



*The following is a convenience translation of the French-language Press Release published by Crédit Mutuel on 22nd March 2007. The information contained in it relates, inter alia, to the consolidated financial performance of Crédit Mutuel for the 2006 financial year. Such financial information is unaudited.*

## **The Crédit Mutuel Group Centre Est Europe - Sud-Est - Ile de France-Savoie Mont Blanc 2006**

Buoyed by robust growth in all its areas of business, and following an atypical year, the Group achieved financial results commensurate with its status and dynamic growth.

Net banking income rose by 22.8% to €7,484 million and net profit by 43.9% to €2,328 million, with the Group's share coming to €2,017 million (up 41.8%).

Shareholders' equity increased to €18.4 billion, with the Group's share amounting to €16.4 billion, for a tier one capital ratio of 9.19%.

In January 2007, following in the footsteps of Moody's and Fitch, Standard & Poor's upgraded its rating of Banque Fédérative, the Group's holding company, to AA- based on its results and its growth and profit outlook.

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\* All increases are stated at constant consolidation scope.

**Robust growth in both banking and insurance ....**

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In 2006, the Group added to its network, which now counts 3,295 branches, with the creation of 73 Regional Banks and branches and the addition, on 1 January, of Crédit Mutuel Savoie-Mont Blanc to the Inter-federal network already shared by the Centre Est Europe (CEE), Sud-Est (SE) and Ile-de-France (IDF) federations.

In 2006, the addition of 272,000 new customers brought the total to 7,730,000.

**Savings** managed and held by the Group amounted to €323.6 billion (up 3.6%).

Deposits rose by 6.1% to €96.6 billion and insurance savings by 10.1% to €46.7 billion. While financial savings were up by just 2.6% to €227.0 billion at the end of the year, average monthly savings rose by 10.7% to €243.8 billion.

**Total customer loans and advances** came to €148.4 billion (up 19.4%), including €76.5 billion in home loans (up 24.7%) and €50.6 billion in corporate loans (up 18.4%).

Loan production continued to post strong growth, reaching €45.6 billion (up 19.9%), still driven by home loans whose production again grew (by 30.8%) to reach €26.3 billion.

Consolidated insurance premium income rose by 7.7% to €8 billion, of which €6.4 billion from life insurance (up 8.4%) and €1.6 billion from non-life (up 4.9%).

**...with all businesses contributing to the 41.8% increase in the Group's share of net profit to €2,017 million**

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**Net banking income** came to €7,484 million, up 22.8%.

Retail banking accounted for €4,592 million of this total. In its domestic market, where most of the Group's business is concentrated, revenue growth barely offset the continuous erosion of the interest margin resulting from fierce competition and higher re-financing costs.

Fee and commission income was up by 11% thanks to the development of new services.

Insurance contributed €988 million while corporate and investment banking contributed €888 million, private banking €392 million and private equity €335 million.

Because of additions to the network, IT tools and the number of employees (up 525 to 38,376), **overhead costs and depreciation and amortisation charges** increased by 6% to €4,115 million.

**The cost-to-income ratio** improved from 63.7% to 55.0%, one of the best in the industry.

**Gross operating income** came to €3,369 million (up 52.1%).

Risks continued to be tightly controlled with a cost of risk of €144 million, equivalent to 0.10% of gross loans outstanding. A total of 66.53% of doubtful and disputed loans were covered by provisions.

After the tax charge of €934 million (up 52.9%), **net profit** amounted to €2,328 million (up 43.9%), of which the Group's share was €2,017 million (up 41.8%).

Local bancassurance, the Group's core business, contributed a total of €1,429 million (up 7.2%), with retail banking accounting for €955 million (up 0.1%) and insurance €474 million (up 24.6%). Bank-insurance activity contributes to **61,4% % of the total result**.

Corporate and investment banking contributed €436 million.

Private banking contributed €118 million (up 24.2%).

Private equity contributed €299 million (up 32.8%).

After allocation of the net profit for 2006, **shareholders' equity** will total €18.4 billion (up 17.7%) with the Group's share amounting to €16.4 billion (up 16.6%).

**The tier one capital ratio** was unchanged at 9.19%.

Return on equity (ROE) improved from 13.7% in 2005 to 16.9% in 2006.

## **Outlook**

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Nine years after taking over CIC, the Group is now poised to give new impetus to its growth. It will continue adding to its network by creating around 100 branches each year and building on its know-how in insurance and technology, and drawing on its shareholders' equity to expand the scope of its activities in France and abroad.

**Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France and Savoie-Mont Blanc (excluding CIC)**

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*A strengthened network*

With the Crédit Mutuel Savoie-Mont Blanc (SMB) federation joining the Inter-federal network shared by the Centre Est Europe (CEE), Sud-Est (SE) and Ile-de-France (IDF) federations on 1 January 2006, the network counted 649 regional banks and 1,305 branches and 3.9 million members and customers in 32 *départements* with a total population of 24.2 million. To this total should be added the 39 BECM branches and the 1,037 ATMs operating under the Euro Automatic Cash name shared by Crédit Mutuel and CIC and providing identical services and free cash withdrawals for customers. Another 60 outlets will be created by the end of 2008.

Alliances between the Federations and with CIC open up new prospects for controlling costs for the benefit of all parties and for achieving growth in regions with high potential.

*Strong level of activity supported by demand for mortgages*

Loan production increased once again, up 20.2% to €20.1 billion, including €12.3 billion in home loans (up 34.3%).

Total loans outstanding rose by 19.2% to €58.6 billion, with the CEE network accounting for €30.3 billion (up 11.2%), the SE network accounting for €7.3 billion (up 21.3%), the IDF network €8.5 billion (up 51.1%) and the SMB network €1.7 billion (up 27.8%).

Home loans accounted for €37 billion of this total (up 21.4%), consumer loans €4.1 billion (up 11.7%), loans to professionals €11.3 billion (up 7%) and loans to regional and local authorities €2 billion (up 19.8%).

Managed savings totalled €61.9 billion (up 10.6%), with deposits amounting to €38.3 billion (up 6.4%) and financial savings €23.6 billion (up 18.2%).

The CEE network accounted for €40.3 billion (up 6.8%) of managed savings, the SE network €5.6 billion (up 11.2%), the IDF network €7.5 billion (up 9.8%) and the SMB network €2.1 billion (up 11.8%).

Higher interest rates and the reform of the home-savings system worked in favour of passbook accounts, which had total deposits of €11.2 billion (up 9.3%), including €7.1 billion in "blue" passbook accounts (up 7.9%), and in favour of short-term notes and term deposits which totalled €5.9 billion (up 5.5%).

Home-savings accounts totalled €9.1 billion (down 3.5%).

Insurance savings continued to be the preferred product among savers with a total of €15.0 billion (up 11.6%).

Bank savings rose by 31.8% to €8.6 billion on the strength of the stock market.

### **Mutual banking for a better service**

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During the year, 183,000 new members joined Crédit Mutuel, bringing total membership to 2,227,000 in its 649 local banks holding 3.3 billion company shares.

Crédit Mutuel's 9,900 board representatives and advisors, who are democratically elected by members on the "one person, one vote" principle, oversee the development of the mutual bank, in the interests of its customers, and of the economic life and employment in the immediate vicinity as well as in the region.

Crédit Mutuel's commitment is clearly expressed in the compliance code adopted in May 2006 by the four Federations (available at [www.creditmutuel.fr](http://www.creditmutuel.fr)), which details the rules for ethical behaviour stemming from its corporate values.

Its local organisation and the active participation of its members contribute significantly to the quality of its products and services and the quality of its customer relationships.

Crédit Mutuel was ranked at the top of the list for customer relationship quality in several studies in 2006 and again in January 2007.

Its products and services also regularly win awards. The "Avance Santé" card won the global "Oscar" for innovation and Euro Protection Surveillance has become France's leading remote surveillance operator. These products and services meet customers' new expectations. Furthermore, the contact-free mobile telephone payment system currently being tested is an innovative product in terms of its simplicity and ease-of-use.

By placing the mutual system at the heart of its strategy, Crédit Mutuel not only remains true to its original mission but secures advantages for its development and its future.

Crédit Mutuel's latest communication campaign – "If I were a banker..." – launched on 4 March, gives everyone a chance to speak his mind. By understanding everyone's expectations, the joint construction of tomorrow's bank – based on proximity, efficiency and solidarity – can begin.

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

Consolidated financial information as at 31<sup>st</sup> December 2006 (€million)

	2006	2005	Difference 2006/2005
<b>Shareholders' equity</b>			
Shareholders' equity (including net profit and before payment of dividends)	18.360	15.536	17,70%
<i>Of which group share</i>	16.421	14.021	16,60%
<b>Activity</b>			
Savings under management	323.586	310.184	3,60%
Customer deposits (1)	96.596	89.660	6,10%
Financial savings	226.990	220.524	2,60%
<i>Of which life insurance</i>	46.697	41.996	10,10%
Customer loans including leasing	148.413	122.799	19,40%
<b>Income Statement items/profit and loss accounts</b>			
Net banking income (2)	7.484	6.050	22,80%
General operating expenses and depreciation	4.115	3.847	6,00%
Gross operating income	3.369	2.204	52,10%
Cost of risk	144	138	4,30%
Net profit	2.328	1.610	44%
Net profit - group share	2.017	1.414	42%
<b>Significant ratios</b>			
Fees / Net banking income	23%	25%	
Operating ratio	55,00%	63,70%	
Return on equity	16,90%	13,70%	
Solvency ratio (Tier 1 - Capital)	9,19%	9,17%	
Retail outlets	3.295	3.184	42
Customers	7.730.000	7.286.000	272000,000
Employees	38.376	37.441	525

\* 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 \*\*

consolidated financial information as at 31<sup>st</sup> December 2006

	2006	
<b>Local branches and Retail Outlet sales</b>	<b>1.305</b>	
<i>Centre Est Europe</i>	921	
<i>Sud Est</i>	130	
<i>Ile-de-France</i>	153	
Customers	62	
<i>Sociétaires</i> (Customers of the Local branches)	39	
Elected representatives	3.927.000	+ 84.000
Employees	2.227.000	+ 86.000
	9.900	
	15.600	500
<b>Outstanding savings deposits</b> (in € billion)		
Accounting deposits	61,9	10,60%
Bank - type savings	38,3	6,40%
Insurance - type savings	8,6	31,70%
	15	11,60%
<b>Outstanding loans</b> (in € billion)		
Home loans	58,6	19,20%
Consumer loans	37	21,40%
Business loans	4,1	11,70%
Local government loans	11,3	7,00%
	2	19,80%
<b>Market share</b>		
<b>Deposits</b>	<b>6,80%</b>	
Alsace	44,90%	
Lorraine	18,90%	
Franche -Comté	14,80%	
Bourgogne	7,20%	
Rhône-Alpes	5,10%	
Ile-de-France	1,70%	
	7,0%	
<b>Loans</b>	<b>8,80%</b>	
Alsace	48,50%	
Lorraine	21,10%	
Franche -Comté	18,60%	
Bourgogne	12,70%	
Rhône-Alpes	10,50%	
Ile-de-France	2,90%	
Savoie Mont Blanc	7,80%	

\*\* Consolidated figures from Crédit Mutuel Centre Est Europe, Sud - Est and Ile de France Caisses de Crédit Mutuel, Savoie Mont Blanc 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; excluding CIC