



CREDIT MUTUEL CENTRE EST EUROPE-SUD EST- ILE DE FRANCE 2004

Crédit Mutuel Centre Est Europe confirmed its strong growth by surpassing €1.2 billion in net profit (before transfers to the fund for general banking risks). The group's share of net profit rose by 11% to €892 million.

Thanks to the strength of its network and the development of intra-group synergies, Crédit Mutuel Centre Est Europe / CIC (CMCEE-CIC) succeeded in consolidating its leading position in bankinsurance, serving regional economies and 7 million individual, professional and corporate customers.

Total net profit grew by 12% to reach €1,042 million (the group's share was up by 11% to €892 million), after transferring €159 million to the fund for general banking risks.

2004: growth centred on local banking

In 2004, the group recorded strong growth in its activities and an improvement in overall earnings compared with 2003, itself a year of remarkable growth. The quality of its products and services was recognised with awards from specialised magazines¹ and its customer relations were ranked no. 1 by Sofres - Bearing Point. These factors, together with the streamlining of subsidiaries and systems, made the group's growth possible.

Managed savings came to €245.4 billion, an increase of 7.4%, and comprised accounting savings of €87.8 billion (up by 8.6%) and financial savings of €157.6 billion (up by 6.9%) of which €37.8 billion in insurance savings (up by 9.6%).

¹ Le Revenu, Mieux Vivre Votre Argent and Investir

Customer loans grew by 8.9% to reach a total of €107.2 billion, as production increased by 20.9% to €30.4 billion.

The company's financial profit was up by 3.9% to €2.0 billion, as increased volumes offset a lower interest margin.

Net income from insurance companies rose by 25.3% to €6.1 billion. Life insurance was up by 29.0%, accounting for €4.7 billion of this amount, while non-life insurance was up by 14.4% to €1.4 billion.

Fee income was up by 2% to €1.5 billion.

Net banking income of €5.7 billion was nonetheless down by 3.7% due to a weaker performance from CIC capital markets activities. As a result, the cost-to-income ratio of 64.5 % in 2004 was higher than in 2003 but still lower than it had been in 2002.

General operating charges (excluding depreciation charges) were lower by 0.2% and the cost of risk was reduced by €270 million.

The overall net profit increased by 3.2% to €1,201 million, before transfers to the fund for general banking risks.

Retail banking accounted for 53% of this total, insurance for 25% and financial and other activities for 22%.

The Crédit Mutuel division – the banking network and subsidiaries – contributed €575 million, the CIC division another €565 million and the insurance division €299 million (before the elimination of intra-group dividends and restatements).

The consolidated net profit increased by 12% to €1,042 million, after the €159 million transfer to the fund for general banking risks. The Group's share of net profit was up by 11% to €892 million.

Shareholders' equity totalled €11.5 billion, including €750 million in super subordinated debt placed by the Group in December 2004. After appropriation of the net profit for the year, shareholders' equity will stand at €12.5 billion (with €11.3 billion attributable to the Group), a 19.9% increase in one year.

The tier-one solvency ratio improved from 8.69% at 31 December 2003 to an estimated 9.5% at 31 December 2004.

2005 prospects

The full effects of IT systems and software harmonisation are now feeding through in the form of cost reductions and enhanced sales efficiency.

The regrouping of subsidiaries and the creation of specialised business centres, plus the strong credit ratings assigned to Banque Fédérative du Crédit Mutuel (BFCM) by Fitch (AA-), Moody's (Aa3) and Standard & Poor's (A+), provide CMCEE-CIC with the resources, size and market awareness needed to open up new prospects for growth and earnings, notably in insurance, electronic banking services, leasing, asset management and the management of payment flows.

The group's goal is to strengthen even further its position in bankinsurance, add to its product offer and broaden its activities by relying on its financial and technological innovation skills. Examples include its successful purchasing card for corporate and public-sector customers and its offer in the area of personal and property protection.

These will be the foundations on which the group will build new relations with partners in France and abroad.

Crédit Mutuel Centre Est Europe (excluding CIC)

The mutual bank that has made local service its priority

Nine new regional banks were created during the year. 65,000 new customers joined Crédit Mutuel and nearly 100,000 became members, proving that the mutual movement is in excellent health.

Crédit Mutuel now has 578 regional banks and 1,212 branches serving 3.6 million customers. Its remote banking operations are growing at a rate of more than 50% a year and currently account for 80% of customer contacts.

The bank's two million members play an active role in their regional banks and elect 8,300 unpaid board representatives, in accordance with its uniquely democratic corporate governance.

Sustained growth

Managed savings increased by 8.7% to a total of €49.7 billion.

The Centre Est Europe network accounted for €38.6 billion of the total (up by 8.5%), the Sud-Est network for €4.6 billion (up by 10.6%) and the Ile-de-France network for €6.5 milliards (up by 8.6%).

Once again savers preferred risk-free products such as passbooks, term and home savings accounts, and life insurance policies.

Accounting deposits increased by 6.8% to €32.6 billion, of which €9.4 billion for passbook accounts (up by 6.4%), €8.8 billion for home savings accounts (up by 6.4%) and €5.1 billion for term deposits (up by 8.6%).

One third of the inflow went into life insurance, bringing its total managed assets to €11.5 billion, an increase of 11.5%.

Banking financial savings amounted to €5.5 billion for growth of 14.3%, which can primarily be attributed to the improved stock market situation.

Overall, Crédit Mutuel has a 7.3% share of the deposits market, gaining 0.3 percentage points during the year.

The growth in loans reflects the strength of the bank's network and the competitiveness of its offer.

Loan production grew by 25.6% to €13.6 billion, with production to independent professional customers up by 52.4% to €4.1 billion and home loan production up by 23.8% to €7.2 billion.

Total loans and advances amounted to €41.2 billion (up by 11.5%), of which €25.1 billion for home loans, €3.6 billion for consumer credits and €9.5 billion for loans to professional customers.

The Centre Est Europe network accounted for €31.1 billion of the total (up by 7.8%), the Sud-Est network for €5.2 billion (up by 17.8%) and the Ile-de-France network for €4.8 billion (up by 34.4%).

In lending, Crédit Mutuel saw its overall market share rise by 0.3 percentage points during the year to reach 8.2%.

100th anniversary for the CEE Federation

While the oldest regional banks date from 1882, the organisation of Crédit Mutuel was not completed until 1905 with the Crédit Mutuel Federation of Alsace and Lorraine, which was both a representative and a control body.

In 1972, it became the Crédit Mutuel Federation of Alsace Lorraine and Franche-Comté and, in 1992, the Crédit Mutuel Centre Est Europe Federation after having merged with the Bourgogne-Champagne Federation.

The Crédit Mutuel Centre Est Europe Federation subsequently entered into partnership agreements around a common Federal bank with the Sud-Est Federation in 1993 and the Ile-de-France Federation in 2002. The combined entity now covers 29 French *départements* with 22 million inhabitants.

For its 100th anniversary, Crédit Mutuel intends to strengthen its ties with its members and express its values of mutual assistance and solidarity through initiatives that meet society's needs and expectations.

For this reason, Crédit Mutuel has just formed an association with ADMR (home assistance in rural areas) and AG2R Prévoyance to develop personal assistance services. It has also mobilised its network and members to provide relief aid to the victims in Southeast Asia as part of its Asian "*Et puis la terre*" operation.

At local level, these values find daily expression at the regional banks whose most noteworthy initiatives will be officially recognised at the Federation's annual general meeting on 27 May 2005.

GRUPE CREDIT MUTUEL CENTRE EST EUROPE – CIC (2)
Consolidated Key figures as at December 31st, 2004
(€m)

	2004	2003	2004 / 2003	2002
Shareholders' equity				
Shareholder's equity after appropriation	12.513	10.436	+ 19,9 %	9.054
Group share	11.332	9.430	+ 20,2 %	8.090
Activity				
Total assets	276.422	251.224	+ 10 %	251.663
Managed savings	245.413	228.396	+ 7,4 %	212.417
Customer deposits	87.797	80.882	+ 8,6 %	75.359
Funds managed and held	157.616	147.514	+ 6,8 %	137.058
Of which life insurance	37.768	34.450	+ 9,6 %	32.154
Customer loans	107.213	98.425	+ 8,9 %	95.412
Profit and loss account highlights				
Net banking income	5.748	5.970	- 3,7 %	5.384
General operating charges	3.399	3.406	- 0,2 %	3.302
Gross operating profit	2.041	2.295	- 11,1 %	1.810
Cost of risk	270	481	- 43,8 %	434
Total Result before FGFR	1.201	1.163	+ 3,2 %	907
Total consolidated net profit	1.042	930	+ 12 %	704
Group share	892	803	+ 11 %	568
Key Ratios				
Cost-to-income ratio	64,5 %	61,6 %		66,4 %
Return on equity	11,5 %	12,8 %		11,6%
Ratio Tier One (1)	9,50 %	8,69 %		7,49 %
Branches	3.102	2.877	+ 225	2.858
Customers	7.002.000	6.799.000	+ 203.000	6.666.000
Employees	38.211	37.745	+ 466	37.193

⁽¹⁾ Estimated

⁽²⁾ Consolidated figures for Caisses de Crédit Mutuel Centre Est Europe, Sud-Est and Ile-de-France, Caisse Interfédérale, Banque Fédérative du Crédit Mutuel and its main subsidiaries: ACM, BECM, information systems, ...CIC included

CREDIT MUTUEL CENTRE EST EUROPE (*)
Key figures as at December 31st, 2004

	2004	2004/2003
Branches and counters	1,212	-11%
Centre Est Europe	954	+1%
Sud-Est	126	+9%
Ile-de-France	132	
Automated teller machines	1,153	+41%
Members	1,962,000	+98 000
Administrators	9 704	
Employees	13 283	+482
Customers	3,613,000	
Total savings managed (€ bn)	49,7	+8,7%
Of which:		
Accounting deposits	32,6	+6.8%
Bank financial savings	5,5	+14,3%
Insurance financial savings	11,5	+11,5%
Loans outstanding	41,2	+11,5%
Housing	25,1	+15,9%
Consumers	3,6	+1,9%
Professionals	9,5	+18,5%
Local authorities	1,5	+12%
Markets share		
Share of deposit-taking	7,3 %	+ 0,3
Alsace	45,0 %	- 0,1
Lorraine	18,9 %	+ 0,2
Franche-Comté	14,3 %	+ 0,3
Bourgogne	7,1 %	+ 0,2
Sud-Est	5,5 %	+ 0,8
Ile-de-France	1,8 %	+ 0,1
Share of lending	8,2 %	+ 0,3
Alsace	48,1 %	+ 0,6
Lorraine	21,1 %	+ 0,5
Franche-Comté	17,9 %	+ 0,4
Bourgogne	12,8 %	+ 0,2
Sud-Est	10,9 %	+1,9
Ile-de-France	1,9 %	+0,2%

(1) Consolidated figures for Caisses de Crédit Mutuel Centre Est Europe, Sud-Est and Ile-de-France, Caisse Interfédérale, Banque Fédérative du Crédit Mutuel and its main subsidiaries: ACM, BECM, information systems, ... CIC excluded