 236</b>	<b>5 517 494</b>	<b>2 946 742</b>	<b>53.41%</b>

Adaptation of the IT tool as part of the preparatory works for the implementation of the Mc. Donough ratio and customer ratings made it possible to understand more accurately and fully the guarantees relating to customer transactions. This explains the increase of the item under "Other guarantees received".

*Term financial instruments*

<b>TERM FINANCIAL INSTRUMENTS</b>	<b>31/12/03</b>	<b>31/12/02</b>	<b>Variation</b>	<b>Variation (%)</b>
<b>FIRM TRANSACTIONS</b>	1 528 057	2 143 517	-615 460	-28.71%
transactions on organised markets	-	-	-	-
private contract transactions	1 528 057	2 143 517	-615 460	-28.71%
Interest rate swaps	1 515 802	1 672 684	-156 882	-9.38%
Micro cover	1 288 802	1 138 684	150 118	13.18%
Macro cover	217 000	524 000	-307 000	-58.59%
Positions open	10 000	10 000	-	-
Exchange rate swaps	12 255	470 833	- 458 878	-97.40%
Micro cover	12 255	470 833	- 458 878	-97.40%
<b>CONDITIONAL TRANSACTIONS</b>	99 919	147 777	-47 858	-32.39%
transactions on organised markets	-	-	-	-
private contract transactions	99 919	147 777	-47 858	-32.39%
Other transactions (caps and floors)	99 919	147 777	-47 858	-32.39%
Purchases of caps	23 919	27 504	-3 585	-13.03%
Purchases of floors	76 000	76 000	-	-
Sales of caps	-	44 273	-44 273	-100.00%

*Breakdown of financial instruments according to their residual term*

<b>BREAKDOWN OF FINANCIAL INSTRUMENTS ACCORDING TO THEIR RESIDUAL TERM</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Micro cover	549 594	702 850	48 613
Macro cover	70 000	80 000	67 000
Positions open	10 000	0	0
Other transactions (caps and floors)	76 000	0	23 919

*Scope, information by sector*

Company	Business area	2002 % Interest	2002 % Control	2003 % Interest	2003 % Control	Method
<b>BANKING FRANCE</b>						
CCMN	Loans establishment	100.00	100.00	100.00	100.00	Parent company
+ Caisse Fédérale						
+ Federation						
CMNE France	Financial transactions	100.00	100.00	100.00	100.00	FC
Créfid is	Distribution of credit			50.00	50.00	PC
GIE CMN GESTION	Pooling of resources	100.00	100.00	100.00	100.00	FC
GIE CMN PRESTATIONS	Pooling of resources	100.00	100.00	100.00	100.00	FC
GIE GTCMN	IT	100.00	100.00	100.00	100.00	FC
Immobilière du CMN	Real estate	100.00	100.00	100.00	100.00	FC
Cumul SCI	Real estate	100.00	100.00	100.00	100.00	FC
<b>BANKING BELGIUM</b>						
CMNE Belgium	Financial transactions	100.00	100.00	100.00	100.00	FC
Banque du Brabant	Loans establishment	93.77	93.91	93.75	93.91	FC
BKCP IT (EEIG)	IT and services	100.00	100.00	100.00	100.00	FC
BKCP Soft	IT and services	63.45	74.99	63.44	74.99	FC
CNCP - NKBK International	Finance establishment	57.95	99.99	57.95	99.99	FC
Finance						
CNCP - NKBK Pool	Resources company	57.95	99.99	57.95	99.99	FC
CP - BK Réassurance	Reinsurance	57.93	99.96	57.93	99.96	FC
Crédit Professionnel	Loans establishment	57.96	58.27	57.95	58.27	FC
Crédit Professionnel Interfédéral	Loans establishment	99.01	99.01	98.97	99.01	FC
Van Moer Santerre	Assets management			100.00	100.00	FC
<b>BUSINESS FINANCE</b>						
BCMN	Loans establishment	100.00	100.00	100.00	100.00	FC
Bail Actea	Property leasing	100.00	100.00	100.00	100.00	FC

Bail Immo Nord	Real estate leasing	99.99	100.00	99.67	100.00	FC
Batiroc Normandie	Real estate leasing	99.66	99.99	99.66	99.99	FC
Normandie Partenariat	Collective management			96.21	96.52	FC
SDR Normandie	Financial transactions	99.68	99.68	99.68	99.68	FC
<b>INSURANCE</b>						
ACMN IARD	Insurance	51.00	51.00	51.00	51.00	FC
ACMN Retraite	Insurance	99.80	99.80	99.80	99.80	FC
ACMN Vie	Insurance	91.81	100.00	93.33	100.00	FC
Courtage Crédit Mutuel Nord	Insurance broking	100.00	100.00	100.00	100.00	FC
Nord Europe Life Luxembourg	Insurance			93.33	100.00	FC
La Perennité	Insurance	78.75	78.75	78.75	78.75	FC
Pérennité Entreprises	Insurance broking	88.92	89.98	88.92	89.98	FC
<b>THIRD-PARTY MANAGEMENT ASSETS</b>						
Alteram	Portfolio management	94.96	94.96	88.62	88.62	FC
CMH Gestion	Collective management	20.65	24.48	20.85	24.48	ME
FCP Richebé Gestion	Dedicated fund			99.50	99.50	FC
Française des placements	Portfolio management	20.00	20.00	20.00	20.00	ME
Ico	Real estate	80.40	100.00	85.17	100.00	FC
Multifonds	Collective management	92.49	92.49	92.49	92.49	FC
UFG	Collective management	84.39	84.39	85.18	85.18	FC
UFG Courtages	Broking	84.22	99.80	85.01	99.80	FC
UFG Hotels	Tourism	84.22	99.80	85.01	99.80	FC
UFG Immobilier	Collective management	80.40	93.75	85.17	93.75	FC
UFG Transactions	Real estate	80.17	95.00	80.92	95.00	FC

<b>SERVICES AND OTHER</b>						
ACMN Finance	Broking			93.25	100.00	FC
Conseil						
Clémenceau	Real estate	100.00	100.00	100.00	100.00	FC
CMN Immobilier	Real estate	100.00	100.00	100.00	100.00	FC
CMN	Financial establishment	99.85	99.85	99.85	99.85	FC
Investissements SA						
CMN Tél	Services	100.00	100.00	100.00	100.00	FC
Euro-Information	IT	12.00	12.00	12.00	12.00	ME
Financière Malesherbes	Collective management	100.00	100.00	100.00	100.00	FC
Financière Malesherbes Anjou	Collective management	100.00	100.00	100.00	100.00	FC
Fininmad	Real estate	100.00	100.00	100.00	100.00	FC
Foncière Lieusaint	Real estate	100.00	100.00	100.00	100.00	FC
Immobilière Léon	Real estate	100.00	100.00	100.00	100.00	FC
Frot						
Mathimmo Finances	Real estate	100.00	100.00	100.00	100.00	FC
Poujoulat Belgique	Real estate	34.53	34.53	34.53	34.53	ME
SCI Centre Gare	Real estate	100.00	100.00	100.00	100.00	FC
SCI Saint Joseph	Real estate	100.00	100.00	100.00	100.00	FC
Sicorfé Maintenance	Services			11.53	34.00	ME
Sicorfé SNP	IT	33.93	33.93	33.90	33.90	ME
SIPN	Financial transactions	100.00	100.00	100.00	100.00	FC
Sofige	Financial transactions	100.00	100.00	100.00	100.00	FC
Sofimmo 1	Real estate	100.00	100.00	100.00	100.00	FC
Sofimmo 3	Real estate	100.00	100.00	100.00	100.00	FC
Sofimpar	Real estate	100.00	100.00	100.00	100.00	FC
Transactimmo	Real estate	100.00	100.00	100.00	100.00	FC
Vie Services	IT services and management	77.46	77.50	77.47	77.50	FC

*Information by sector*

(in thousands of €)

	<i>Contribution to the consolidated result for 2002</i>	Contribution to the consolidated result for 2003	Contribution to NBI for 2003	Contribution to GOP for 2003	Contribution to the total consolidated balance sheet for 2002	Contribution to the total consolidated balance sheet for 2003
BANKING France	17 830	53 726	332 366	79 994	12 216 868	14 218 198
BANKING Belgium	2 002	2 156	30 763	-9 947	2 570 259	2 582 739
BUSINESS FINANCE	11 694	8 229	31 633	15 364	1 072 691	1 276 161
INSURANCE	-20 880	8 219	41 356	25 215	2 694 380	3 522 012
THIRD-PARTY MANAGEMENT	5 749	13 050	98 255	23 678	59 442	184 284
SERVICES AND OTHER	3 237	1 221	20 157	209	176 907	176 622
Specific transactions for consolidation 2003						
- Recovery of goodwill Banque du Brabant		38 540				
- Provision for solidarity refund for Crédit Mutuel net of deferred tax		-44 227				23 121
<b>Deletions between business areas</b>	<b>-11 365</b>	<b>-26 136</b>	<b>-41 951</b>	<b>-14 088</b>	<b>-1 540 799</b>	<b>-2 342 657</b>
<b>Total</b>	<b>8 267</b>	<b>54 779</b>	<b>512 580</b>	<b>120 427</b>	<b>17 249 748</b>	<b>19 640 478</b>

**CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER  
AS AT 30 JUNE 2004**

**BILAN CONSOLIDE**  
en milliers d'euros  
au 30 juin 2004

**GROUPE CREDIT MUTUEL NORD EUROPE**  
4, place Richebé 59800 Lille

<b>ACTIF</b>	<b>30.06.2004</b>	<b>31.12.2003</b>	<b>Variation</b>		<i>Pour mémoire</i> <b>31.12.2002</b>
<b>OPERATIONS INTERBANCAIRES ET ASSIMILEES</b>					
Caisse, banques centrales, CCP	183 386	209 514	-26 128	-12,47%	186 388
Effets publics et valeurs assimilées	485 204	482 688	2 516	0,52%	580 198
Créances sur les établissements de crédit					
* A vue	892 519	1 107 499	-214 980	-19,41%	952 574
* A terme	3 657 564	3 685 850	-28 286	-0,77%	3 497 546
<b>OPERATIONS AVEC LA CLIENTELE</b>					
Créances commerciales	33 087	24 419	8 668	35,50%	22 021
Autres concours à la clientèle	7 106 735	6 644 748	461 987	6,95%	6 201 938
Comptes ordinaires débiteurs	267 210	207 208	60 002	28,96%	179 559
<b>OPERATIONS DE CREDIT BAIL ET ASSIMILEES</b>	652 163	605 147	47 016	7,77%	552 440
<b>OBLIGATIONS, ACTIONS, AUTRES TITRES A REVENU FIXE ET VARIABLE</b>					
Obligations et autres titres à revenu fixe	1 715 943	1 952 878	-236 935	-12,13%	1 323 135
Actions et autres titres à revenu variable	458 746	338 761	119 985	35,42%	271 661
<b>PLACEMENTS DES ENTREPRISES D'ASSURANCE</b>					
Placements représentatifs de contrats en unités de compte	329 412	304 227	25 185	8,28%	262 371
Autres placements	3 542 487	3 105 654	436 833	14,07%	2 311 106
<b>PARTICIPATIONS, PARTS DANS ENTREPRISES LIEES, AUTRES TITRES I.T</b>					
Participations, activité de portefeuille et parts dans les sociétés liées	37 631	35 547	2 084	5,86%	29 978
Participations et parts dans les sociétés liées mises en équivalence	27 923	26 687	1 236	4,63%	23 467
<b>IMMOBILISATIONS INCORPORELLES ET CORPORELLES</b>					
Immobilisations incorporelles	26 052	25 041	1 011	4,04%	18 875
Immobilisations corporelles	218 732	240 362	-21 630	-9,00%	246 425
<b>ECARTS D'ACQUISITION</b>	33 422	32 786	636	1,94%	34 334
<b>COMPTES DE REGULARISATION ET ACTIFS DIVERS</b>	548 399	548 831	-432	-0,08%	493 935
<b>PARTS DES REASSUREURS DANS LES PROVISIONS TECHNIQUES</b>	41 727	41 677	50	0,12%	45 863
<b>AUTRES ACTIFS D'ASSURANCE</b>	18 554	20 954	-2 400	-11,45%	15 936
<b>TOTAL DE L'ACTIF</b>	<b>20 276 896</b>	<b>19 640 478</b>	<b>636 418</b>	<b>3,24%</b>	<b>17 249 748</b>



<b>PASSIF</b>	<b>30.06.2004</b>	<b>31.12.2003</b>	<b>Variation</b>		<b>31.12.2002</b>
<b>OPERATIONS INTERBANCAIRES ET ASSIMILEES</b>					
Banques centrales, CCP	54	31	23	74,19%	5
Dettes envers les établissements de crédit					
* A vue	155 811	93 721	62 090	66,25%	108 004
* A terme	552 878	519 098	33 780	6,51%	759 690
<b>OPERATIONS AVEC LA CLIENTELE</b>					
Comptes d'épargne à régime spécial					
* A vue	3 840 203	3 637 797	202 406	5,56%	3 444 237
* A terme	2 457 566	2 549 181	-91 615	-3,59%	2 507 802
Autres dettes					
* A vue	1 933 807	1 829 727	104 080	5,69%	1 706 373
* A terme	434 500	523 678	-89 178	-17,03%	552 097
<b>DETTES REPRESENTEES PAR UN TITRE</b>					
Bons de caisse	402 787	375 806	26 981	7,18%	459 055
Titres du marché interbancaire	4 982 266	5 066 480	-84 214	-1,66%	3 699 424
Emprunts obligataires	0	23 936	-23 936	-100,00%	42 543
Autres dettes représentées par un titre	0	0	0	-	
<b>PROVISIONS TECHNIQUES DES ENTREPRISES D'ASSURANCE</b>					
Provisions techniques des contrats en unités de compte	329 665	304 218	25 447	8,36%	262 440
Autres provisions techniques	3 328 601	2 895 159	433 442	14,97%	2 186 683
<b>COMPTES DE REGULARISATION ET PASSIFS DIVERS</b>	360 451	407 031	-46 580	-11,44%	285 531
<b>AUTRES PASSIFS D'ASSURANCE</b>	52 805	27 818	24 987	89,82%	30 499
<b>ECARTS D'ACQUISITION</b>	5 269	3 270	1 999	61,13%	42 200
<b>PROVISIONS POUR RISQUES ET CHARGES</b>	196 358	204 916	-8 558	-4,18%	148 870
<b>DETTES SUBORDONNEES</b>	108 735	101 281	7 454	7,36%	113 993
<b>FONDS POUR RISQUES BANCAIRES GENERAUX</b>	16 501	16 326	175	1,07%	34 078
<b>INTERETS MINORITAIRES</b>	50 442	40 533	9 909	24,45%	39 076
<b>CAPITAUX PROPRES. PART DU GROUPE</b>					
Capital souscrit	847 104	814 610	32 494	3,99%	660 919
Primes d'émission	2 750	2 750	0	-	2 750
Réserves consolidées et autres	185 659	148 332	37 327	25,16%	155 213
Résultat de l'exercice (+/-)	32 684	54 779	-22 095	-40,33%	8 267
<b>TOTAL DU PASSIF</b>	<b>20 276 896</b>	<b>19 640 478</b>	<b>636 418</b>	<b>3,24%</b>	<b>17 249 748</b>

	30.06.2004	31.12.2003	Variation		31.12.2002
<b>ENGAGEMENTS DONNES</b>	2 260 139	2 024 177	235 962	11,66%	2 154 623
<b>ENGAGEMENTS DONNES DE L'ACTIVITE BANCAIRE</b>					
<b>ENGAGEMENTS DE FINANCEMENT</b>					
Engagements en faveur d'établissements de crédit	45 233	72 088	-26 855	-37,25%	134 922
Engagements en faveur de la clientèle	949 514	816 267	133 247	16,32%	747 911
<b>ENGAGEMENTS DE GARANTIE</b>					
Engagements en faveur d'établissements de crédit	323 850	172 169	151 681	88,10%	461 577
Engagements en faveur de la clientèle	933 696	952 833	-19 137	-2,01%	810 212
<b>ENGAGEMENTS SUR TITRES</b>					
Titres acquis avec faculté de rachat ou de reprise	0	0	0	-	0
Autres engagements donnés	7 845	9 919	-2 074	-20,91%	0
<b>ENGAGEMENTS DONNES DE L'ACTIVITE D'ASSURANCE</b>	1	901	-900	-99,89%	1
<b>ENGAGEMENTS RECUS</b>	12 064 421	9 058 634	3 005 787	33,18%	6 042 945
<b>ENGAGEMENTS RECUS DE L'ACTIVITE BANCAIRE</b>					
<b>ENGAGEMENTS DE FINANCEMENT</b>					
Engagements reçus d'établissements de crédit	53 394	17 054	36 340	213,09%	57 140
Engagements reçus de la clientèle	1 049	853	196	22,98%	0
<b>ENGAGEMENTS DE GARANTIE</b>					
Engagements reçus d'établissements de crédit	1 367 375	519 250	848 125	163,34%	412 824
Garanties reçues de la clientèle	10 165 750	8 464 236	1 701 514	20,10%	5 517 494
<b>ENGAGEMENTS SUR TITRES</b>					
Titres vendus avec faculté de rachat ou de reprise	0	0	0	-	0
Autres engagements reçus	442 442	22 394	420 048	n.s.	9 720
<b>ENGAGEMENTS RECUS DE L'ACTIVITE D'ASSURANCE</b>	34 411	34 847	-436	-1,25%	45 766

**COMPTE DE RESULTAT CONSOLIDE**  
en milliers d'euros  
au 30 juin 2004

**GROUPE CREDIT MUTUEL NORD EUROPE**  
4, place Richebé 59800 Lille

PRODUITS ET CHARGES D'EXPLOITATION BANCAIRE	30.06.2004	31.12.2003	Variation		Pour mémoire
					31.12.2002
<b>Intérêts et produits assimilés</b>	<b>322 864</b>	<b>679 760</b>	<b>-356 896</b>	<b>-52,50%</b>	<b>695 624</b>
Intérêts et produits assimilés sur opérations établissements de crédit	75 958	173 432	-97 474	-56,20%	196 625
Intérêts et produits assimilés sur opérations avec la clientèle	199 417	390 117	-190 700	-48,88%	378 650
Intérêts et produits assimilés sur oblig. et autres titres à revenu fixe	37 332	74 763	-37 431	-50,07%	81 545
Autres intérêts et produits assimilés	10 157	41 448	-31 291	-75,49%	38 804
<b>Intérêts et charges assimilées</b>	<b>-224 536</b>	<b>-484 358</b>	<b>259 822</b>	<b>-53,64%</b>	<b>-498 884</b>
Intérêts et charges assimilées sur opérations établissements de crédit	-12 036	-26 609	14 573	-54,77%	-34 971
Intérêts et charges assimilées sur opérations avec la clientèle	-107 911	-239 223	131 312	-54,89%	-247 491
Intérêts et charges assimilées sur oblig. et autres titres à revenu fixe	-88 660	-174 423	85 763	-49,17%	-174 098
Autres intérêts et charges assimilées	-15 929	-44 103	28 174	-63,88%	-42 324
<b>Revenus des titres à revenu variable</b>	<b>2 272</b>	<b>2 509</b>	<b>-237</b>	<b>-9,45%</b>	<b>2 483</b>
<b>Commissions nettes</b>	<b>68 662</b>	<b>117 336</b>	<b>-48 674</b>	<b>-41,48%</b>	<b>102 117</b>
Commissions (produits)	80 510	133 053	-52 543	-39,49%	118 273
Commissions (charges)	-11 848	-15 717	3 869	-24,62%	-16 156
<b>Gains ou pertes sur opérations des portefeuilles de négociation</b>	<b>1 797</b>	<b>-10 571</b>	<b>12 368</b>	<b>-117,00%</b>	<b>-783</b>
Gains ou pertes sur titres de transaction	1 483	-2 097	3 580	-170,72%	-122
Gains ou pertes sur opérations de change	193	188	5	2,66%	-93
Gains ou pertes sur instruments financiers	121	-8 662	8 783	-101,40%	-567
<b>Gains ou pertes sur opérations des portefeuilles de placement et assimilés</b>	<b>2 343</b>	<b>19 406</b>	<b>-17 063</b>	<b>-87,93%</b>	<b>-7 826</b>
Plus-values et reprises de provisions	11 043	41 994	-30 951	-73,70%	23 320
Moins-values et dotations aux provisions	-8 700	-22 588	13 888	-61,48%	-31 146
<b>Autres produits et charges d'exploitation bancaire</b>	<b>54 386</b>	<b>121 932</b>	<b>-67 546</b>	<b>-55,40%</b>	<b>99 160</b>
Produits sur opérations de crédit bail et assimilés	113 357	208 792	-95 435	-45,71%	189 946
Autres produits d'exploitation bancaire	42 714	106 331	-63 617	-59,83%	83 986
Charges sur opérations de crédit bail et assimilées	-96 831	-177 543	80 712	-45,46%	-160 497
Autres charges d'exploitation bancaire	-4 854	-15 648	10 794	-68,98%	-14 274
<b>Marge brute des activités d'assurance</b>	<b>37 371</b>	<b>66 566</b>	<b>-29 195</b>	<b>-43,86%</b>	<b>-917</b>
<b>Produits nets des autres activités (assurance)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-429</b>
<b>PRODUIT NET BANCAIRE</b>	<b>265 159</b>	<b>512 580</b>	<b>-247 421</b>	<b>-48,27%</b>	<b>390 545</b>

<b>AUTRES PRODUITS ET CHARGES ORDINAIRES</b>	<b>30.06.2004</b>	<b>31.12.2003</b>	<b>Variation</b>		<b>31.12.2002</b>
<b>Charges générales d'exploitation</b>	<b>-191 140</b>	<b>-370 013</b>	<i>178 873</i>	<i>-48,34%</i>	<b>-322 053</b>
Frais de personnel	-105 562	-213 786	<i>108 224</i>	<i>-50,62%</i>	-183 150
Autres frais administratifs	-85 578	-156 227	<i>70 649</i>	<i>-45,22%</i>	-138 903
<b>Dotations aux amortissements et aux provisions pour dépréciation sur immobilisations indorporelles et corporelles</b>	<b>-10 864</b>	<b>-22 140</b>	<i>11 276</i>	<i>-50,93%</i>	<b>-20 508</b>
<b>RESULTAT BRUT D'EXPLOITATION</b>	<b>63 155</b>	<b>120 427</b>	<i>-57 272</i>	<i>-47,56%</i>	<b>47 984</b>
<b>Coût du risque</b>	<b>-5 931</b>	<b>-14 888</b>	<i>8 957</i>	<i>-60,16%</i>	<b>-28 287</b>
Reprises de provisions et récupérations sur créances amorties	20 638	80 473	<i>-59 835</i>	<i>-74,35%</i>	99 926
Dotations aux provisions et créances irrécupérables	-26 569	-95 361	<i>68 792</i>	<i>-72,14%</i>	-128 212
<b>RESULTAT D'EXPLOITATION</b>	<b>57 224</b>	<b>105 539</b>	<i>-48 315</i>	<i>-45,78%</i>	<b>19 697</b>
<b>Quote-part dans résultat net des entreprises mises en équivalence</b>	<b>2 167</b>	<b>3 647</b>	<i>-1 480</i>	<i>-40,58%</i>	<b>2 242</b>
<b>Gains ou pertes sur actifs immobilisés</b>	<b>5 224</b>	<b>2 757</b>	<i>2 467</i>	<i>89,48%</i>	<b>1 711</b>
<b>RESULTAT COURANT AVANT IMPOT</b>	<b>64 615</b>	<b>111 943</b>	<i>-47 328</i>	<i>-42,28%</i>	<b>23 651</b>
<b>Résultat exceptionnel</b>	<b>2 145</b>	<b>-82 404</b>	<i>84 549</i>	<i>-102,60%</i>	<b>2 734</b>
Produits exceptionnels	20 954	15 390	<i>5 564</i>	<i>36,15%</i>	14 794
Charges exceptionnelles	-18 809	-97 794	<i>78 985</i>	<i>-80,77%</i>	-12 060
<b>Impôt sur les bénéfices</b>	<b>-28 812</b>	<b>-21 811</b>	<i>-7 001</i>	<i>32,10%</i>	<b>-10 851</b>
<b>Amortissement des écarts d'acquisition</b>	<b>-2 023</b>	<b>34 506</b>	<i>-36 529</i>	<i>-105,86%</i>	<b>-4 561</b>
<b>Dotations et reprises de FRBG et provisions réglementées</b>	<b>-27</b>	<b>17 740</b>	<i>-17 767</i>	<i>-100,15%</i>	<b>-486</b>
<b>Intérêts minoritaires</b>	<b>-3 214</b>	<b>-5 195</b>	<i>1 981</i>	<i>-38,13%</i>	<b>-2 220</b>
<b>RESULTAT NET. PART DU GROUPE</b>	<b>32 684</b>	<b>54 779</b>	<i>-22 095</i>	<i>-40,33%</i>	<b>8 267</b>

## CAPITALISATION TABLE OF THE ISSUER

The following table sets out the short-term liabilities, long-term liabilities and stockholders' equity of the Issuer as at 30 June 2004, adjusted to give effect to the issue of the Notes, and is derived from the unaudited consolidated financial statements of the Issuer as at 30 June 2004. There has been no material change in the capitalisation of the Issuer since 30 June 2004.

	<b>As at 30/06/2004</b>
	<i>(in € thousands)</i>
<b>Short-term liabilities</b>	<b>2 002 672</b>
Money market (CD's)	842 704
Debt to credit institutions	708 689
Savings bonds and others	451 309
<b>Long-term liabilities</b>	<b>4 347 150</b>
Money market (BMTN)	4 091 040
Existing subordinated debt	108 735
Contemplated subordinated debt issue	147 375
<b>Stockholders' equity</b>	<b>1 068 197</b>
Share capital	847 104
Reserves	188 409
Income for the interim period ended 30 June 2004	32 684
<b>Total capitalisation</b>	<b>7 418 019</b>

On 30 June 2004, the share capital of the Issuer was €847,104,000 comprised of €81,488,000 of class A shares, €725,668,000 of class B shares and €39,948,000 of class F shares.

All these shares are fully paid-up. Shares of classes A and B are of €1 each, whilst shares of Class F are of €500 each. Accordingly, there are 81,488,000 class A shares, 725,668,000 class B shares and 79,896 class F shares outstanding.

Only class A shares grant voting rights which are not proportional, since a class A shareholder has only one vote, irrespective of the number of class A shares it holds (article 9 of the 1947 law on cooperative companies). Class A shares are not remunerated and are non-transferrable while its holder is a shareholder of a local branch (*caisse locale*). Class B shares are transferable with 3 months' notice and their holders receive a remuneration determined by the federal board of directors and approved by the general meeting of each local branch (*caisse locale*). Class F shares are transferable with 5 years' notice and their holders receive a remuneration determined by the federal board of directors on the basis of the gross profit of the local branches (*caisses*

*locales*) and of the federal entity, floored at 125 per cent. of the remuneration paid on class B shares, then approved by a general meeting of each local branch (*caisse locale*). In 2003, class B shares holders received a 2.62 per cent. dividend and class F shares holders received a 3.34 per cent. dividend.

## SUBSCRIPTION AND SALE

Merrill Lynch International (the "**Lead Manager**"), J.P. Morgan Securities Ltd. and Société Générale (the "**Senior Co-Lead Managers**", together with the Lead Manager, the "**Managers**") have, pursuant to a subscription agreement dated 16 November 2004 (the "**Subscription Agreement**"), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at a price equal to 100 per cent. of their principal amount less a combined management and underwriting commission of 1.25 per cent. of their principal amount and a selling commission of 0.5 per cent. of their principal amount. The Issuer has agreed to reimburse the Managers in respect of certain of their legal and other expenses incurred in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

### General

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

### Republic of France

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

### United States

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

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

the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

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

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

### **United Kingdom**

The Managers have represented, warranted and agreed that:

- (i) they have not offered or sold and, prior to the expiry of a period of six months from the issue date of the Notes, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (ii) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by them in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) they has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Germany**

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

### **The Netherlands**

This Offering Circular may not be distributed and the Notes may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands ("Dutch Residents") other than to the following entities (referred to herein as "Professional Market Parties" or "PMPs" and each of them as a "Professional



Market Party" or "PMP") provided they acquire the Notes for their own account and also trade or invest in securities in the conduct of a business or profession:

- (i) banks, insurance companies, securities firms, collective investment institutions or pension funds that are supervised or licensed under Dutch law;
- (ii) collective investment institutions which offer their shares or participations exclusively to professional investors and are not required to be supervised or licensed under Dutch law;
- (iii) the Dutch government (*de Staat der Nederlanden*), the Dutch Central Bank (*De Nederlandsche Bank N.V.*), or Dutch regional, local or other decentralised governmental institutions;
- (iv) enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes;
- (v) enterprises, entities or individuals with net assets (*eigen vermogen*) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;
- (vi) subsidiaries of the entities referred to under (a) above provided such subsidiaries are subject to prudential supervision;
- (vii) enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and
- (viii) such other entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations.

### **Kingdom of Spain**

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

### **Belgium**

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

### **Italy**

The offering of the Notes has not been registered pursuant to the Italian securities legislation and, accordingly, each of the Managers has represented and agreed that it has not offered or

sold, and will not offer or sell, any Notes in the Republic of Italy in a solicitation to the public, and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations. In any case, the Notes cannot be offered or sold to any individuals in the Republic of Italy either in the primary market or the secondary market.

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

- (i) to "**Professional Investors**", as defined in Article 31.2 of CONSOB Regulation N°11522 of 2 July 1998 as amended ("**Regulation N°11522**"), pursuant to Article 30.2 and 100 of Legislative Decree N°58 of 24 February 1998 as amended ("**Decree N°58**"), or in any other circumstances where an expressed exemption to comply with the solicitation restrictions provided by Decree N°58 or Regulation N°11971 of 14 May 1999 as amended applies, provided, however, that any such offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy must be:
  - (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree N°385 of 1 September 1993 as amended ("**Decree N°385**"), Decree N°58, CONSOB Regulation N°11522 and any other applicable laws and regulations;
  - (b) in compliance with Article 129 of Decree N°385 and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of securities in Italy is subject to a prior notification to the Bank of Italy, unless an exemption, depending, *inter alia*, on the aggregate amount and the characteristics of the Notes issued or offered in the Republic of Italy, applies; and
- (ii) if Italian residents submit unsolicited offers to any of the Managers to purchase the Notes.

## **Luxembourg**

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

## GENERAL INFORMATION

1. The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear with the Common Code 020557761 and for clearance through Euroclear France. The International Securities Identification Number (ISIN) for the Notes is FR0010128835.
2. In connection with the application for the listing of the Notes on the Luxembourg Stock Exchange, the legal notice relating to the issue of the Notes and copies of the constitutive documents of the Issuer have been lodged with the Trade Register in Luxembourg (*Registre de Commerce et des Sociétés à Luxembourg*) prior to the listing thereof, where such documents are available for inspection and where copies thereof can be obtained.
3. The issuance of the Notes was decided on 5 November 2004 by the *Directeur Général* of the Issuer acting pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 20 September 2004.
4. Save as disclosed in the Offering Circular, there has been no material adverse change in the financial or trading position of the Issuer or the Issuer Group since 31 December 2003.
5. Save as disclosed in the Offering Circular, neither the Issuer nor any other member of the Issuer 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 nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
6. The Issuer publishes (i) audited annual consolidated accounts and (ii) unaudited semi-annual consolidated accounts. Copies of the latest and future published financial report of the Issuer, including its consolidated accounts, and the latest and future published unaudited semi-annual consolidated accounts of the Issuer, may be obtained from, and copies of the Fiscal Agency Agreement and the constitutive documents of the Issuer will be available for inspection at, the specified offices for the time being of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
7. Acéa and Européenne Audit have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the financial years ended 31 December 2002 and 2003.
8. On 3 June 2003, the European Council has adopted a new directive regarding the taxation of savings income (the "**Directive**"). Subject to certain conditions being met, it is proposed that Member States will be required as from 1 July 2005, the expected date of implementation of the Directive, to provide to the tax authorities of another Member State details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent within its jurisdiction to or for the benefit of an individual resident in that other Member State (the "**Disclosure of Information Method**").

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

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

According to the agreement reached by ECOFIN Council, such transitional period would end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (the United-States, Switzerland, Liechtenstein, San Marino, Monaco and Andorra).

The Directive was implemented into French law by the Amended Finance Law for 2003, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner. These reporting obligations will enter into force with respect to interest payments made on or after 1 January 2005 (such date to be possibly changed to 1 July 2005 by the Amended Finance Bill for 2004 the draft of which, however, has not yet been published), but paying agents are required to identify the beneficial owners of such payments as from 1 January 2004, as set forth in regulations not yet published.

**REGISTERED OFFICE OF THE ISSUER**

**Caisse Fédérale du Crédit Mutuel Nord Europe**

4, place Richebé

59000 Lille

France

**BOOKRUNNER, LEAD MANAGER AND STRUCTURING ADVISER**

**Merrill Lynch International**

Merrill Lynch Financial Centre

2 King Edward Street

London EC1A 1HQ

United Kingdom

**SENIOR CO-LEAD MANAGERS**

**J.P. Morgan Securities Ltd.**

125 London Wall

London EC2Y 5AJ

United Kingdom

**Société Générale**

29, boulevard Haussmann

75009 Paris

France

**LEGAL ADVISERS**

**To the Issuer**

**Gide Loyrette Nouel**

26, Cours Albert 1<sup>er</sup>

75008 Paris

France

**To the Managers**

**Clifford Chance S.E.L.A.F.A.**

112, avenue Kleber

75770 Paris Cedex 16

France

**FISCAL AGENT AND PRINCIPAL PAYING AGENT**

**Société Générale Bank & Trust S.A.**

11, avenue Emile Reuter  
2420 Luxembourg  
Luxembourg

**PARIS PAYING AGENT AND CALCULATION AGENT**

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**LUXEMBOURG LISTING AGENT**

**Dexia Banque Internationale à Luxembourg**

69, route d'Esch  
L-1470 Luxembourg  
Luxembourg

**AUDITORS TO THE ISSUER**

**Acéa**

28, rue du Carrousel  
59650 Villeneuve d'Ascq  
France

**Européenne Audit**

3, rue des Deux Boules  
75001 Paris  
France