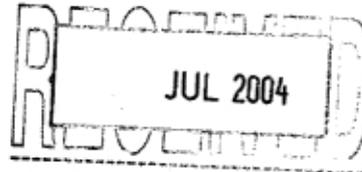


28th of July 2004

Sir David Tweedie
International Accounting Standards Board
30 Cannon street
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**Subject : Comments on the Exposure Draft of proposed amendments to IAS 19
Employee Benefits – Actuarial Gains and Losses, Group Plans and
Disclosures**

Dear Sir,

We are pleased to provide you with our comments on the above mentioned Exposure Draft. You will find in the enclosed document, our answers to the questions where applicable.

Should you have any additional question, do not hesitate to contacting us.

Best regards,



Isabelle FERRAND

• **Question 1 - Initial recognition of actuarial gains and losses**

IAS 19 requires actuarial gains and losses to be recognised in profit or loss, either in the period in which they occur or on a deferred basis. The Exposure Draft proposes that entities should also be allowed to recognise actuarial gains and losses as they occur, outside profit or loss, in a statement of recognised income and expense.

Do you agree with the addition of this option? If not, why not?

We retain the option which allows entities to measure actuarial gains or losses outside profit or loss. However, we do not think that immediate transfer of the total actuarial gains or losses to an outside profit or loss statement will avoid or reduce volatility.

Question 2 - Initial recognition of the effect of the limit on the amount of a surplus that can be recognised as an asset

Paragraph 58(b) of IAS 19 limits the amount of a surplus that can be recognised as an asset to the present value of any economic benefits available to an entity in the form of refunds from the plan or reductions in future contributions to the plan (the asset ceiling). The Exposure Draft proposes that entities that choose to recognise actuarial gains and losses as they occur, outside profit or loss in a statement of recognised income and expense, should also recognise the effect of the asset ceiling outside profit or loss in the same way, ie in a statement of recognised income and expense.

Do you agree with the proposal? If not, why not?

We agree with the proposition. Consistency in the used measurement methods is utmost important.

Question 3 - Subsequent recognition of actuarial gains and losses

The Exposure Draft proposes that, when actuarial gains and losses are recognised outside profit or loss in a statement of recognised income and expense, they should not be recognised in profit or loss in a later period (ie they should not be recycled).

Do you agree with this proposal? If not, why not?

We do not agree with the proposal. We believe that, due to the nature of the plans and their objective, continuity is a major requirement. Not being allowed to recycle any proportion of gains or losses for any reason does not reflect the true economic reality of the system. There is a time when adjustment should be stated in the books and recycling gains or losses is part of this adjustment. We believe that this participates in to giving a transparent view of benefit plans.

Question 4 - Recognition within retained earnings

The Exposure Draft also proposes that, when actuarial gains and losses are recognised outside profit or loss in a statement of recognised income and expense, they should be recognised immediately in retained earnings, rather than recognised in a separate component of equity and transferred to retained earnings in a later period.

Do you agree with this proposal? If not, why not?

As a cooperative bank we are not in a position of accepting this proposal. Accounting and prudential legislation rules our process of creating and managing the retained earnings. Our option is quite limited on this subject and we therefore propose that income and expenses be still recognised in a separate component of equity.

• **Question 5 - Treatment of defined benefit plans for a group in the separate or individual financial statements of the entities in the group**

- (a) The Exposure Draft proposes an extension of the provisions in IAS 19 relating to multi-employer plans for use in the separate or individual financial statements of entities within a consolidated group that meet specified criteria.

Do you agree with this proposal? If not, why not?

Yes we do agree with the proposal.

- (b) The Exposure Draft sets out the criteria to be used to determine which entities within a consolidated group are entitled to use those provisions.

Do you agree with the criteria? If not, why not?

Yes we do agree with the criteria.

Question 6 - Disclosures

The Exposure Draft proposes additional disclosures that (a) provide information about trends in the assets and liabilities in the defined benefit plan and the assumptions underlying the components of the defined benefit cost and (b) bring the disclosures in IAS 19 closer to those required by the US standard SFAS 132 *Employers' Disclosures about Pensions and Other Postretirement Benefits*.

Do you agree with the additional disclosures? If not, why not?

See below.

Question 7 - Further disclosures

Do you believe that any other disclosures should be required, for example the following disclosures required by SFAS 132? If so, why?

- (a) a narrative description of investment policies and strategies;
- (b) the benefits expected to be paid in each of the next five fiscal years and in aggregate for the following five fiscal years; and
- (c) an explanation of any significant change in plan liabilities or plan assets not otherwise apparent from other disclosures.

SFAS 132 also encourages disclosure of additional asset categories if that information is expected to be useful in understanding the risks associated with each asset category.

We do not agree with the proposals to add disclosure regarding the trends in assets and liabilities in the defined benefit plans and the assumptions. We consider that the advantage brought in by supplementary information will most probably derive from its objective and be source of a high level of confusion. Disclosure of precise and detailed information might harm the understanding of non-experienced financial statements' users.

Furthermore, the information could also be turned away from its original objective and be used, for instance, by unions, in order to obtain higher levels of employee benefits, and eventually won social benefits.