



*The following is a convenience translation of the French-language Press Release published by Crédit Mutuel on 3 March 2006. The information contained in it relates, inter alia, to the consolidated financial performance of Crédit Mutuel for the 2005 financial year. Such financial information is unaudited. While such information relates to Crédit Mutuel and has been published solely by it, certain elements relate to the activities of the Issuer. The Issuer expects to publish its audited consolidated financial statements for the 2005 financial year on or around 23 April 2006.*

## **The Crédit Mutuel Group Centre Est Europe - Sud-Est - Ile de France 2005**

### **Strong growth of « bancassurance » and a 27% increase in net income to Euro 1.6 billion, with a Group share of Euro 1.4 billion**

**In a difficult environment, the CMCEE-CIC Group again posted strong growth in France where it carries on the bulk of its activities.**

**Net banking income increased by 4.5% to Euro 6 billion, thanks to the Group's dynamic local network of retail 'bancassurance' outlets.**

**The Group's income rose to Euro 1.6 billion, increasing by 27%, with a Group share of Euro 1.4 billion, enabling it to consolidate its shareholders' funds, which grew to Euro 15.5 billion, and to envisage new developments in its growth strategy.**

#### **2005 : dynamism of 'bancassurance'**

- **Strong increase in activity**

The dynamism of the local retail network, its reinforcement with the establishment of 44 new (local) branches, the quality of its offering, which earned the Group several distinctions again this year, enabled the Group to accelerate its development.

The value of savings under management increased by 22.8% to Euro 309 billion, of which Euro 219 billion consists of financial savings (+33.8%), and Euro 41 billion consists of insurance related retirement savings products (+11.8%). Deposits (at Euro 90 billion) increased by 2.0%

Customer loans increased by 15% to Euro 123 billion with a sharply increased volume of Euro 39 billion (+28.2%). The value of outstanding home loans increased by 22% to Euro 60 billion, while the volume of business loans increased by 13% to Euro 42 billion.

Insurance activity was particularly strong, both for life insurance and fire and other damage insurance. The Crédit Mutuel insurance group (Groupe des Assurances Crédit Mutuel), which markets its products throughout the network, as well as through some subsidiaries, increased its

sales figure by 21% (Euro 7.4 billion) of which Euro 5.9 billion consists of life insurance (+24.6%) and Euro 1.5 billion of non-life insurance (+9.2%).

- **A 27% increase in net income**

Net banking income accordingly increased to Euro 6.05 billion, up by 4.5% despite the loss on structured products at CIC.

Retail banking contributed Euro 4.56 billion to this figure, insurance Euro 850 million (+24.7%) and development capital Euro 247 million.

General operating expenses and depreciation increased by 3.9% to Euro 3.8 billion, due in particular to the growth in number of employees to 38,776 (+565).

The operating ratio thus remained stable at 63.7%

Gross operating income increased by 5.5% to Euro 2.2 billion.

Cost of risk decreased by 49% : Euro 138 million, representing 0.11% of the gross value of outstanding loans. The ratio of doubtful and litigious loans remained a satisfactory 67%.

After taking account of a tax provision of Euro 607 million, net income reached Euro 1.61 billion, up by 27%, the Group's share of which is Euro 1.414 billion (+27%).

On the Crédit Mutuel side, (the CEE-SE-IDF Caisses des Fédérations network, grouped around a common Caisse Interfédérale, and its banking and technical subsidiaries) contributed Euro 821 million to net income, with CIC contributing Euro 635 million and insurance activity Euro 387 million.

Of this net income, the share of local 'bancassurance' - the heart of the Group's business - represented 79%, investment banking 2%, private banking 6% and development capital 13%.

After allocation of net income, shareholders' funds totalled Euro 15.5 billion (+23.1%), with the Group's share amounting to Euro 14 billion.

The solvency ratio for Tier 1 Capital stood at 8.7% (estimated) as at 31 December 2005 compared to 9.67% as at 31 December 2004.

Return on equity (ROE) also improved : 13.7 % compared to 11.5% at end-2004.

## **Crédit Mutuel Centre Est Europe - Sud-Est - Ile de France (excluding CIC)**

- **3-year development plans**

With its 3-year development plans launched in 2005, the Group embarked upon a new growth dynamic to the benefit of its clients and members, businesses and the local and regional economy, with the aim of achieving globally throughout its territory at least 10% of market share and 20% with CIC.

New financial and technological resources are accordingly being allocated to regions with strong development potential.

These plans place emphasis on proximity, thanks to the dense network of *Caisses* and branches and the simplicity of its numerous remote-access facilities, its knowledge of the needs of the public



and its ability to respond efficiently to them, as well as to the quality of its relationships, favored by its mutualist organisation.

In 2005, 16 new (local) branches were established.

With its 595 Caisses and 1,206 retail outlets, the Group counted 3,660,000 customers, of which 2,048,000 are members.

The level of total savings increased by 8.7% to Euro 54 billion, of which : Euro 40.4 billion (+6.2%) for the CEE network, Euro 5.3 billion (+11%) in the Sud-Est network and Euro 7 billion (+8.5%) in the *Ile de France* network.

Savings are boosted primarily by insurance-related retirement plans, which increased to Euro 13 billion (+13.3%).

Insurance-related retirement plans is the principal savings product, ahead of savings accounts, (Euro 9.8 billion, +2.9%), and home-buyers savings plans, outstanding amounts of which increased (Euro 9.1 billion) less than in previous years (+3.4%).

Certificates and term deposits represented Euro 5.4 billion (+5.3%).

Benefiting from the stock market rebound, the value of bank financial savings grew by 13.3% to Euro 13 billion.

In addition, members subscribed for 320 million shares, twice as many as in 2004, bringing the outstanding amount to Euro 3.1 billion, for which distributions of Euro 90 million will be paid.

In customer lending, activity was once again very strong, thanks notably to the strong real estate market.

With a volume of new loans of Euro 17.6 billion, up by 29%, the level of outstanding loans increased to Euro 47.7 billion (+16.3%), of which Euro 27.3 billion (+9.8%) within the CEE network, Euro 6 billion (+19.9%) in the *Sud-Est* network and Euro 5.6 billion (+34.2%) in the *Ile de France* network.

Housing loans represented Euro 29.4 billion (+17.5%), consumer loans Euro 3.6 billion (+1.3%), loans to businesses Euro 10.4 billion (+8.9%) and loans to local and regional authorities, Euro 1.7 billion (+11%).

- **A new partnership with the Crédit Mutuel Federation of Savoie-Mont Blanc**

On 1 January 2006, the Crédit Mutuel Federation of Savoie-Mont Blanc, with its local network of 60 *Caisses* and branches joined those of the CEE-SE-IDF around the common *Caisse Interfédéral* and is now fully integrated in the policies and development of the Group.

These inter-federal partnerships bring the Group new growth perspectives in high-potential regions.



60 retail outlets will be established over the next two years within the expanded Group.

- **Strength of the mutualist system**

170,000 new members joined Crédit Mutuel in 2005.

There are now 2,050,000 members participating actively in the mutualist system, in particular at general meetings of the local *Caisses* of which they elect the members of the Boards of Directors and Supervisory Boards (9,877).

Members, elected officers and employees express the mutualist values of solidarity, responsibility and freedom on a day-to-day basis.

The deontological and ethical code which will be submitted to the general meeting of the Federation on 19 May 2006 will reinvoke the rules which translate those values into the exercise of their duties. It also expresses the commitment of Credit Mutuel to its members and clients.

## **Outlook**

The good performance and the confidence demonstrated to it by the markets and rating agencies reassure the Group of the quality and well-foundedness of its strategy, focused upon local 'bancassurance' and technology, and provides it with the means to realise its development and diversification objectives.

The Group's involvement in telephony, in partnership with NRJ Mobile, is another development of 'bancassurance' and services, and a new approach to payment methods which has already been very successful in certain countries. To date, 105,000 contracts have been put in place, 44,000 of these within the CM-CIC network.

The Group is now reaping the benefits of the reorganisation of its structures with commercial synergies and economies of scale. The common information system is operational; financial structures have been regrouped, tools have been adapted to the new scope of the group and its subsidiaries have been harmonised and restructured.

With the partner-Federations, the Group is finding new possibilities for growth and cost control.

The Group is ready to forge new relationships in France as well as abroad through its subsidiaries and tools, to broaden its field of activity and its range of products and services. »

## CREDIT MUTUEL CENTRE EST EUROPE GROUP - CIC \*

Consolidated financial information as at 31<sup>st</sup> December 2005

	2005	2004 (IFRS excluding IAS 32/39)	Difference 2005/2004	2003 (CNC)
<b>Shareholders' equity</b>				
Shareholders' equity (including net profit and before payment of dividends)	15.536	12.618	23.1%	10.529
<i>Of which group share</i>	14.021	11.413	22.8%	9.503
<b>Activity</b>				
Savings under management	309.247	251.923	22.8%	228.396
Customer deposits (1)	89.660	87.859	2.1%	80.882
Financial savings	219.587	164.064	33.8%	147.514
<i>Of which life insurance</i>	41.059	36.726	11.8%	34.450
Customer loans including leasing	122.799	106.824	15.0%	98.425
<b>Income Statement items/profit and loss accounts</b>				
Net banking income (2)	6.050	5.791	4.5%	5.970
General operating expenses and depreciation	3.847	3.702	3.9%	3.675
Gross operating income	2.204	2.089	5.5%	2.294
Cost of risk	138	270	(48.9%)	481
Net profit	1.610	1.268	27%	1.163
Net profit - group share	1.414	1.113	27%	803
<b>Significant ratios</b>				
Fees / Net banking income	25%	26%		24.5%
Operating ratio	63.7%	63.9%		61.6%
Return on equity	13.7%	11.5%		12.8%
Solvency ratio (Tier 1 - Capital)	8.7% (3)	9.67%		8.69%
Retail outlets	3.146	3.102	44	2.877
Customers	7,228,000	7,002,000	226.000	6,799,000
Employees	38.776	38.211	565	37.745

\* Consolidated figures from Crédit Mutuel Centre Est Europe, Sud - Est and Ile de France Caisses de Crédit Mutuel, from their common Caisse Fédérale, from Banque Fédérative du Crédit Mutuel and its main subsidiaries: Assurances du Crédit Mutuel, Banque de l'Economie et de la Monétique, Information technology, etc; including CIC.

(1) Excluding accrued interest

(2) Excluding effects of reciprocal material transactions between banking and insurance sectors with respect to employees risk insurance and with respect to investments.

(3) Estimated

## CREDIT MUTUEL GROUP - CIC \*

CENTRE EST EUROPE – SUD-EST – ILE-DE-FRANCE \*

Consolidated financial information as at 31<sup>st</sup> December 2005

	<b>2005</b>	<b>Difference 2005 / 2004</b>
<b>Local branches and Retail Outlet sales</b>	<b>1.206</b>	<b>-6</b>
<i>Centre Est Europe</i>	936	-18
<i>Sud Est</i>	130	4
<i>Ile-de-France</i>	140	8
Customers	3,660,000	47.000
<i>Sociétaires</i> (Customers of the Local branches)	2,048,000	86.000
Elected representatives	9.877	173
Employees	13.781	594
<b>Outstanding savings deposits (in € billion)</b>	<b>54.0</b>	<b>8.7%</b>
Accounting deposits	34.6	5.9%
Bank - type savings	6.4	15.7%
Insurance - type savings	13.0	13.3%
<b>Outstanding loans (in € billion)</b>	<b>47.7</b>	<b>15.8%</b>
Home loans	29.4	17.5%
Consumer loans	3.6	1.3%
Business loans	10.4	8.9%
Local government loans	1.7	11.5%
<b>Market share</b>		
<b>Deposits</b>	<b>6.8%</b>	
Alsace	45.3%	
Lorraine	18.8%	
Franche -Comté	14.5%	
Bourgogne	7.3%	
Rhône-Alpes	5.1%	
Ile-de-France	1.7%	
<b>Loans</b>	<b>8.2%</b>	
Alsace	48.0%	
Lorraine	21.1%	
Franche -Comté	18.2%	
Bourgogne	12.5%	
Rhône-Alpes	10.0%	
Ile-de-France	2.4%	

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