



**\$1,500,000,000 7.0% Noncumulative Trust Preferred Securities**

of

**CA Preferred Funding Trust**

representing a corresponding amount of Company Preferred Securities of

**CA Preferred Funding, L.L.C.**

having the benefit of a Support Agreement provided by

**Crédit Agricole S.A.**

**Issue price 100% of \$1,000 per Trust Preferred Security**

This is an offering of 7.0% Noncumulative Trust Preferred Securities of CA Preferred Funding Trust, a Delaware statutory business trust (the “Trust”). The Trust Preferred Securities represent a corresponding amount of Company Preferred Securities of CA Preferred Funding, L.L.C., a Delaware limited liability company (the “Company”). The Trust Preferred Securities are perpetual securities.

The Trust will pass through dividends received on the Company Preferred Securities as distributions on the Trust Preferred Securities. Dividends on the Company Preferred Securities will be payable on a noncumulative basis, quarterly in arrear on 30 January, 30 April, 30 July and 30 October of each year, at a rate of 7.0% per annum. See “Description of the Company Preferred Securities—Dividends”.

The Trust will pass through redemption proceeds on the Company Preferred Securities to redeem a corresponding amount of Trust Preferred Securities. The Company Preferred Securities are not redeemable prior to 30 January, 2009, except in the case of a Tax Event, an Investment Company Act Event or a Capital Disqualification Event (each as defined herein). See “Description of the Company Preferred Securities—Redemption”.

The Company’s common securities will be held by Crédit Agricole S.A., a French bank (the “Bank”), acting through its London branch (the “Branch”). The Company will also issue a class of voting preferred securities that will be held by Crédit Agricole Indosuez, acting through its New York branch (“CAI-NY”). Under a Support Agreement, the Bank has agreed to contribute additional funds to the Company as necessary to meet dividend, redemption and liquidation obligations arising under the Company Preferred Securities. The Bank’s obligations under the Support Agreement will be subordinated to Senior Indebtedness (as defined herein), but will rank prior to the Bank’s Ordinary Shares (as defined herein) and certain other Tier 1 instruments. See “Description of the Support Agreement”.

Application has been made to list the Trust Preferred Securities on the Luxembourg Stock Exchange.

**See “Certain Investment Considerations” beginning on page 18 for certain information relevant to an investment in the Trust Preferred Securities.**

**THE TRUST PREFERRED SECURITIES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). SEE “SUBSCRIPTION AND SALE”.**

The Trust Preferred Securities are expected to be assigned a rating of “A+” by Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. and “Aa3” by Moody’s Investor Service, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Trust Preferred Securities will initially be represented by a Temporary Global Certificate that will be deposited on or about 30 January, 2003 with JPMorgan Chase Bank as common depository for Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), and Euroclear Bank S.A./N.V. (“Euroclear”), and that will be exchangeable for interests in a permanent global certificate 40 days after the Issue Date of the Trust Preferred Securities upon certification of non-U.S. beneficial ownership.

**Crédit Agricole Indosuez**  
**Schroder Salomon Smith Barney**  
**Credit Suisse First Boston**

**JPMorgan**

**Morgan Stanley**  
**UBS Warburg**  
**Merrill Lynch International**

The 2001 Annual Report of the Bank (the “2001 Annual Report”) is incorporated by reference into this Offering Circular. Copies of the 2001 Annual Report in both French and English will be available free of charge at the specified office of the Paying Agent in Luxembourg and of the Bank.

The English language 2001 Annual Report is a free translation of a French language original prepared for convenience purposes only. Accounting principles and auditing standards and their application in practice vary among nations. The financial statements included in the 2001 Annual Report are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than France. In addition, the procedures and practices utilised by the statutory auditors in France with respect to such financial statements may differ from those generally accepted and applied by auditors in other countries. Accordingly, the French financial statements and the auditors’ report (of which a translation for convenience purpose only is presented in the English language 2001 Annual Report) should be read in conjunction with, and investors should inform themselves as to, French accounting procedures, auditing standards and their application in practice.

The Trust, the Company and the Bank, having made all reasonable inquiries, confirm that the information contained in this Offering Circular with regard to the Trust, the Company, the Bank and its subsidiaries, the Company Preferred Securities and the Trust Preferred Securities is true and accurate in all material respects, that the opinions and intentions expressed herein are honestly held, and that there are no other facts the omission of which would make this Offering Circular as a whole or any of such information or the expression of any such opinions or intentions misleading. Each of the Bank, the Trust and the Company accepts responsibility accordingly.

No person has been authorised to give any information or to make any representations other than those contained in this Offering Circular, and, if given or made, such information or representations must not be relied upon as having been authorised by any of the Trust, the Company, the Bank or the Managers (as defined herein). This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates. Neither the delivery of this Offering Circular nor any sale hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of the Bank, the Trust or the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

**INVESTORS SHOULD SATISFY THEMSELVES THAT THEY UNDERSTAND ALL THE RISKS ASSOCIATED WITH MAKING INVESTMENTS IN THE TRUST PREFERRED SECURITIES AND THE COMPANY PREFERRED SECURITIES. THE TRUST PREFERRED SECURITIES ARE ONLY SUITABLE FOR FINANCIALLY SOPHISTICATED INVESTORS WHO ARE CAPABLE OF EVALUATING THE RISKS INVOLVED IN INVESTING IN THE TRUST PREFERRED SECURITIES. PROSPECTIVE INVESTORS THAT HAVE ANY DOUBT WHATSOEVER AS TO THE RISKS INVOLVED IN INVESTING IN THE TRUST PREFERRED SECURITIES AND THE COMPANY PREFERRED SECURITIES SHOULD CONSULT THEIR PROFESSIONAL ADVISORS.**

This Offering Circular has been prepared by the Bank, the Trust and the Company for use by the Managers in making offers and sales of the Trust Preferred Securities outside the United States to non-U.S. Persons in reliance on Regulation S under the Securities Act.

Each purchaser of the Trust Preferred Securities offered hereby will be deemed to have represented and agreed that (i) such purchaser understands that the Trust Preferred Securities and the Company Preferred Securities have not been registered under the Securities Act, and the Trust Preferred Securities may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person, and (ii) neither the Company nor the Trust has been registered under the U.S. Investment Company Act of 1940, as amended.

**EACH PURCHASER OF THE TRUST PREFERRED SECURITIES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE TRUST PREFERRED SECURITIES OR POSSESSES OR DISTRIBUTES THIS OFFERING CIRCULAR AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE TRUST**

**PREFERRED SECURITIES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE TRUST, THE COMPANY, THE BANK OR THE MANAGERS SHALL HAVE ANY RESPONSIBILITY THEREFOR.**

The securities offered hereby have not been approved or recommended by the United States Securities and Exchange Commission or any state securities commission. Furthermore, the foregoing authorities have not reviewed this Offering Circular or confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence.

The securities offered hereby have not been approved or recommended by the French banking commission (the "Commission bancaire"). Furthermore, the Commission bancaire has not reviewed this Offering Circular or confirmed the accuracy or determined the adequacy of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Bank, the Company, the Trust, the Managers or any affiliate of any of them to subscribe for or purchase, any Trust Preferred Securities in any jurisdiction by any person to whom it is unlawful to make such an offer or invitation in such jurisdiction.

The distribution of this Offering Circular and the offering, sale and delivery of the Trust Preferred Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Bank, the Company, the Trust and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Trust Preferred Securities and on distribution of this Offering Circular and other offering material relating to the Trust Preferred Securities, see "Subscription and Sale".

**This Offering Circular contains certain forward-looking statements (as such term is defined in the U.S. Private Securities Litigation Reform Act of 1995) and information relating to the Bank and its consolidated subsidiaries and affiliates (the "Group") that is based on the beliefs of the management of the Group, as well as assumptions made by and information currently available to the management of the Group. When used in this Offering Circular, the words "estimate", "project", "believe", "anticipate", "intend", "expect" and similar expressions are intended to identify forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; changes in interest rates, currency exchange rates and equity and commodity prices; competition; changes in technology; changes in business strategy; whether the offer for Crédit Lyonnais succeeds, and if so the ability of Crédit Agricole S.A. to integrate successfully Crédit Lyonnais and to realise anticipated synergies; indebtedness of the Bank and its affiliates; quality of management, business abilities and judgment of the Bank's personnel; the availability, terms and deployment of capital; and various other factors referenced in this Offering Circular. Prospective investors are cautioned not to place undue reliance on such forward-looking statements, which, unless they speak to an earlier date, speak only as of the date of this Offering Circular. The Bank does not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances occurring after the date of this Offering Circular.**

References herein to "euro" and "€" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union of 1 January, 1999. References to "\$", "USD" and "US dollars" are to the lawful currency of the United States.

**In connection with the issue and distribution of the Trust Preferred Securities, J.P. Morgan Securities Ltd., or any person acting for it, may over-allot or effect transactions with a view to supporting the market price of the Trust Preferred Securities at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on J.P. Morgan Securities Ltd., or any agent of it, to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.**

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## OFFERING CIRCULAR SUMMARY

*The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Offering Circular. Investors should read the entire Offering Circular carefully before deciding to purchase the Trust Preferred Securities. See “Glossary” commencing at page 128 for the definitions of certain terms used in this Offering Circular. The offering by CA Preferred Funding Trust of its 7.0% Noncumulative Trust Preferred Securities, liquidation amount \$1,000 per security, and the related issuance to CA Preferred Funding Trust by CA Preferred Funding, L.L.C. of its 7.0% Noncumulative Company Preferred Securities, liquidation preference \$1,000 per security, are referred to herein as the “Offering”.*

### Introduction

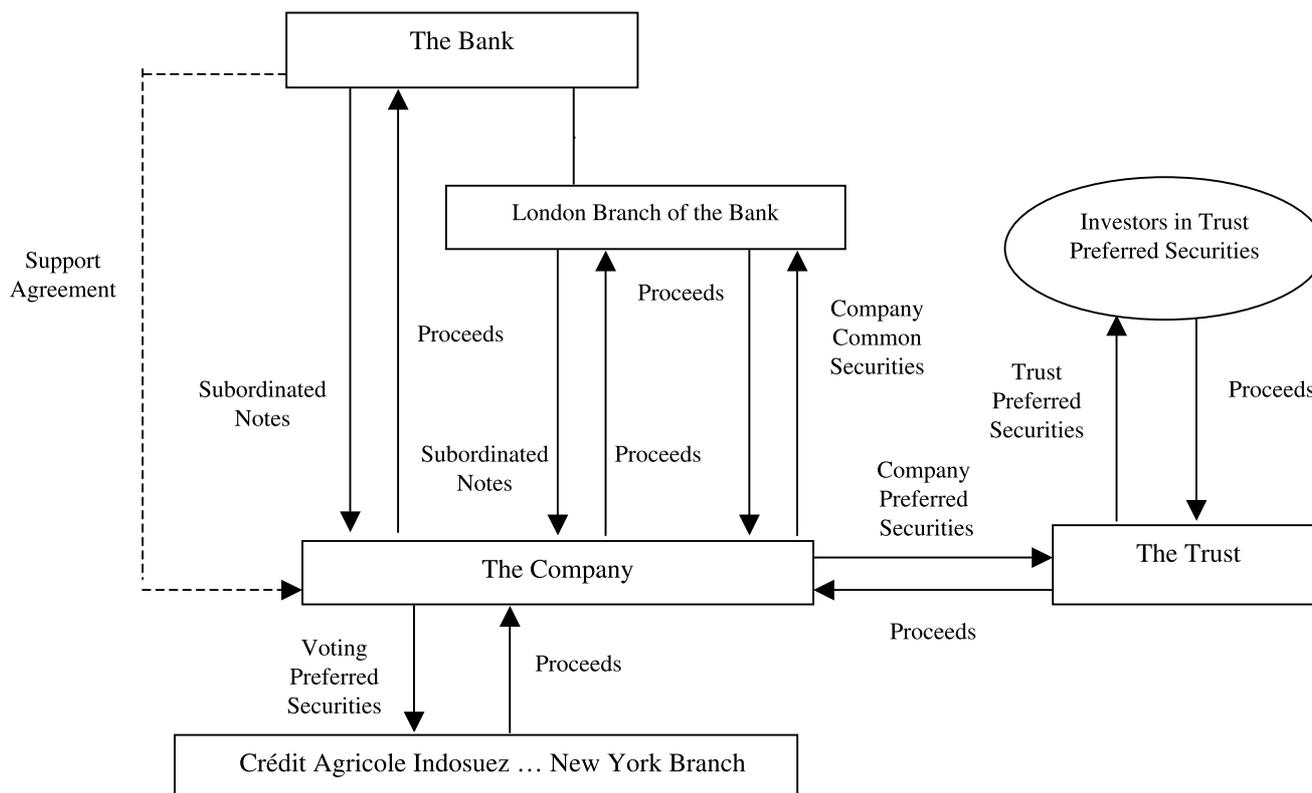
The 7.0% Noncumulative Trust Preferred Securities (the “Trust Preferred Securities”) are being issued by CA Preferred Funding Trust, a Delaware statutory business trust (the “Trust”), in an aggregate liquidation amount of \$1,500,000,000. The Trust Preferred Securities represent a corresponding amount of 7.0% Noncumulative Company Preferred Securities of the Company (the “Company Preferred Securities”), which are being issued by CA Preferred Funding, L.L.C., a Delaware limited liability company (the “Company”).

The Company is issuing the Company Preferred Securities in a financing transaction that raises regulatory capital for Crédit Agricole S.A. (the “Bank”). The Bank intends to treat the Company Preferred Securities as Tier 1 capital of the Bank on a consolidated basis under relevant French banking regulations.

All of the Company’s common securities will be held by the Bank, acting through its London branch (the “Branch”). The Company will also issue a single class of voting preferred securities, which will rank junior to the Company Preferred Securities, and which will be held by Crédit Agricole Indosuez, a wholly-owned subsidiary of the Bank, acting through its New York Branch (“CAI-NY”). The Company’s principal assets will consist of subordinated notes issued by the Bank and by the Branch.

Under the Company’s Amended and Restated Limited Liability Company Agreement (the “Company Agreement”) to be entered into on the Issue Date (as defined herein), if the Bank declares or pays a dividend on any Bank Ordinary Shares, if the Bank redeems, repurchases or otherwise acquires Bank Ordinary Shares (subject to certain exceptions described herein) or if the Bank or certain of its affiliates pays a discretionary dividend that is not otherwise required to be paid on any Bank Parity Securities, then dividends will become mandatorily payable for a one year period on the Company Preferred Securities. Under a Support Agreement to be entered into between the Bank, the Branch and the Company, the Bank (directly and through the Branch) will be obligated, among other things, (i) to ensure that the Company has sufficient funds available to pay such mandatory dividends, and the redemption price of Company Preferred Securities as to which a redemption notice is validly given, (ii) to pay to the Company if the Company is liquidated (which can only occur if the Bank is liquidated) an amount equal to the Liquidation Claim Amount defined herein and (iii) to pay the Company’s ongoing expenses and taxes. The Bank’s obligations under the Support Agreement are subordinated to the claims of holders of Senior Indebtedness, which includes all senior and subordinated creditors of the Bank (including holders of certain participating loans and securities described herein), and certain other *pari passu* claims described herein.

The following diagram outlines the relationship among investors in Trust Preferred Securities, the Trust, the Company, the Bank and CAI-NY following completion of the Offering:



### The Trust

The Trust is a Delaware statutory business trust formed on 6 January, 2003. The Trust was formed for the sole purpose of (i) issuing the Trust Preferred Securities representing a corresponding amount of Company Preferred Securities to be held by the Trust, (ii) acquiring and holding the Company Preferred Securities and (iii) performing functions necessary or incidental thereto. The Trust cannot issue other equity securities or any debt securities or engage in any other activities. The Company Preferred Securities will be the only assets of the Trust. See “The Trust” below. See “Taxation—U.S. Federal Income Tax” for the United States federal income tax treatment of the Trust.

### The Company

The Company is a Delaware limited liability company formed on 3 January, 2003. The Company was formed for the sole purpose of (i) issuing the Company Preferred Securities, the Voting Preferred Securities and the Company Common Securities (as defined below), (ii) acquiring and holding the subordinated notes (the “Subordinated Notes”) issued by the Bank (both directly and through the Branch) or other Replacement Securities (as defined herein) and (iii) performing functions necessary or incidental thereto. The Subordinated Notes and other Replacement Securities owned by the Company from time to time will generate net income for distribution by the Company to the Trust as holder of the Company Preferred Securities (and consequently for pass through by the Trust to holders of the Trust Preferred Securities). See “The Company” below. The Company will be treated as a partnership for United States federal income tax purposes. See “Taxation—U.S. Federal Income Tax” for the United States federal income tax treatment of the Company.

The Bank, through the Branch, is purchasing all of the common limited liability company interests in the Company (the “Company Common Securities”), representing 67% of the voting rights in the Company (subject to the limited rights of holders of the Company Preferred Securities to nominate an Independent Director in certain circumstances and other rights as described herein). The Company Common Securities are being purchased for an aggregate purchase price of \$66,025,663.

The Company will also issue a class of voting preferred securities that will be held by CAI-NY (the “Voting Preferred Securities”), representing 33% of the voting rights in the Company (subject to the limited rights of holders of the Company Preferred Securities to nominate an Independent Director in certain circumstances and other rights as described herein). The Voting Preferred Securities will rank junior to the Company Preferred Securities and will entitle their holder to certain rights and privileges. The Voting Preferred Securities are being purchased for an aggregate purchase price of \$32,518,421.

The Company will be managed by a Board of Directors initially having 4 members, one of whom will be an individual who is not, and has not been during the preceding three years, an officer or employee of the Bank or any affiliate of the Bank and who does not own Bank Ordinary Shares having a fair value of €500,000 or more (an “Independent Director”). Under certain circumstances described under “Description of the Company Preferred Securities—Voting Rights”, holders of Company Preferred Securities will have the right to elect one additional director, and the additional director so elected shall be deemed to be an Independent Director irrespective of whether he or she meets the financial test described above.

### **The Bank**

Crédit Agricole S.A. is the lead bank of the Crédit Agricole Group – France’s leading banking group, Europe’s second largest banking group, and the world’s sixth largest banking group, in each case based on shareholders’ equity. As of 30 September, 2002, Crédit Agricole S.A. had total assets of euro 518 billion, euro 230 billion in funds under management and euro 16.7 billion in shareholders’ equity and fund for general banking risks. Crédit Agricole S.A.’s international solvency ratio as of 30 June, 2002 was 9.6%, including a Tier 1 ratio of 8.9%. After giving effect to this Offering, as if it had occurred on 30 June, 2002, its international solvency ratio would have been 11.12%, including a Tier 1 ratio of 10.40%.

Crédit Agricole S.A., formerly known as the Caisse Nationale de Crédit Agricole (“CNCA”), was created by public decree in 1920 to distribute advances to and monitor the Caisses Régionales on behalf of the French State. In 1988, the French State privatised CNCA in a mutualisation process, transferring most of its interest in CNCA to the Caisses Régionales. Today, the Caisses Régionales include 45 Caisses Régionales that operate the French retail network of the Crédit Agricole Group. On 18 October, 2001, Crédit Agricole S.A. and the Caisses Régionales entered into a Protocol under which they agreed on the terms of a restructuring of the Crédit Agricole Group in contemplation of an initial public offering of Crédit Agricole S.A. shares. Under the terms of the Protocol, the Caisses Régionales contributed all of their holdings in seven of the Crédit Agricole Group’s main subsidiaries to Crédit Agricole S.A. in return for shares of Crédit Agricole S.A., and Crédit Agricole S.A. took a 25% interest in each of the Caisses Régionales (except for the Caisse Régionale of Corsica). Crédit Agricole S.A. completed the initial public offering of its shares on Euronext Paris on 14 December, 2001.

Crédit Agricole S.A. acts as the central bank of the Crédit Agricole Group, coordinates its sales and marketing strategy, ensures the liquidity and solvency of each of the entities in the Crédit Agricole Group and, through its subsidiaries, designs and manages specialised financial products that are distributed primarily by the Caisses Régionales. In addition to these activities, the Group organises its business in five segments. Through its French retail banking segment, including its 25% interest in the Caisses Régionales, the Group conducts its retail banking operations in France and offers consumer credit, leasing, payment and factoring services. The Group’s corporate and investment banking segment conducts both financing activities and capital markets and investment banking activities. Through its asset management, insurance and private banking segment, the Group is a leading mutual fund manager and insurance provider in France and offers private banking services in France, Switzerland, Luxembourg and Monaco. The Group’s international retail banking segment reflects its international expansion through alliances and participations in major retail banks located in Italy, Portugal, Greece, Poland, Chile and Brazil. Finally, the Group’s proprietary asset management and other activities segment includes the results of Crédit Agricole S.A.’s activities as central bank of the Crédit Agricole Group as well as its holdings in Crédit Lyonnais and Rue Imperiale de Lyon, a major indirect shareholder of the entities of the Lazard group, and certain other equity participations of the Group. See further “Description of the Bank” below.

### **Recent Developments**

The following recent developments are described in more detail under “Description of the Bank—Recent Developments”.

#### *Finaref Acquisition*

On 30 October, 2002, the Bank announced that it had entered into exclusive negotiations with Pinault Printemps Redoute (“PPR”) to acquire the Credit and Financial Services activity of PPR, consisting of

substantially all of the business of the consumer finance company Finaref, for a price that is expected to exceed €2.5 billion. If the negotiations were to result in a definitive agreement, the sale would be completed in two stages: 61% in January, 2003 and 29% in January, 2004. The remaining 10% interest in Finaref would be retained by the PPR group. A definitive agreement for the transaction was signed on 20 December, 2002.

#### *Replacement of Chairman*

On 2 December, 2002, the Bank announced that its Chairman, Marc Bué, resigned and was replaced by René Carron.

#### *Crédit Lyonnais Offer*

On 16 December, 2002, the Bank and Crédit Lyonnais jointly announced that the Bank (jointly with an affiliate of the Caisses Régionales) intends to make an offer to acquire all of the outstanding shares of Crédit Lyonnais that it does not already own. The Bank must obtain approval from banking and securities regulatory authorities in France before the offer commences. In the offer, the Bank will offer 5 of its ordinary shares and €148.24 for every 4 ordinary shares of Crédit Lyonnais. The Bank has also made alternative offers, one in cash and one in shares, subject to certain restrictions.

On 10 January, 2003, the *Comité des établissements de crédit et des entreprises d'investissements* ("CECEI") announced that third parties could send their observations about the impact of the transaction on the competitive environment in the French banking sector. Such observations had to be received no later than 24 January, 2003. As a result, the CECEI did not decide before that date whether to approve the transaction.

## The Offering

For a more complete description of the Trust Preferred Securities, the Company Preferred Securities, the Support Agreement and the Subordinated Notes, including the definitions of capitalised terms used but not defined in this Section, see “Description of the Trust Preferred Securities”, “Description of the Company Preferred Securities”, “Description of the Support Agreement”, and “Description of the Subordinated Notes”.

**Issuers** ..... As to the Trust Preferred Securities, CA Preferred Funding Trust (the “Trust”). The Trust was formed on 6 January, 2003 under the laws of Delaware, and was formed for the sole purpose of (i) issuing the Trust Preferred Securities representing a corresponding amount of Company Preferred Securities to be held by the Trust, (ii) acquiring and holding the Company Preferred Securities and (iii) performing functions necessary or incidental thereto.

As to the Company Preferred Securities, CA Preferred Funding, L.L.C. (the “Company”). The Company is a Delaware limited liability company formed on 3 January, 2003 and was formed for the sole purpose of (i) issuing the Company Preferred Securities, the Voting Preferred Securities and the Company Common Securities, (ii) acquiring and holding the Subordinated Notes issued by the Bank or Replacement Securities and (iii) performing functions necessary or incidental thereto.

The Company’s Common Securities will be held by Crédit Agricole S.A. (the “Bank”), acting through its London branch (the “Branch”). The Company will also issue a class of voting preferred securities that will be held by Crédit Agricole Indosuez, acting through its New York branch (“CAI-NY”).

**Securities Offered** ..... 1,500,000 Trust Preferred Securities will be issued with an aggregate liquidation amount equal to \$1,500,000,000. The liquidation amount of each Trust Preferred Security is \$1,000. Each Trust Preferred Security will represent a corresponding amount of the Company Preferred Securities. The liquidation preference of each Company Preferred Security is \$1,000.

The Trust Preferred Securities will rank *pari passu* among themselves, and the Company Preferred Securities will rank *pari passu* among themselves.

The Trust Agreement provides that, to the fullest extent permitted by law, without the need for any other action of any person, including the Trustee and any other holder of the Trust Preferred Securities, each holder of the Trust Preferred Securities shall be entitled to enforce in the name of the Trust the Trust’s rights in respect of the Company Preferred Securities held on behalf of such holder. Each holder of Trust Preferred Securities may at any time following the expiration of the 40-day period beginning on 30 January, 2003, the date of initial issuance of the Company Preferred Securities and the Trust Preferred Securities (the “Issue Date”), upon written notice, withdraw from the Trust and hold directly a corresponding amount of underlying Company Preferred Securities. Company Preferred Securities when withdrawn will be issued only in individually certificated definitive form and will not be held through Euroclear or Clearstream, Luxembourg.

**Dividends** ..... *General:* Dividends on the Company Preferred Securities received by the Trust will be passed through by the Trust as distributions on the Trust Preferred Securities upon (and subject to) their receipt by the Trust.

Dividends on the Company Preferred Securities will be payable from the date of initial issuance on a noncumulative basis, quarterly in arrear on 30 January, 30 April, 30 July and 30 October of each year at a fixed rate per annum on the liquidation preference equal to 7.0%, commencing 30 April, 2003 (calculated on a 30/360 Basis).

Each date of payment is a “Dividend Payment Date” and each period from and including a Dividend Payment Date or the Issue Date, as the case may be, to but not including the next Dividend Payment Date, is a “Dividend Period”; *provided, however*, that if any Dividend Payment Date is not a business day, dividends will be payable on the next business day. Dividends on the Company Preferred Securities will be mandatorily due and payable on a Dividend Payment Date with respect to the related Dividend Period in the circumstances described under “—Mandatory Dividends” below. If dividends on the Company Preferred Securities on a Dividend Payment Date are not mandatorily due and payable, then, if the Company delivers, on or before the tenth business day immediately preceding such Dividend Payment Date, a Dividend Limitation Notice (as defined below), dividends payable on the related Dividend Payment Date will be limited as provided in such Dividend Limitation Notice (see “—Dividend Limitation Notice” below).

*Mandatory Dividends:* The Company will be required to pay full dividends on the Company Preferred Securities on each Dividend Payment Date occurring during the one-year period beginning on and including the date on which the Bank declares or pays a dividend on the Bank Ordinary Shares (other than a dividend consisting solely of additional Bank Ordinary Shares). There will be a similar requirement to pay dividends on the Company Preferred Securities when the Bank redeems, repurchases or otherwise acquires Bank Ordinary Shares, with the exception of repurchases of shares for purposes of making shares available to cover employee stock options or stock purchase programmes, regularisation of the Bank’s share price, investment activities or holding shares with a view to their resale or exchange, particularly in connection with external growth transactions or the issuance of securities convertible into or exchangeable for Bank Ordinary Shares.

The Company will be also required to pay dividends on the Company Preferred Securities on each Dividend Payment Date occurring during the one-year period beginning on and including the date on which the Bank declares or pays Discretionary Dividends (it being understood that, if a Discretionary Dividend is paid on the Company Preferred Securities on a Dividend Payment Date, the Company shall not as a consequence be required to pay an additional dividend on the Company Preferred Securities on the same Dividend Payment Date). There is no similar requirement to pay dividends on the Company Preferred Securities when the Bank or a subsidiary of the Bank redeems, repurchases or otherwise acquires Bank Parity Securities. In order to calculate the amount of dividends required to be paid on the Company Preferred Securities on a Dividend Payment Date pursuant to this paragraph:

- (i) prior to each Dividend Payment Date, the Company will calculate, with respect to each payment of a Discretionary Dividend paid on an Underlying Security during the one-year period ending on and including such Dividend Payment Date, the Notional Dividend Amount;
- (ii) the Company will then aggregate the Notional Dividend Amounts calculated pursuant to clause (i); and

- (iii) such aggregate of Notional Dividend Amounts pursuant to clause (ii) shall be the amount of dividends required to be paid under this paragraph on the Company Preferred Securities on such Dividend Payment Date.

For purposes of the foregoing:

“Bank Ordinary Shares” means (i) the ordinary shares of the Bank and (ii) any other shares of the Bank’s capital stock ranking junior to the Bank Parity Preferred Shares, where such other shares qualify as Tier 1 capital of the Bank on a consolidated basis under Applicable Banking Regulations.

“Bank Parity Guarantees” means the Bank’s guarantees (whether through an agreement or instrument labelled as a guarantee, as a support agreement, or with some other name but with an effect similar to a guarantee or support agreement) of preferred securities, preferred or preference shares or similar securities qualifying as Tier 1 capital issued by any of its subsidiaries, if such guarantees or support agreements rank *pari passu* with or junior to the Bank’s obligations under the Support Agreement.

“Bank Parity Preferred Shares” means preferred or preference shares or similar instruments qualifying as Tier 1 capital issued by the Bank.

“Bank Parity Securities” means the Bank Parity Preferred Shares, the Bank Parity Guarantees and any securities issued by a subsidiary of the Bank that are guaranteed by the Bank under a Bank Parity Guarantee.

“Discretionary Dividend” means any dividend paid on the Company Preferred Securities or any class of Bank Parity Securities (other than a dividend consisting solely of Bank Ordinary Shares or Bank Parity Securities) that was not required to be paid solely as a result of a dividend or other payment having been made on the Company Preferred Securities, any other class of Bank Parity Securities or any Bank Ordinary Shares. Dividends paid on a dividend payment date for the Company Preferred Securities or any Bank Parity Securities may be partially Discretionary Dividends and partially dividends that are not Discretionary Dividends because they are required to be paid as a result of a dividend or other payment having been made on the Company Preferred Securities, any other class of Bank Parity Securities or any other Bank Ordinary Shares. The term “Discretionary Dividend” includes such dividends only to the extent not so required to be paid. To the extent that a payment that would otherwise be a Discretionary Dividend on any class of Bank Parity Securities is not greater than the amount that would be a Mandatory Dividend Payment Amount if the Bank Parity Securities were Company Preferred Securities, such amount shall not constitute a “Discretionary Dividend.”

“Mandatory Dividend Payment Amount” means, as to a Mandatory Dividend Payment Date, the amount of dividends required to be paid on such Mandatory Dividend Payment Date as described in the first two paragraphs of this subsection.

“Mandatory Dividend Payment Date(s)” means each Dividend Payment Date on which some amount of dividends on the Company Preferred Securities is required to be paid pursuant to one or more of the first two paragraphs of this subsection.

“Notional Dividend Amount” means, as to each calculation pursuant to clause (i) of the second paragraph of this subsection, an amount of dividends as to a current Dividend Payment Date on the Company Preferred Securities representing the same proportion of full dividends as is represented by the related Discretionary Dividend on the related Underlying Security as a proportion of full dividends thereon on the related dividend payment date; provided that if a Discretionary Dividend is paid on more than one Underlying Security on the same date, then the proportion described above will be calculated with reference to the Underlying Security as to which the Discretionary Dividend represented the higher or highest, as applicable, proportion of full dividends thereon.

“Underlying Security” means, in connection with the calculation of the Notional Dividend Amount to be taken into account in determining the amount of dividends required to be paid on the Company Preferred Securities on a Dividend Payment Date because of a payment of Discretionary Dividends, the series or class of Bank Parity Securities or the Company Preferred Securities, as applicable, as to which such Discretionary Dividends were paid.

If a Dividend Payment Date is a Mandatory Dividend Payment Date, the Company will be required to pay the Mandatory Dividend Payment Amount as dividends on such Mandatory Dividend Payment Date irrespective of whether (x) a Dividend Limitation Notice is delivered, (y) a Capital Deficiency Event has occurred or (z) interest is paid on the Subordinated Notes or Replacement Securities.

*Dividend Limitation Notice:* On or before the tenth business day immediately preceding a Dividend Payment Date, the Company may give notice to the Branch, CAI-NY, the Paying Agent and the holders of the Company Preferred Securities and the Trust Preferred Securities (a “Dividend Limitation Notice”) that the Company will pay no dividends or less than full dividends on such Dividend Payment Date, in which case no dividends or less than full dividends shall become due and payable on such Dividend Payment Date as set forth in the applicable Dividend Limitation Notice. The Company’s board of directors may determine that the Company will give a Dividend Limitation Notice in its sole discretion and for any reason, except that any Dividend Limitation Notice as to a Mandatory Dividend Payment Amount payable on a Mandatory Dividend Payment Date shall have no force or effect. Each Dividend Limitation Notice shall be given through the facilities of Euroclear and Clearstream, Luxembourg for so long as the Trust Preferred Securities clear through the facilities of Euroclear and/or Clearstream, Luxembourg. In case of the Company Preferred Securities such Dividend Limitation Notice shall be given in writing by mail to each registered holder of the Company Preferred Securities (initially only the Trustee on behalf of the Trust), and in the case of the Trust Preferred Securities such Dividend Limitation Notice shall be given by mail and facsimile on behalf of the Trust to the Common Depository for Euroclear and Clearstream, Luxembourg and, for so long as the Trust Preferred Securities or the Company Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, shall be published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*), and notice thereof given to the Luxembourg Stock Exchange.

**Support Agreement - Undertakings  
as to Dividends, Third Party  
Beneficiaries, Redemption Price and  
Liquidation .....**

Under the Support Agreement, the Bank (directly and through the Branch) will agree that it will contribute (or cause to be contributed) to the Company such additional funds as are necessary (after payment of all Company expenses and taxes) to enable the Company (i) to pay any Mandatory Dividend Payment Amounts, (ii) to pay the redemption price on the Company Preferred Securities on the redemption date specified in a properly given notice of redemption and (iii) to pay the Company's ongoing expenses and taxes.

The Support Agreement will be enforceable by the Company at the direction of a majority of the Independent Directors (or of the Independent Director if there is only one Independent Director). Notwithstanding the foregoing, holders of the Company Preferred Securities and the Trust Preferred Securities will be third party beneficiaries of the Support Agreement, with the holders of a majority (by liquidation preference) of the Company Preferred Securities (or the Trust Preferred Securities that represent such Company Preferred Securities) having the right to bring suit and take other action at their discretion to enforce the Support Agreement without the need for any other action of any person, including the Trustee or the Independent Directors. If the Company is liquidated, whether voluntarily or involuntarily and whether in connection with the bankruptcy or insolvency of the Company or otherwise, the Bank will be required, on a subordinated basis as described herein, pursuant to the Support Agreement to pay to the Company for each \$1,000 of Company Preferred Securities then outstanding the Liquidation Claim Amount (as defined herein).

**Other Covenants of the Bank in the  
Support Agreement .....**

The Bank will make the following additional covenants in the Support Agreement in favour of the Company:

- (a) if the Company or the Trust becomes obligated to pay Additional Amounts (as defined below), the Bank (directly and through the Branch) will from time to time (i) contribute (or cause to be contributed) such additional capital to the Company as shall be necessary in order to ensure that the Company has sufficient funds available to it to pay such Additional Amounts and (ii) take such action as shall be necessary to cause the Company to comply with its obligation to pay such Additional Amounts;
- (b) for so long as any of the Company Preferred Securities are outstanding, the Bank will not issue any preferred or preference shares (or other similar equity instruments) that qualify as Tier 1 capital ranking senior to its obligations under the Support Agreement or give any guarantee or support undertaking in respect of any preferred securities or preferred or preference shares that qualify as Tier 1 capital issued by any of its subsidiaries, if such guarantee or support undertaking would rank senior to the Support Agreement;
- (c) 100% of the Voting Preferred Securities and the Company Common Securities will be held by the Bank, the Branch or by one of more of the Bank's subsidiaries which are deemed to be a "company controlled by the parent company" under Rule 3a-5 under the United States Investment Company Act of 1940;

- (d) the Bank will not permit, or take any action to cause, the liquidation, dissolution, winding up or termination of the Company, unless the Bank is itself in liquidation; and
- (e) the Bank will not assign its obligations under the Support Agreement, except in the case of a merger, consolidation or sale of substantially all of its assets, where the Bank is not the surviving entity and the surviving entity assumes all of the Bank's obligations under the Support Agreement.

**Ranking of Bank's Payment  
Obligations Under the Support  
Agreement .....**

All payment obligations of the Bank (directly or through the Branch) under the Support Agreement will be subordinated obligations ranking behind the claims of the holders of Senior Indebtedness of the Bank and before the claims of holders of Bank Ordinary Shares and claims in respect of other Tier 1 capital instruments that are to be reimbursed simultaneously with Bank Ordinary Shares. "Senior Indebtedness" means all deposits and other liabilities of the Bank (including those in respect of bonds, notes and debentures, whether senior or subordinated, instruments constituting "Tier 2" capital of the Bank on a consolidated basis under the Applicable Banking Regulations, and *prêts participatifs* or *titres participatifs*), other than (i) liabilities of the Bank under the Support Agreement and (ii) other claims of creditors of the Bank which are subordinated so as to rank *pari passu* with or junior to the claim of the Company in respect of the Support Agreement.

**Additional Amounts .....**

If at any time the Company or the Trust is required to withhold any taxes, duties or other governmental charges with respect to payment of dividends, distributions or redemption payments on the Company Preferred Securities or on the Trust Preferred Securities imposed or levied by France, the jurisdiction of residence of the issuer of any Replacement Securities then held by the Company, the United States, the United Kingdom or any authority of any of those jurisdictions that has the power to tax (collectively, "Relevant Tax", and each such jurisdiction a "Relevant Jurisdiction"), the Company will be required to pay as additional amounts included in the dividends, distributions or redemption amounts otherwise then due and payable such amounts as shall be required ("Additional Amounts") so that the net amount received by each holder of Company Preferred Securities and Trust Preferred Securities after the withholding of any such Relevant Tax will not be less than the amount of dividends, distributions or redemption amounts then otherwise due and payable. However, the Company will not be required to pay Additional Amounts if the Relevant Jurisdiction is France, the United States or the United Kingdom, (i) to the extent that the Relevant Tax is imposed or levied because the holder of Trust Preferred Securities or Company Preferred Securities (or the beneficial owner of such securities), in each case other than the Trust in the case of the Company Preferred Securities, has some connection with the Relevant Jurisdiction, other than being a holder (or beneficial holder) of those securities, or (ii) to the extent that the Relevant Tax is imposed or levied because that holder (or beneficial owner) has not made a declaration of non-residence in, or other lack of connection with, the Relevant Jurisdiction or any similar claim for exemption, if the Company or its agent has given the beneficial owner or its nominee at least 60 days' prior written notice of and opportunity to make the declaration or claim, or (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any

European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive, or (iv) where the Trust Preferred Securities or Company Preferred Securities are presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the Trust Preferred Securities or Company Preferred Securities to another Paying Agent in a Member State of the European Union. All references in this Offering Circular to distributions or payments upon redemption of Company Preferred Securities or Trust Preferred Securities or liquidation of the Company or the Trust include all applicable Additional Amounts.

**Redemption .....**

Redemption proceeds received by the Trust on the Company Preferred Securities will be contemporaneously passed through to redeem a corresponding amount of Trust Preferred Securities. The Company Preferred Securities are not redeemable at the option of the holders at any time. The Company Preferred Securities are not redeemable at the option of the Company prior to the Dividend Payment Date regularly scheduled to occur on 30 January, 2009. Notwithstanding the foregoing, the Company Preferred Securities are redeemable in whole but not in part upon the occurrence of a Tax Event, an Investment Company Event or a Capital Disqualification Event (each as defined herein).

On or after the Dividend Payment Date regularly scheduled to occur on 30 January, 2009, the Company Preferred Securities may be redeemed for cash at the option of the Company, in whole or in part, on any Dividend Payment Date.

The redemption price for such redemptions will be (i) 100% of the liquidation preference of the Company Preferred Securities being redeemed, plus (ii) an amount equal to unpaid dividends, if any, thereon with respect to the current Dividend Period accrued on a daily basis through the date fixed for redemption, plus (iii) an amount equal to unpaid definitive dividends (“definitive dividends”) for any prior Dividend Period, without interest and without accumulation of unpaid nondefinitive dividends (“nondefinitive dividends”) for any prior Dividend Period (the “Base Redemption Price”). Upon the occurrence of a Tax Event, an Investment Company Act Event or a Capital Disqualification Event prior to the Dividend Payment Date regularly scheduled to occur on 30 January, 2009, the Company will have the right, at any time before such date, to redeem the Company Preferred Securities in whole (but not in part). The redemption price per Company Preferred Security for such redemptions will be the greater of (i) the Make Whole Amount (as defined under “Description of the Company Preferred Securities—Redemption”), and (ii) the Base Redemption Price (as defined under “Description of the Company Preferred Securities—Redemption”).

Any redemption of Company Preferred Securities is subject to the prior approval of the *Secrétariat Général de la Commission bancaire*, and compliance with applicable regulatory requirements.

The Company Preferred Securities will not be subject to any sinking fund or mandatory redemption.

**Ranking—Dividends, Liquidation and Related Matters .....**

*Dividends.* The Company Preferred Securities ordinarily will rank senior to the Voting Preferred Securities and the Company Common Securities as to payment of dividends. However, the dividend preference of the Company Preferred Securities will at the option of the Company’s board of directors shift to the Company Common

Securities on a Dividend Payment Date that is not a Mandatory Dividend Payment Date to the extent that scheduled dividends are not then paid on the Company Preferred Securities because a Dividend Limitation Notice has been delivered with respect to such Dividend Payment Date, with the consequence that amounts received by the Company on the Subordinated Notes or any Replacement Securities may be distributed as dividends to the holder of the Company Common Securities instead of being paid as dividends to the holders of the Company Preferred Securities. In the event of such a preference shift, the Company's board of directors may determine that an amount up to the full amount of scheduled dividends accrued in respect of the Company Preferred Securities for the then current Dividend Period will be distributed to the holders of the Common Securities before any distribution is made on the Voting Preferred Securities. After such distribution is made, the Voting Preferred Securities will be entitled to their full distribution before any payment is made on the Company Preferred Securities. The Company will have discretion as to whether full dividends, partial dividends or no dividends are paid on the Company Preferred Securities on each Dividend Payment Date that is not a Mandatory Dividend Payment Date.

*Circumstances Where Company May be Liquidated.* If the Bank is liquidated, whether voluntarily or involuntarily (and whether in connection with the occurrence of a Bankruptcy Event or otherwise), the Company will be liquidated. The holders of the Company Common Securities and the Voting Preferred Securities will agree in the Company Agreement that, for so long as the Company Preferred Securities are outstanding, the holders of the Company Common Securities and the Voting Preferred Securities will not cause the Company to liquidate unless the Bank is also liquidating. Under the Company Agreement, holders of Trust Preferred Securities or Company Preferred Securities will not have the ability to force or initiate commencement of a liquidation of the Company unless the Bank is also liquidating. The Company will be precluded in the Company Agreement from incurring any indebtedness and, accordingly, does not anticipate having other creditors in the ordinary course of business who could initiate the commencement of an involuntary bankruptcy proceeding. In the event that the liquidation of the Company is commenced, the Trust will be dissolved and will distribute to the holders of Trust Preferred Securities, after satisfaction of claims of creditors of the Trust, if any, as required by law, the Company Preferred Securities held by the Trust. Accordingly, it is expected that holders of Trust Preferred Securities will receive liquidating distributions only in connection with a concurrent liquidation of the Bank and the Company.

*Liquidation Preference.* In the event of any voluntary or involuntary dissolution, liquidation or winding up of the Company, after satisfaction of liabilities to creditors, if any, the holders of the Company Preferred Securities will be entitled to receive out of assets of the Company available for distribution in liquidation, before any liquidating distribution is made on the Voting Preferred Securities and the Company Common Securities, liquidating distributions in respect of Company Preferred Securities equal to the "Liquidation Claim Amount". That amount, for each \$1,000 liquidation preference of Company Preferred Securities, is equal to (i) \$1,000 plus (ii) an amount equal to unpaid dividends, if any, thereon with respect to the current Dividend Period accrued on a daily basis through the date of liquidation, plus (iii) an amount equal to unpaid definitive dividends for any prior Dividend Period, but without interest and without

accumulation of unpaid nondefinitive dividends for any prior Dividend Period and including any Additional Amounts required to be paid.

*Company Parity Preferred Securities.* The Company will be precluded by the Company Agreement from issuing any equity interests in the Company of any class or series except for the Company Common Securities, the Company Preferred Securities and Company interests that (i) rank on a parity with the Company Preferred Securities as to payment of dividends and rights upon dissolution, liquidation or winding up of the Company and (ii) benefit from undertakings by the Bank substantially identical to its undertakings in the Support Agreement for the benefit of holders of the Company Preferred Securities (“Company Parity Preferred Securities”). Accordingly, the Company may issue Company Parity Preferred Securities which would rank *pari passu* with the Company Preferred Securities whether issued as a new series or as additional shares of the Company Preferred Securities, without any requirement that the approval of the holders of the Company Preferred Securities first be obtained, provided that the approval of a majority of the Independent Directors (or of the Independent Director if there is only one Independent Director) will be required for any issuance of Company Parity Preferred Securities.

**Company Common Securities and  
Voting Preferred Securities .....**

The Company will issue Company Common Securities to the Branch, and will issue Voting Preferred Securities to CAI-NY. The Company Common Securities will represent in the aggregate 67% of the Company’s voting rights on matters submitted to the vote of securityholders (other than matters as to which the holders of the Company Preferred Securities are entitled to vote, as described below), and the Voting Preferred Securities will represent in the aggregate 33% of such voting rights.

On the Issue Date, the Branch will make a contribution of \$66,025,663 to the Company in respect of the Company Common Securities, and CAI-NY will make a contribution of \$32,518,421 to the Company in respect of the Voting Preferred Securities. The contribution of CAI-NY will be the amount of the liquidation preference of the Voting Preferred Securities.

**Terms of Voting Preferred  
Securities .....**

The Voting Preferred Securities will rank junior to the Company Preferred Securities. The Voting Preferred Securities will have the following rights and privileges, in addition to the voting rights described above:

- On each Dividend Payment Date, after the payment of full dividends on the Company Preferred Securities, the holder of the Voting Preferred Securities will be entitled to receive a noncumulative distribution in respect of the Voting Preferred Securities before any distribution is made on the Company Common Securities.
- Upon the liquidation of the Company, after payment of the Liquidation Claim Amount in respect of the Company Preferred Securities, the holder of the Voting Preferred Securities will be entitled to receive a liquidation distribution equal to the aggregate liquidation preference of the Voting Preferred Securities, plus accrued distributions for the then current Dividend Period (this will be the sole distribution in respect of Voting Preferred Securities upon liquidation) before any distribution is made on the Company Common Securities.

- No amendment may be made to the Company Agreement that would affect any of the foregoing, without the consent of the holders of a majority of the Voting Preferred Securities.

**Purchase of Voting Preferred Securities .....**

Under certain circumstances, the Bank may purchase from CAI-NY all of the Voting Preferred Securities.

The Bank may designate any of its branches or any affiliate that is subject to bank regulatory supervision in the United States or the European Union and that is a “company controlled by the parent company” with respect to the Bank, within the meaning of Rule 3a-5 under the U.S. Investment Company Act of 1940, to purchase the Voting Preferred Securities in its place. Except as described above, CAI-NY will be prohibited from selling the Voting Preferred Securities without the prior consent of the Bank.

**Subordinated Notes .....**

The Company will apply the proceeds of the Company Preferred Securities and the Company Common Securities to purchase newly-issued Subordinated Notes issued by the Bank through its head office and through the Branch. The Company will be prohibited by the Company Agreement from selling the Subordinated Notes except to the Bank.

Application will be made to list the Subordinated Notes issued by the Branch on the Luxembourg Stock Exchange pursuant to listing particulars separate from this Offering Circular.

The Subordinated Notes will be unsecured subordinated obligations of the Bank, ranking *pari passu* without preference among themselves and *pari passu* with any other present and future unsecured subordinated obligations of the Bank with the exception of any *prêts participatifs* granted to, or *titres participatifs* issued by, the Bank, which rank junior to the Subordinated Notes. The Subordinated Notes will mature on 30 January, 2033 and will be issued in an aggregate principal amount of \$1,598,544,084. The Branch will issue Subordinated Notes in an aggregate principal amount of \$50,000,000, and the Bank will issue the remainder through its head office.

The Subordinated Notes will be redeemable at the option of the Bank on 30 January, 2009, or any Interest Payment Date occurring thereafter. Any such redemption may be made in whole or in part, at a redemption price equal to 100% of their principal amount plus interest accrued but unpaid to the date fixed for redemption. Subordinated Notes may also be redeemed prior to such date upon the occurrence of certain tax events. Any redemption of the Subordinated Notes is subject to the prior approval of the *Secrétariat Général de la Commission bancaire*.

If the Bank fails to pay an instalment of interest when due or to repay principal when due, the only remedies available to the Company will be to bring suit for the amount of interest and/or principal not paid when due.

The Bank may substitute another entity within the group as obligor on all or some of the Subordinated Notes, so long as such substitution does not give rise to a Capital Disqualification Event, a Tax Event or an Investment Company Act Event. Any such entity must first be approved by the *Secrétariat Général de la Commission bancaire*.

**Forgiveness of Subordinated Notes and Replacement Securities Upon a Bankruptcy Event or a Capital Deficiency Event .....**

If a Bankruptcy Event or a Capital Deficiency Event occurs, then the Company Agreement will provide that the Subordinated Notes or Replacement Securities then held by the Company will be cancelled and the Bank's obligations thereunder, direct and through the Branch (including, without limitation its obligation to pay principal and interest), will be forgiven.

If the Bank is liquidated and, upon commencement of the related liquidation proceedings, the Subordinated Notes or Replacement Securities are still outstanding, then the Subordinated Notes or Replacement Securities will be distributed by the Company to the holder of the Company Common Securities.

**Replacement Securities .....**

Initially, the Company will only hold the Subordinated Notes. In the event that the Subordinated Notes are fully or partially redeemed other than in connection with the redemption of the Company Preferred Securities, the Company may only invest in "Replacement Securities", which are (i) other subordinated debt securities that are issued by the Bank, either through its head office or a branch, and have the same ranking in a liquidation of the Bank as the Subordinated Notes or (ii) subject to the prior approval of the *Secrétariat Général de la Commission bancaire*, such other instruments issued by the Bank as the Company and the Bank may agree upon from time to time.

If the Subordinated Notes are redeemed prior to 30 January, 2023 but the Company Preferred Securities are not redeemed at the same time and remain outstanding, then any Replacement Securities will bear interest, beginning on 30 January, 2023, at a rate per annum that is at least equal to the interest rate that the Subordinated Notes would have borne beginning on 30 January, 2023.

The Company's Investment Policies will require that the Company maintain its assets in a manner that will not require the Company to be registered as an investment company under the 1940 Act and that will not give rise to a Capital Disqualification Event or a Tax Event.

**No Indebtedness .....**

The Company will be prohibited by the Company Agreement from incurring indebtedness for borrowed money.

**Directors .....**

The Company will have four directors, excluding any directors named by the holders of the Company Preferred Securities in the circumstances described below. The Company Agreement will provide that one director shall be appointed by the Bank (acting through its head office), one director shall be appointed by the Branch and one director shall be appointed by CAI-NY. The fourth director shall be an Independent Director. The director appointed by the Bank (acting through its head office) will be the chairman and will have the deciding vote in case of a deadlock.

**Independent Directors .....**

The Company Agreement will provide that, for so long as any Company Preferred Securities or Company Parity Preferred Securities are outstanding, certain actions by the Company must be approved by both a majority of the Board of Directors as a whole and by a majority of the Independent Directors (or by the Independent Director if there is only one Independent Director). The actions that require approval by the Independent Directors include (i) the issuance of

additional Company Parity Preferred Securities, (ii) the amendment or modification of the Company’s Investment Policies, (iii) the conversion of the Company into another type of entity or (iv) the consolidation or merger of the Company with or into any other entity, the consolidation or merger of any other entity with or into the Company or the sale of all or substantially all of the assets of the Company (except as required by the Company Agreement). Additionally, a majority of the Independent Directors (or the Independent Director if there is only one Independent Director), acting alone and without the vote or consent of the other members of the Board of Directors, but subject to the rights of holders of the Company Preferred Securities as described under “Description of the Support Agreement—Subordination of Bank’s Payment Obligations” and “Description of the Support Agreement—Enforcement and Third Party Beneficiaries”, have the right on behalf of the Company to enforce the Support Agreement. The Independent Directors will be under a duty to consider the interest of the Company as a whole as to all matters other than enforcement of the Support Agreement and, in connection with decisions involving enforcement of the Support Agreement, shall be required to consider only the interest of holders of the Company Preferred Securities.

**Voting Rights .....**

If full dividends are not paid on any Dividend Payment Date, the holders of the Company Preferred Securities shall have the right to elect one person of their choosing as an additional director. Each person so elected shall be deemed to be an Independent Director. Such right may be exercised by the holders of a majority (by voting rights) of the Company Preferred Securities by written consent or at a meeting called for such purpose (which the Company Agreement will provide shall be called at the request of any holder of the Company Preferred Securities), and shall continue until full dividends have been paid on the Company Preferred Securities for a one-year period. Any vacancy in the office of an Independent Director during such period may be filled only by holders of the Company Preferred Securities voting as set forth above. In the event that the holders of the Company Preferred Securities exercise their right to name an additional Independent Director, and that as a result there are two Independent Directors, the Independent Director named by the holders of the Company Preferred Securities shall have the deciding vote in case of disagreement between the two Independent Directors as to any matter requiring their approval.

**Form and Denomination .....**

The Trust Preferred Securities will be issued in denominations of \$1,000 liquidation amount and integral multiples thereof. The Trust Preferred Securities will be initially evidenced by a temporary global certificate, in fully registered form, deposited with JPMorgan Chase Bank as common depositary, and registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg, on the Issue Date. No payment due in respect of the temporary global certificate will be made to the holder thereof without a certification by or on behalf of such holder that it is not a U.S. person. Interests in the temporary global certificate will be exchangeable by the holders thereof for interests in a permanent global certificate not earlier than 40 days after the Issue Date, upon certification of non-US beneficial ownership. Interests in the global certificate will be exchangeable in whole but not in part for definitive Trust Preferred Securities only if (i) the Trust Preferred Securities become ineligible for clearance and settlement through Euroclear and Clearstream, Luxembourg and (ii) the Company and the Trust are not able, after using reasonable efforts, to arrange for clearance and settlement of the Trust Preferred

Securities through a successor clearing system. The Company Preferred Securities will be issued in individually certificated definitive form only.

<b>Use of Proceeds</b> .....	The Trust will apply the proceeds of the Offering to acquire the Company Preferred Securities from the Company. The Company will use the proceeds from the issuance of the Company Preferred Securities to the Trust, together with proceeds received from the sale of the Company Common Securities to the Branch and the Voting Preferred Securities to CAI-NY, to purchase the Subordinated Notes and pay certain expenses relating to the Offering. The Bank will use the proceeds of issuance of the Subordinated Notes for purposes of financing its acquisitions of Crédit Lyonnais and Finaref and for general corporate purposes.
<b>Selling Restrictions</b> .....	Neither the Trust nor the Company has been registered under the United States Investment Company Act of 1940. Neither the Company Preferred Securities nor the Trust Preferred Securities have been registered under the United States Securities Act of 1933, and the Trust Preferred Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons. The Trust Preferred Securities are being offered and sold in off-shore transactions outside the United States in reliance on Regulation S.
<b>Ratings</b> .....	The Trust Preferred Securities are expected to be assigned on issue a rating of A+ by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. and Aa3 by Moody's Investors Service Inc
<b>Listing</b> .....	Application has been made to list the Trust Preferred Securities on the Luxembourg Stock Exchange.
<b>Governing Law</b> .....	The Company Agreement, the Company Preferred Securities, the Trust Agreement and the Trust Preferred Securities will be governed by Delaware law. The Support Agreement will be governed by the laws of the State of New York, United States of America.

## CERTAIN INVESTMENT CONSIDERATIONS

*The following is a summary of certain aspects of the offering of the Trust Preferred Securities 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 certain 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.*

### **Risks Associated with the Financial Condition of the Bank**

The ability of the Trust to make payments on the Trust Preferred Securities is dependent upon the ability of the Bank (directly and through the Branch) to meet its obligations under the Subordinated Notes and the Support Agreement. The Bank's obligations under the Support Agreement are subordinated obligations of the Bank, ranking behind the claims of holders of Senior Indebtedness of the Bank and before the claims of holders of Bank Ordinary Shares and certain other Tier 1 capital instruments. None of the Trust Preferred Securities, the Company Preferred Securities, the Subordinated Notes or the Support Agreement limits the ability of the Bank and its affiliates to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Support Agreement. Such indebtedness could include the Bank's obligations under French banking law to provide financial support to current and future affiliates that are regulated financial institutions, including financial institutions that have issued or may in the future issue Tier 1 capital instruments. If the Bank's financial condition were to deteriorate, the Company and the holders of the Trust Preferred Securities could suffer direct and materially adverse consequences, including suspension of noncumulative dividends on the Company Preferred Securities (and consequently the suspension of such dividends on the Trust Preferred Securities) and, if the Bank were liquidated (whether voluntarily or involuntarily and whether in connection with the occurrence of a Bankruptcy Event or otherwise), loss by holders of the Trust Preferred Securities of their entire investment.

#### *Restrictions on Payment of Dividends*

For so long as the mandatory dividend provisions do not apply, dividends on the Company Preferred Securities are discretionary. The Company may give a Dividend Limitation Notice in the sole discretion of its board of directors and for any reason as to any Dividend Payment Date that is not a Mandatory Dividend Payment Date, causing the Company to pay no dividends or less than full dividends on the Company Preferred Securities. Dividends on the Trust Preferred Securities and the Company Preferred Securities are not cumulative. If no dividends or less than full dividends on the Company Preferred Securities are paid on any Dividend Payment Date that is not a Mandatory Dividend Payment Date, the Trust as holder of the Company Preferred Securities (and, accordingly, investors in the Trust Preferred Securities) will not be entitled to receive such dividends whether or not funds are or subsequently become available.

#### *Dividend Shift to Company Common Securities*

The Company Agreement will provide that the dividend preferences of the Company Preferred Securities will, at the option of the Company, shift to the Company Common Securities on Dividend Payment Dates to the extent that dividends are not then paid on the Company Preferred Securities because a Dividend Limitation Notice has been delivered and the mandatory dividend provisions do not apply. If this occurs, any payment received by the Company on the Subordinated Notes or any Replacement Securities may be distributed as dividends to the holder of the Company Common Securities, and then as distributions on the Voting Preferred Securities, instead of being distributed as dividends on the Company Preferred Securities.

#### *Liquidation of the Bank*

In the event of financial distress of the Bank, it is expected that holders of the Trust Preferred Securities will receive liquidating distributions on the Company Preferred Securities if the Bank and the Company are concurrently liquidated. In such event, the Company's only assets available for making liquidating distributions on the Company Preferred Securities will be amounts realized by the Company pursuant to the undertakings and covenants of the Bank in the Support Agreement. All payment obligations of the Bank under the Support Agreement are subordinated obligations ranking behind the claims of the holders of Senior Indebtedness of the Bank and before the claims of holders of Bank Ordinary Shares and certain other Tier 1 capital instruments. In the event that the Bank has insufficient assets to satisfy all of its claims in concurrent liquidation of the Company and the Bank, the investors may receive less than \$1,000 in liquidating distributions per Trust Preferred Security.

### **Risks to the Bank's credit standing relating to the proposed acquisition of Crédit Lyonnais**

The announcement by the Bank of its intention to make an offer to acquire Crédit Lyonnais has led the principal international credit rating agencies to place the Bank under surveillance for possible ratings downgrades. While the Bank has substantial sources of liquidity that currently limit its use of market financings, if the Bank's ratings are downgraded, the Bank's financing costs could increase, and it might be more difficult for the Bank to undertake financings and other activities that are sensitive to its credit ratings. A ratings downgrade could lead to a decrease in the ratings and the trading price of the Trust Preferred Securities.

While the Bank believes that the acquisition is likely to produce substantial benefits and to strengthen its position in the market, the acquisition would also carry significant risks. These risks include the risk that synergies might be lower than anticipated, that costs associated with the acquisition and the integration of Crédit Lyonnais could be higher than anticipated, that the acquisition financing could increase the Bank's overall financing costs, that key personnel might decide to leave the Bank or Crédit Lyonnais after the acquisition, that customers might decide to change banks after the acquisition or that the integration of Crédit Lyonnais might prove more difficult than anticipated. If any of these risks were to materialise, the Bank's financial condition and credit rating could be negatively impacted.

### **Redemption upon Occurrence of a Tax Event, Investment Company Act Event or Capital Disqualification Event**

The Company will have the right, upon the occurrence of a Tax Event, Investment Company Act Event or Capital Disqualification Event, to redeem the outstanding Company Preferred Securities prior to the Dividend Payment Date on 30 January, 2009, in whole but not in part, at a redemption price equal to the greater of the Base Redemption Price and the Make-Whole Amount. The Trust Preferred Securities will be redeemed if the Company Preferred Securities are redeemed. See "Description of the Company Preferred Securities—Redemption". There can be no assurance that, at the relevant time, holders of the Company Preferred Securities will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Company Preferred Securities.

### **Investors could suffer adverse tax and liquidity consequences if Company Preferred Securities are distributed to holders of the Trust Preferred Securities**

The Trust may be liquidated under certain circumstances. See "Description of the Trust Preferred Securities—Effect of Liquidation of the Company". If the Trust is liquidated, Company Preferred Securities will be distributed to investors on a proportionate basis in return for the surrender and cancellation of the investors' Trust Preferred Securities. If investors' Trust Preferred Securities are replaced:

- investors will receive reports of their income in respect of the Company Preferred Securities on Schedule K-1;
- the Company Preferred Securities will be in registered definitive certificated form and will neither be eligible for trading through Euroclear or Clearstream nor listed on any stock exchange; and
- the trading value of the Company Preferred Securities that investors receive may be lower than the trading value of the Trust Preferred Securities and, as a result, investors may receive a lower return upon the sale of the Company Preferred Securities.

### **No Operating History**

The Company and the Trust are both newly formed entities with no operating history and no revenues to date.

### **No Voting Rights**

The Company Preferred Securities will be non-voting, subject to the limited exceptions described under "Description of the Company Preferred Securities—Voting Rights", "The Company—Management of the Company—Independent Directors" and "Description of the Company Preferred Securities—Amendment and Termination of Company Agreement".

### **Relationship with the Bank and its Affiliates; Conflicts of Interest**

The Bank is involved in virtually every aspect of the Company's existence. The Bank, initially acting through the Branch, will be the sole holder of the Company Common Securities, representing 67% of the Company's voting rights (subject to the limited rights of holders of the Company Preferred Securities to vote on certain matters). The Bank's wholly-owned subsidiary, CAI-NY, will be the sole holder of the Company's Voting Preferred Securities, representing 33% of the Company's voting rights (subject to the limited rights of the holders of the Company Preferred Securities to vote on certain matters). As the holders of all the outstanding voting securities of the Company, the Bank and CAI-NY will have the ability to control the board, which is responsible for the management and administration of the Company, subject to the provisions of the Company Agreement. In addition, certain decisions affecting the rights of the holders of the Company Preferred Securities will be made by the Company's board of directors, which will be controlled by the Bank, as holder of the Company Common Securities, and CAI-NY, as holder of the Voting Preferred Securities. The Company's board of directors will have the right to prohibit or limit the payment of dividends on the Company Preferred Securities (subject to the mandatory dividend provisions) by delivering a Dividend Limitation Notice. Similarly, decisions with respect to enforcement of the Subordinated Notes or any successor Replacement Securities and actions to be taken by the Company should the Bank fail to pay thereunder will be made by the Company's board of directors.

### **No Prior Market for Trust Preferred Securities**

Neither the Trust nor the Company has been registered under the U.S Investment Company Act of 1940, as amended (the "1940 Act"), and the offer and sale of the Trust Preferred Securities and the Company Preferred Securities have not been registered under the Securities Act. See "Subscription and Sale". There is currently no existing market for the Trust Preferred Securities, and there can be no assurance that any market will develop for the Trust Preferred Securities or that holders of the Trust Preferred Securities will be able to sell their Trust Preferred Securities in the secondary market. Although the Joint Lead Managers have informed the Trust, the Company and the Bank that they intend to make a market in the Trust Preferred Securities, they are not obligated to do so, and any such market-making activity will be subject to the limits imposed by applicable law and may be interrupted or discontinued at any time.

## THE COMPANY

The Company is a Delaware limited liability company, and, pursuant to Section 3.1 of the Company Agreement, was formed for the sole purpose of (i) issuing the Company Preferred Securities, the Voting Preferred Securities and the Company Common Securities (ii) acquiring and holding the Subordinated Notes issued partially by the Bank and partially by the Branch or other Replacement Securities and (iii) performing functions necessary or incidental thereto. The Company was formed on 3 January, 2003 with the filing of its certificate of formation with the Secretary of State of the State of Delaware and the entering into by the Bank of the Limited Liability Company Agreement of the Company on 6 January, 2003. The Company will be continued pursuant to an Amended and Restated Limited Liability Company Agreement of the Company (the “Company Agreement”) to be dated as of the Issue Date between the Bank, as holder of the Company Common Securities, CAI-NY as holder of the Voting Preferred Securities and the Trust as holder of the Company Preferred Securities. See “Taxation—U.S. Federal Income Tax” for the United States federal income tax treatment of the Company.

The Bank intends to treat the Company Preferred Securities as Tier 1 capital on a consolidated basis for purposes of the risk-based capital requirements of French banking regulations.

The Bank, acting through the Branch, owns all the Company Common Securities, representing 67% of the voting rights in the Company (subject to the limited rights of holders of the Company Preferred Securities to nominate the Independent Director and other rights as described herein). The Company Common Securities are being purchased for an aggregate purchase price of \$66,025,663.

The Company will also issue a class of Voting Preferred Securities that will be held by CAI-NY, representing 33% of the voting rights in the Company (subject to the limited rights of holders of the Company Preferred Securities to nominate the Independent Director and other rights as described herein). The Voting Preferred Securities will rank junior to the Company Preferred Securities and will entitle their holder to certain rights and privileges. See “Description of Members Interests in the Company—Voting Preferred Securities”. The Voting Preferred Securities are being purchased for an aggregate purchase price of \$32,518,421.

The Company will covenant to maintain “Crédit Agricole”, “CA”, a combination of the two or an abbreviation for one or both of them, as part of its name for as long as any Trust Preferred Securities remain outstanding, unless because of a merger or other business combination involving the Bank or a change by the Bank of its own name, inclusion of “Crédit Agricole” or any of the above as part of the Company’s name is no longer appropriate.

### **Business and Strategy of the Company**

#### *General*

The Subordinated Notes or successor Replacement Securities owned by the Company from time to time will generate net income for distribution by the Company to the Trust as holder of the Company Preferred Securities (and consequently for pass through by the Trust to holders of the Trust Preferred Securities), to the Bank, initially acting through the Branch, as holder of the Company Common Securities, and to CAI-NY, as holder of the Voting Preferred Securities. The Company will acquire the Subordinated Notes from the Bank in part and from the Branch in part. Although the Company may, in accordance with the terms of the Company Agreement, issue additional preferred securities that are Company Parity Preferred Securities without the consent of holders of the Company Preferred Securities, the Company has no present intention to do so.

#### *Dividends*

The Company Agreement will provide that dividends with respect to Company Preferred Securities will be payable out of interest received by the Company on the Subordinated Notes or successor Replacement Securities and out of amounts contributed by the Bank (from its head office or through the Branch) to the Company pursuant to the Support Agreement. Under the Delaware Limited Liability Company Act, the Company may not pay a dividend or other distributions on the Company Preferred Securities, the Voting Preferred Securities or the

Company Common Securities if, after giving effect to the distributions, the Company's liabilities would exceed the fair value of its assets. The Company is precluded by the Company Agreement from incurring any indebtedness for borrowed money and does not anticipate having any material liabilities.

The Company generally has no obligation to pay dividends on the Company Preferred Securities, except that the Company will be required to pay the Mandatory Dividend Payment Amount on each Mandatory Dividend Payment Date. See "Description of the Company Preferred Securities—Dividends—Mandatory Dividends".

#### *Investment Policies*

The Company's initial investment policies (the "Investment Policies") will be established pursuant to the Company Agreement. Under the Investment Policies, the Company may not hold or invest in any securities other than (i) the Subordinated Notes, or (ii) Replacement Securities which are (a) other subordinated debt instruments that are issued by the Bank, either through its head office or through a branch, and that have substantially similar terms and the same ranking in a liquidation of the Bank as the Subordinated Notes or (b) subject to the prior approval of the *Secrétariat Général de la Commission bancaire*, such other instruments issued by the Bank as the Company and the Bank may agree upon from time to time. If the Subordinated Notes are redeemed prior to 30 January, 2023 but the Company Preferred Securities are not redeemed at the same time and remain outstanding, then any Replacement Securities will bear interest, beginning on 30 January, 2023, at a rate per annum that is at least equal to the interest rate that the Subordinated Notes would have borne beginning on 30 January, 2023.

The Company's Investment Policies require that the Company maintain its assets in a manner that will not require the Company to be registered as an investment company under the 1940 Act and that will not give rise to a Capital Disqualification Event or a Tax Event.

The Investment Policies may be amended only by the affirmative vote of both a majority of the entire Board of Directors and a majority of the Independent Directors (or the Independent Director if there is only one Independent Director). The Company will be prohibited by the Company Agreement from selling the Subordinated Notes or any Replacement Securities except to the Bank. If the Bank or the Branch were to redeem the Subordinated Notes, the proceeds of such redemption would be required to be invested in accordance with the Company's Investment Policies in force at the time of such redemption.

#### *No indebtedness*

The Company will be prohibited by the Company Agreement from incurring indebtedness for borrowed money.

#### *Employees and Administration Agreement*

Prior to issuing the Company Preferred Securities, the Company and CAI-NY will enter into an Administration Agreement pursuant to which CAI-NY will agree to provide (or cause to be provided) certain accounting, legal, tax and other support services to the Company, assist the Company in maintaining compliance with all pertinent U.S. local, state and federal laws and provide necessary administrative, record keeping and secretarial services to the Company. Under the Administration Agreement, the Company will agree to reimburse the provider of such services from time to time for the value of services provided by such provider to the Company on an arm's-length basis.

The Company will maintain limited liability company records and audited financial statements that are separate from those of the Bank or any of its affiliates. None of the officers, employees or directors of the Company will have any direct or indirect pecuniary interest in any security to be acquired or disposed of by the Company or in any transaction in which the Company has an interest. The Company's first set of accounts will be in respect of the period from its founding to 31 December, 2003.

#### *Legal Proceedings*

The Company is not the subject of any litigation. None of the Company, the Bank or any of its affiliates is currently involved in nor, to the Company's knowledge, currently threatened with any litigation with respect to the Company Preferred Securities, the Subordinated Notes or any aspect of the Company's operations.

## Management of the Company

### *Directors and Executive Officers*

The Company Agreement provides that the Company's Board of Directors will at all times be composed of no less than 4 nor more than 5 members, at least one of whom will be an Independent Director. Initially the Company's Board of Directors will be composed of 4 members, one of whom is the Independent Director. The Company Agreement will provide that one director shall be appointed by the Bank (acting through its head office), one director shall be appointed by the Branch and one director shall be appointed by CAI-NY. The fourth director shall be an independent director. The directors will be designated as "managers" of the Company within the meaning of the Delaware Limited Liability Company Act. The directors will serve until their successors are duly elected and qualified. There is no current intention to alter the number of directors comprising the Board of Directors except if an additional Independent Director is elected as described under "—Independent Directors". The Company will have three officers at issuance of the Company Preferred Securities. It is currently anticipated that all of the officers of the Company will also be officers or employees of the Bank or its affiliates.

The persons who are directors and executive officers of the Company are as follows:

<u>Names of Directors</u>	<u>Position held</u>
Claude Rosenfeld	Director
Claude Shukang Chen	Director
P. Michael Malcolmson	Director
Donald J. Puglisi	Independent Director

<u>Names of Officers</u>	<u>Offices held</u>
P. Michael Malcolmson	President
John Langley	Treasurer
Francine Marx	Secretary

Each of the initial directors (other than the Independent Director) of the Company is an individual who is an officer or employee of the Bank, the Branch and CAI-NY, respectively and each of the initial officers of the Company is an individual who is an officer or employee of CAI-NY. The initial Independent Director is Donald J. Puglisi, who is the Managing Director of Puglisi and Associates, a financial and administrative services firm, and MBNA America Professor of Business Emeritus at the University of Delaware.

### *Independent Directors*

Under the Company Agreement an "Independent Director" is an individual who is not and has not been during the preceding three years, an officer or employee of the Bank or an affiliate of the Bank and who does not own ordinary shares of the Bank having a fair value of €500,000 or more (an "Independent Director") and includes any directors elected by holders of the Company Preferred Securities.

Under the Company Agreement, each Independent Director, in determining whether any proposed action requiring his approval is in the best interests of the Company (i) as to matters relating to the Support Agreement, will consider only the interests of the holders of the Company Preferred Securities and (ii) as to all other matters, will consider the interests of holders of the Company Common Securities, the Company Preferred Securities, the Voting Preferred Securities and the Company Parity Preferred Securities, if any.

The Company Agreement will provide that, for so long as any Company Preferred Securities or Company Parity Preferred Securities are outstanding, certain actions by the Company must be approved by both a majority of the Board of Directors as a whole and by a majority of the Independent Directors (or by the Independent Director if there is only one Independent Director). The actions that require approval by the Independent Directors include (i) the issuance of additional Company Parity Preferred Securities, (ii) the amendment or modification of the Company's Investment Policies, (iii) the conversion of the Company into another type or entity, or (iv) the consolidation or merger of the Company with or into any other entity, the consolidation or merger of any other entity with or into the Company or the sale of all or substantially all of the assets of the Company (except as required by the Company Agreement). Additionally, a majority of the Independent Directors (or the Independent Director if there is only one Independent Director), acting alone and without the vote or consent of the other members of the Board of Directors, but subject to the rights of holders of the Company Preferred Securities as described under "Description of the Support Agreement—Subordination of Bank's Payment Obligations" and "Description of the Support Agreement—Enforcement and Third Party Beneficiaries", have the right on behalf of the Company to enforce the Support Agreement.

If full dividends are not paid on any Dividend Payment Date, the holders of the Company Preferred Securities shall have the right to elect one person of their choosing as an additional director. Each person so elected shall be deemed to be an Independent Director irrespective of whether he or she meets the financial test described above. Such right may be exercised by the holders of a majority (by voting rights) of the Company Preferred Securities by written consent or at a meeting called for such purpose (which the Company Agreement will provide shall be called at the request of any holder of the Company Preferred Securities). Any Director so elected will sit on the Board of Directors of the Company until full dividends have been paid on the Company Preferred Securities for a one-year period. Any vacancy in the office of an Independent Director during such period may be filled only by holders of the Company Preferred Securities voting as set forth above. In the event that the holders of the Company Preferred Securities exercise their right to name an additional Independent Director, and that as a result there are two Independent Directors, the Independent Director named by the holders of the Company Preferred Securities shall have the deciding vote in case of disagreement between the two Independent Directors as to any matter requiring their approval.

#### *Compensation of Directors and Officers*

The Company intends to pay the initial Independent Director a fee for his or her services as a director of the Company equal to \$6,000 per year plus reimbursement of expenses for attendance at each meeting of the Board of Directors.

#### *Limitations on Liability of Directors and Officers*

The Company Agreement will provide that the Company's directors have no personal liability to the Company or its security holders for monetary damages (i) for voting not to take enforcement action with respect to the Subordinated Notes or Replacement Securities owned by the Company, or (ii) at any time for breach of any such director's fiduciary duty (if any) except for such director's gross negligence or wilful misconduct. The Company Agreement will provide that the Company will indemnify any director or officer of the Company for any liability and related expenses (including reasonable counsel fees) arising out of such director's or officer's status as a director or officer of the Company, except for liability determined by a court of competent jurisdiction to have arisen out of such director's or officer's gross negligence or wilful misconduct. The Company Agreement will provide that the right to indemnification is a contract right and set forth certain procedural and evidentiary standards applicable to the enforcement of a claim. The Company Agreement will provide that the Company may purchase and maintain insurance to protect any director or officer against any liability asserted against him or her, or incurred by him or her, arising out of his or her status as such.

## THE TRUST

CA Preferred Funding Trust is a statutory business trust created under the Delaware Statutory Trust Act, as amended, pursuant to an initial trust agreement and the filing of a certificate of trust with the Delaware Secretary of State on 6 January, 2003. The Trust will continue its existence from and after the Issue Date pursuant to the Amended and Restated Trust Agreement (the “Trust Agreement”) to be entered into between the Company, as grantor, and Chase Manhattan Bank USA, National Association, as Delaware trustee (the “Delaware Trustee”) and JPMorgan Chase Bank, as trustee (together with the Delaware Trustee, the “Trustee”). The Trustee will undertake certain administrative functions of the Trust in accordance with the provisions of the Trust Agreement.

The Trust was formed for the sole purpose of (i) issuing the Trust Preferred Securities representing a corresponding amount of Company Preferred Securities to be held by the Trust, (ii) acquiring and holding the Company Preferred Securities, and (iii) performing functions necessary or incidental thereto. The Trust cannot issue any other equity securities or any debt securities or engage in any other activities. The Company Preferred Securities will be the only assets of the Trust. The Trust will not have any employees.

See “Taxation—U.S. Federal Income Tax” for the United States federal income tax treatment of the Trust.

All expenses (including taxes) and liabilities of the Trust will be paid by the Company, provided that if the Trustee incurs any fees, charges or expenses at the request of a holder of Trust Preferred Securities or other person for which the Trust is not otherwise liable under the Trust Agreement, such holder or other person will be liable for such fees, charges and expenses.

The principal executive offices of the Trust are located at 4 New York Plaza, 15<sup>th</sup> Floor, New York, New York 10004.

## **USE OF PROCEEDS**

The Trust will apply the proceeds of the Offering to acquire the Company Preferred Securities issued by the Company. The Company will use the net proceeds from the issuance of the Company Preferred Securities, estimated to be \$1,470,000,000, together with proceeds received from the sale of the Company Common Securities to the Bank and the sale of the Voting Preferred Securities to CAI-NY, to purchase the Subordinated Notes issued by the Bank and the Branch and to pay certain expenses relating to the Offering. The Bank intends to use the proceeds of the issuance of the Subordinated Notes, estimated to be \$1,568,544,084, to finance the acquisitions of Crédit Lyonnais and Finaref and for general corporate purposes, including to pay certain expenses relating to the Offering.

## CAPITALISATION OF THE TRUST, THE COMPANY AND THE BANK

The Trust will use the gross proceeds of this offering (\$1,500,000,000) to purchase the Company Preferred Securities with a total liquidation amount of \$1,500,000,000. Upon consummation of the Offering, the authorised and issued equity securities of the Trust will consist of 1,500,000 Trust Preferred Securities, liquidation amount \$1,000 per security, and no outstanding debt.

The total capitalisation of the Company as adjusted to give effect to this Offering and the use of proceeds therefrom is \$1,598,544,084. Upon consummation of the Offering, the authorised and issued equity securities of the Company will consist of Company Common Securities with an aggregate nominal amount of \$66,025,663, Voting Preferred Securities with an aggregate liquidation preference of \$32,518,421 and 1,500,000 Company Preferred Securities, liquidation preference \$1,000 per security and no outstanding debt.

The following table sets forth the consolidated capitalisation of the Bank as at 30 September, 2002 and as adjusted to give effect to the offering of the Trust Preferred Securities and the issuance of the Company Preferred Securities and the Subordinated Notes, before the application of the proceeds thereof as set forth under "Use of Proceeds". There has been no material change in the consolidated capitalisation of the Bank since 30 September, 2002 other than as set forth in this section.

**CAPITALISATION AND SHORT-TERM DEBT OF CREDIT AGRICOLE S.A. GROUP  
(CONSOLIDATED)  
as at 30 September, 2002  
as derived from the unaudited consolidated financial statements of Crédit Agricole S.A.  
as at and for the period ended 30 September, 2002  
(in millions of euro)**

	<u>30 September, 2002</u>	<u>As adjusted</u>
<b>Short-term debt (excluding current portion of long-term debt)</b> .....	35,138	35,138
Long and medium-term debt (including current portion) .....	22,379	22,379
Subordinated debt .....	9,258	9,258
<b>Total debt</b> .....	<b>31,637</b>	<b>31,637</b>
<b>Minority interests</b> .....	<b>374</b>	<b>1,895</b>
<b>Shareholders' equity</b>		
Capital stock .....	2,904	2,904
Premiums linked to capital .....	6,516	6,516
Retained earnings (after minority interests) .....	4,851	4,851
Net income for the period (after minority interests) .....	721	721
<b>Total shareholders' equity</b> .....	<b>14,992</b>	<b>14,992</b>
<b>Reserves</b>		
Subsidies to grant .....	119	119
Reserves .....	2,591	2,591
Fund for General Banking Risks .....	1,634	1,634
<b>Total reserves</b> .....	<b>4,344</b>	<b>4,344</b>
<b>TOTAL CAPITALISATION</b> .....	<b>51,347</b>	<b>52,868</b>

## DESCRIPTION OF THE BANK

*In the discussion that follows, the term “the Group” refers to Crédit Agricole S.A. and its consolidated subsidiaries, together with its 25% equity interest in each of the Caisses Régionales (with the exception of the Caisse Régionale of Corsica). The term “Crédit Agricole Group” refers to Credit Agricole S.A., the Caisses Régionales, the Caisses Locales and their respective subsidiaries, taken together.*

### Business of Crédit Agricole S.A.

Crédit Agricole S.A. is the lead bank of the Crédit Agricole Group — France’s leading banking group, Europe’s second largest banking group, and the world’s sixth largest banking group, in each case based on shareholders equity. The retail banking network of the Crédit Agricole Group is the largest in France, with more than 16 million individual customers and almost 7,700 branches.

The Crédit Agricole Group’s French retail banking network is centred around the Caisses Régionales de Crédit Agricole Mutuel (the “Caisses Régionales”), 45 regional banks that operate the retail network of the Crédit Agricole Group. Crédit Agricole S.A. acts as the central bank of the Crédit Agricole Group, coordinates its sales and marketing strategy, ensures the liquidity and solvency of each of the entities in the Crédit Agricole Group and, through its subsidiaries, designs and manages specialised financial products that are distributed primarily by the Caisses Régionales. Crédit Agricole S.A. also holds a 25% equity interest in each of the Caisses Régionales, other than the Caisse Régionale of Corsica.

In addition to its involvement in the Crédit Agricole Group’s French retail banking operations, the Group conducts directly the remaining activities of the Crédit Agricole Group. It operates through five business segments:

- **French retail banking.** This segment includes Crédit Agricole S.A.’s 25% interest in the Caisses Régionales, as well as direct activities of Crédit Agricole S.A.’s subsidiaries in fields such as consumer credit, leasing, payment services and factoring.
- **Corporate and investment banking.** This segment includes the Group’s financing activities, including corporate finance, asset financing and structured financing, and its capital markets and investment banking activities, including equities, fixed income, futures and derivatives brokerage and trading, corporate finance, equity capital markets and private equity. The Group’s leading positions in this segment include a number one position in Europe in short term euro government primary debt issues and a position among the leaders in primary equity offerings in France.
- **Asset management, insurance and private banking.** In this segment, the Group is France’s second largest mutual fund manager and third largest life insurance provider (the largest affiliated with a banking group), in each case based on assets under management, and France’s second largest bank-affiliated provider of property and casualty insurance, based on premiums. It also has a strong private banking presence in France, Switzerland, Luxembourg and Monaco.
- **International retail banking.** This segment reflects primarily the Group’s European and international expansion through alliances and participations in major retail banks. The Group is the leading shareholder in IntesaBCI, Italy’s largest bank, and also holds large interests in Banco Espirito Santo (Portugal), Commercial Bank of Greece, Lukas and EFL (Poland) and Banco del Desarrollo (Chile). This segment also includes European branches of the Group’s consumer credit and leasing subsidiaries.
- **Proprietary asset management and other activities.** This segment includes the Group’s holdings in Crédit Lyonnais and Rue Imperial de Lyon, a major indirect shareholder of the entities of the Lazard group, as well as certain other equity participations of the Group. It also reflects the results of Crédit Agricole S.A.’s activities as lead bank of the Crédit Agricole Group, which includes primarily receiving 50% of the savings collected by the Caisses Régionales and the excess treasury of the Caisses Régionales, and financing the medium and long-term loans of the Caisses Régionales.

## Creation and Structure of the Crédit Agricole S.A. Group

Crédit Agricole S.A., formerly known as the Caisse Nationale de Crédit Agricole (“CNCA”), was created by public decree in 1920 to distribute advances to and monitor the Caisses Régionales on behalf of the French State. In 1988, the French State privatised CNCA in a mutualisation process, transferring 90% of its interest in CNCA to the Caisses Régionales and the remaining 10% to the employees of the Crédit Agricole Group. On 29 November, 2001, the shareholders of CNCA resolved to change the name of CNCA to “Crédit Agricole S.A.”

On 18 October, 2001, Crédit Agricole S.A. and the Caisses Régionales entered into a Protocol under which they agreed on the terms of a restructuring of the Crédit Agricole Group in contemplation of an initial public offering of shares of Crédit Agricole S.A. Under the terms of the Protocol, among other things:

- The Caisses Régionales contributed all of their direct or indirect holdings in seven of the Crédit Agricole Group’s main subsidiaries to Crédit Agricole S.A. in return for shares of Crédit Agricole S.A.;
- Crédit Agricole S.A. took a 25% interest in each of the Caisses Régionales (except for the Caisse Régionale of Corsica); and
- The Caisses Régionales created a holding company (the “Controlling Holding Company”) to which they transferred all of their shares in Crédit Agricole S.A.

As of 31 December, 2001, more than 70% of Crédit Agricole S.A.’s capital stock of euro 2,916,629,697 was owned by the Caisses Régionales (through the Controlling Holding Company), and more than 23% was held by the public, present or former employees of the Crédit Agricole Group and Directors of the Caisses Régionales.

Under French Monetary and Financial Code, Crédit Agricole is responsible for maintaining the solvency and liquidity of each of the Caisses Régionales and the Crédit Agricole Group. Crédit Agricole S.A. has established a guarantee fund available to provide financial support for the Caisses Régionales. Through its subsidiary Foncaris, Crédit Agricole has also established a system by which the Caisses Régionales mutualise their credit risk in respect of large corporate loans.

In addition, the Caisses Régionales have undertaken that, in the event of certain insolvency and similar events in respect of Crédit Agricole S.A., the Caisses Régionales will intervene in favour of third party creditors of Crédit Agricole S.A. to cover any shortage of assets of Crédit Agricole. The potential liability of the Caisses Régionales under this guarantee is equal to the aggregate of their share capital and retained earnings.

### *Financial relations between the Crédit Agricole Group and the Caisses Régionales*

- As the Crédit Agricole Group’s lead bank, Crédit Agricole S.A. centralises cash surpluses and supplies short-term finance to maintain the liquidity of Caisses Régionales experiencing a shortage of funds; it carries on its balance sheet all bank deposits collected on its behalf by the Caisses Régionales, and issues long-term bonds. These centralised savings serve to fund the Caisses Régionales’ medium and long-term lending, in the form of “advances”;
- Crédit Agricole S.A. pays commissions to the Caisses Régionales on savings collected by them;
- the Caisses Régionales pay commissions on services supplied by the Crédit Agricole S.A. Group, notably with respect to the guarantee of major risks by Foncaris; and
- the subsidiaries of Crédit Agricole S.A. pay commissions to the Caisses Régionales for the use of the latter’s branch networks in order to distribute their products and services.

As shareholders of Crédit Agricole S.A., the Caisses Régionales receive dividends which contribute to their net banking income. The Crédit Agricole S.A. group in turn accounts for the earnings of the Caisses Régionales by the equity method. The above dividends are cancelled for consolidation purposes and are not included in Crédit Agricole S.A.’s consolidated net income.

Under the 18 October, 2001 Protocol, Crédit Agricole S.A. and the Caisses Régionales also agreed to two significant modifications in their financial relations:

- *Changes in the decentralisation rate*

Three internal reforms have been implemented in the past in order to involve the Caisses Régionales more closely in the management and optimisation of savings funds, and in optimising the profitability of medium and long-term lending. Under these measures, a fixed percentage of the savings collected by

the Caisses Régionales, which are recorded in the balance sheet of Crédit Agricole S.A., is transferred back to the Caisses Régionales in the form of “mirror advances” at the same cost and on the same terms of liquidity and maturity as the corresponding saving products placed by each of them. The percentage transferred back, referred to as the “decentralisation rate”, has been raised successively from 15 to 25% of the savings deposited by their customers, and then to 33.33% as from 1 January, 1999 and 50% as from 31 December, 2001. Amounts transferred back to the Caisses Régionales are used by the Caisses Régionales at their discretion. In addition, under the Crédit Agricole Group’s “savings-advance mechanism”, Crédit Agricole S.A. makes advances (known as “traditional advances”) to fund the medium and long-term loans made by the Caisses Régionales, to the extent the Caisses Régionales do not fund such loans from their own resources.

- ***Creation of a Fund for Liquidity and Solvency Banking risks***

Crédit Agricole S.A. and the Caisses Régionales created a fund for liquidity and solvency banking risks with an initial allocation of euro 609.8 million. This fund is used by Crédit Agricole S.A. for purposes of internal solidarity within the Crédit Agricole Group, enabling Crédit Agricole S.A. to discharge its functions as lead bank by providing support for Caisses Régionales experiencing difficulties. The convention instituting the fund for liquidity and solvency banking risks will remain in force for a period of five years from the time of Crédit Agricole S.A.’s initial public offering in December, 2001. A further convention may be signed at the conclusion of this five-year period, following review of the situation and workings of this fund for liquidity and solvency banking risks.

In 2001, Crédit Agricole S.A. contributed 75% of the euro 609.8 million allocation to this fund, and the Caisses Régionales together contributed euro 152.4 million, on the same quota basis as for the Deposit Guarantee Fund set up under article L. 312-4 of the French Monetary and Financial Code.

Decisions to use this fund will be made by the senior management of Crédit Agricole S.A. as and when losses occur which justify Crédit Agricole S.A.’s intervention within the framework of this fund.

**Crédit Agricole S.A.**

**Summarised Consolidated Balance Sheets**

**Published Financial Statements**  
(in millions of euro)

	<i>2001</i>	<i>% of total</i>	<i>2000</i>	<i>1999 restated</i>	<i>2001/2000 % change</i>
Cash, money market and interbank items .....	92,874	18.8	99,511	107,658	-7
Crédit Agricole internal transactions .....	141,630	28.6	146,973	144,220	-4
Customer related items .....	69,765	14.1	63,208	49,317	+10
Lease financing .....	6,485	1.3	5,929	4,917	+9
Securities .....	58,629	11.8	54,259	51,352	+8
Insurance companies' investments .....	79,390	16.0	71,671	63,047	+11
Re-insurers' share in technical reserves .....	101	0	55	50	+84
Investments, bank premises and equipment .....	16,102	3.3	8,983	8,756	+79
Goodwill .....	1,895	0.4	1,305	410	+45
Other assets and sundry accounts .....	28,196	5.7	28,599	30,502	-1
<b>Total assets .....</b>	<b>495,067</b>	<b>100.0</b>	<b>480,493</b>	<b>460,229</b>	<b>+3</b>
Money market and interbank items .....	70,305	14.2	73,228	71,894	-4
Crédit Agricole internal transactions .....	24,053	4.9	27,050	28,674	-11
Customer related items .....	200,681	40.5	191,536	193,824	+5
Debts represented by a security .....	57,562	11.6	55,642	41,409	+3
Insurance companies' technical reserves .....	77,687	15.7	70,386	61,911	+10
Other liabilities and sundry accounts .....	34,542	7.0	36,100	40,150	-4
Reserves and subordinated debt .....	12,837	2.6	9,023	7,524	+42
Fund for general banking risks .....	1,716	0.3	2,583	2,429	-34
Minority interests .....	690	0.1	3,200	2,489	-78
Consolidated shareholders' equity .....	14,994	3.0	11,745	9,925	+28
<b>Total liabilities and shareholders' equity .....</b>	<b>495,067</b>	<b>100.0</b>	<b>480,493</b>	<b>460,229</b>	<b>+3</b>

**Crédit Agricole S.A.**

**Summarised Consolidated Statements of Income**

**Published Financial Statements**  
(in millions of euro)

	<u>2001</u>	<u>2000</u> <i>restated</i> <sup>1</sup>	<u>2000</u>	<u>1999</u> <i>restated</i> <sup>1</sup>	<u>2001/2000</u> <i>% change</i>
<b>Net banking income</b> .....	<b>6,598</b>	<b>6,023</b>	<b>6,149</b>	<b>5,407</b>	<b>+9.5</b>
Operating expenses, depreciation and amortisation .....	(4,350)	(3,882)	(3,904)	(3,203)	+12.1
<b>Gross operating income</b> .....	<b>2,248</b>	<b>2,141</b>	<b>2,245</b>	<b>2,204</b>	<b>+5.0</b>
Risk-related costs .....	(366)	(677)	(781)	(807)	-45.9
<b>Net operating income</b> .....	<b>1,882</b>	<b>1,464</b>	<b>1,464</b>	<b>1,397</b>	<b>+28.6</b>
Share of net income (losses) of equity affiliates .....	305	156	156	366	+95.5
Net income (loss) on fixed assets .....	34	313	313	210	-89.1
<b>Net ordinary income (before tax)</b> .....	<b>2,221</b>	<b>1,933</b>	<b>1,933</b>	<b>1,973</b>	<b>+14.9</b>
Net extraordinary items .....	333	(221)	(221)	(333)	n.s.
Corporate income tax .....	(861)	(62)	(62)	(677)	n.s.
Amortisation of goodwill .....	(296)	(201)	(201)	(117)	+47.3
Net allocation to the fund for general banking risks .....	(44)	(143)	(143)	131	-69.2
<b>Net income before minority interests</b> .....	<b>1,353</b>	<b>1,306</b>	<b>1,306</b>	<b>977</b>	<b>+3.6</b>
<b>Consolidated net income</b> .....	<b>1,067</b>	<b>972</b>	<b>972</b>	<b>808</b>	<b>+9.8</b>

<sup>1</sup> See "Crédit Agricole S.A. Group Financial Statements" for a discussion of the changes giving rise to the restatements.

**Pro forma Consolidated Financial Statement**<sup>2</sup>  
(in millions of euro)

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>2001/2000</u> <i>% change</i>
<b>Net banking income</b> .....	<b>6,314</b>	<b>5,724</b>	<b>5,486</b>	<b>+10.3</b>
Operating expenses, depreciation and amortisation .....	(4,351)	(3,897)	(3,460)	+11.6
<b>Gross operating income</b> .....	<b>1,963</b>	<b>1,827</b>	<b>2,026</b>	<b>+7.4</b>
Risk-related costs .....	(371)	(692)	(847)	-46.4
<b>Net operating income</b> .....	<b>1,592</b>	<b>1,135</b>	<b>1,179</b>	<b>+40.3</b>
Share of net income (losses) of equity affiliates .....	704	503	725	+40.0
Net income (loss) on fixed assets .....	31	309	206	-90.0
<b>Net ordinary income (before tax)</b> .....	<b>2,327</b>	<b>1,947</b>	<b>2,110</b>	<b>+19.5</b>
Net extraordinary items .....	333	(219)	(341)	n.s.
Corporate income tax .....	(761)	52	(587)	n.s.
Amortisation of goodwill .....	(297)	(205)	(152)	+44.9
Net allocation to the fund for general banking risks .....	(44)	(143)	131	-69.2
<b>Net income before minority interests</b> .....	<b>1,558</b>	<b>1,432</b>	<b>1,161</b>	<b>+8.8</b>
<b>Consolidated net income</b> .....	<b>1,468</b>	<b>1,391</b>	<b>1,120</b>	<b>+5.5</b>

<sup>2</sup> See "Crédit Agricole S.A. Group Financial Statements—Pro Forma Financial Statements" for a description of the principles used to establish the pro forma income statement.

## CRÉDIT AGRICOLE S.A. GROUP FINANCIAL STATEMENTS

### CONSOLIDATION CHANGES

Crédit Agricole S.A.'s consolidated financial statements comprised 286 subsidiaries and affiliated companies as at 31 December, 2001, compared with 179 subsidiaries as at 31 December, 2000.

The main consolidation changes in 2001 concerned first-time consolidations. The Polish companies EFL and Lukas (consisting of Lukas Bank and Lukas S.A.) are now fully consolidated following the acquisition of a majority interest in the capital of these companies. S.A. Rue Impériale de Lyon is accounted for by the equity method following the acquisition by Crédit Agricole S.A. of an interest in the capital of this company.

In the 2001 financial statements, Groupe Banco Bisel, sub-consolidated as a single entity, now fully consolidates its two banking subsidiaries (Suquia and Bersa) instead of stating them at equity as previously.

The other consolidation changes had no material impact on the 2001 financial statements.

### ACCOUNTING CHANGES

Crédit Agricole implemented the following French national accounting regulations as from 31 December, 2000, in advance of the mandatory date:

- Regulation 2000-02 concerning the methods of accounting for treasury stock and the recording of variable-income securities held by enterprises subject to supervision by the Comité de la Réglementation Bancaire et Financière (CRBF—French banking and financial regulation committee), and
- Regulation 2000-04 concerning summarised consolidated financial statements, with the exception of provisions for interest on doubtful loans.

The terms of Regulation 2000-04 are applied in full in the 2001 financial statements, including those concerning transactions pertaining to interest on doubtful loans, now classified in net banking income (see note 2.2). This reclassification has been applied retroactively in the 2000 restated financial statements.

### **Specific information concerning the accounting treatment of the fund for general banking risks with regard to home purchase savings plans:**

All credit institutions belonging to the Crédit Agricole S.A. group contribute to the fund for general banking risks at the discretion of their managers, in compliance with French accounting standards, in order to cover possible banking charges or risks. The fund for general banking risks forms part of the regulatory core (Tier 1) capital for the purposes of calculating prudential ratios.

A substantial proportion of the fund for general banking risks in the financial statements of Crédit Agricole S.A. covers risks relating to home purchase savings schemes. French home purchase savings schemes operate according to a two-step mechanism, comprising a preliminary saving period carrying a low rate of interest, at the end of which savers qualify for a home loan at a preferential rate. Consequently, home purchase savings accounts and plans opened by customers automatically entail a commitment on the part of the institution at which the account is maintained to grant a loan or loans at preferential rates upon expiry of the saving phase.

In the early-1980s, Crédit Agricole S.A. set up a specific provision to allow for home savings mechanism-related income and expenditure, with respect to the portion of deposits not decentralised to the Caisses Régionales via so-called "mirror advances."

This non tax-deductible provision was classified in the fund for general banking risks. Funds are transferred to it during the saving phase based on the volume of loans outstanding to which these savings could theoretically give rise. A rate of loss, representing the difference between the cost of home savings funds and the rate payable on advances to cover loans, plus administrative costs, is applied to this volume outstanding. Recoveries from provisions are booked at the time of making such loans.

The above method of providing for home purchase savings was modified as follows on 30 June, 2001: only the portion of the home purchase savings reserve that covers an economic or global interest rate risk is maintained in the fund for general banking risks. The portion corresponding to a risk of internal loss within the Crédit Agricole Group resulting from its financial mechanisms is now recorded in general contingency reserves. As a result, the portion of the fund for general banking risks relating to home purchase savings was reduced to euro 901 million at 30 June, 2001 following the change in its method constitution, and in anticipation of the increase in the decentralisation rate as from 31 December, 2001.

The volume outstanding of the fund for general banking risks or of the provision for home savings plan risks is in reverse proportion to the rate of decentralisation. The decentralisation rate was increased to 50% as from 31 December, 2001, giving rise to a recovery from the fund for general banking risks and to an exceptional expense in the favour of the Caisses Régionales. This exceptional expense arose from the fact that the Caisses Régionales finance the contractual loans made under home purchase savings plans and accounts via “mirror advances” in a proportion equal to the decentralisation rate. An increase in the decentralisation rate reduces the portion of financial risk on home purchase savings borne by Crédit Agricole S.A. while increasing the exposure of the Caisses Régionales.

## PRO FORMA FINANCIAL STATEMENTS

Due to the timetable for the initial public offering of Crédit Agricole S.A., the published financial statements of the Crédit Agricole S.A. group at 31 December, 2001 do not meaningfully reflect the results of the new entity for fiscal 2001.

This is because for a period of only 13 days they include 25% of the results of the Caisses Régionales, which are accounted for by the equity method; similarly, the transfers to Crédit Agricole S.A. of the Caisses Régionales’ interest in the “transferred” subsidiaries, which took place on 29th November, 2001, are consolidated in the 2001 financial statements for a period of one month only.

In order to compare data over time, pro forma consolidated financial statements have been drawn up for 2001, and retroactively for the previous two years.

Changes affecting the statement of income discussed in this report are stated with references to these pro forma data.

### *Rules governing preparation of the pro forma financial statements*

Pro forma consolidated financial statements for the fiscal years ended 31 December, 1999, 2000 and 2001 reflect the assets and liabilities and the components of income assuming the restructuring operations connected with Crédit Agricole S.A.’s IPO were in place on 31 December, 1998.

The pro forma consolidated financial statements assume that the transfer to Crédit Agricole S.A. of the Caisses Régionales’ interest in the seven “transferred” subsidiaries (i.e. BFT, Crédit Agricole Asset Management, CAI Cheuvreux, Pacifica, Predica, CAICG and Sofinco), and the acquisition by Crédit Agricole S.A. of equity interests in the Caisses Régionales had all taken place at 31 December, 1998. The shares of the transferred subsidiaries held jointly by Crédit Agricole S.A. and the Caisses Régionales were transferred on the basis of their shareholders’ equity as recorded in the consolidated financial statements of the Crédit Agricole Group.

The other companies consolidated since 1 January, 1999 are included in the pro forma consolidated financial statements at their respective first-time consolidation dates in the Crédit Agricole Group’s published consolidated financial statements.

All of the companies sold by the Crédit Agricole S.A. group or deconsolidated in 1999 and 2000 have been excluded from the scope of consolidation in the pro forma consolidated financial statements as from 1 January, 1999.

### *Financing and structure of the acquisition of equity interests in the Caisses Régionales*

The acquisition of Crédit Agricole S.A.’s equity interests in the Caisses Régionales totalled euro 6.57 billion. This was financed by the issuance of euro 3.5 billion in redeemable subordinated notes starting at the beginning of 2001; for accounting purposes, the balance was financed through 10-year treasury swaps.

The overall funding rate works out to 4.91%.

### *Changes in accounting principles and methods of presentation relative to the published financial statements*

As a general rule, the accounting changes made in the pro forma financial statements were introduced at the same dates as in the published financial statements, with the exception of the full consolidation of insurance companies, which is applied retroactively as from 1 January, 1999.

Predica's life insurance operations are fully consolidated in the published consolidated financial statements (and no longer accounted for by the equity method) as from 1 January, 2000.

## PRESENTATION OF MAIN BUSINESS SEGMENTS

### **Crédit Agricole Group spans five main business areas, namely:**

- French retail banking,
  - Asset management, insurance and private banking,
  - Corporate and investment banking,
  - International retail banking,
  - Proprietary asset management and other activities.
- **French retail banking.** This business segment embraces the activities of Crédit Agricole S.A.'s subsidiaries providing bank products and services to personal customers, professionals, small and medium-sized businesses (SMEs) and local governments in France (i.e. Sofinco for consumer credit, Ucabail for lease finance, Transfact for factoring, Cedicam for transactions processing), and loan guarantees provided by Foncaris for lending via the retail banking sector. The Caisses Régionales and their subsidiaries form part of this segment. These are accounted for by the equity method, being 25%-held by Crédit Agricole S.A.
  - **Asset management, insurance and private banking.** This segment comprises asset management (management of mutual funds and managed accounts) conducted chiefly by Crédit Agricole Asset Management and BFT, life insurance (Predica), property and casualty insurance (Pacifica), and private banking (mainly through the subsidiaries of Crédit Agricole Indosuez, i.e. BGP Indosuez, CAI (Suisse) S.A., Crédit Foncier de Monaco, and CAI Luxembourg).
  - **Corporate and investment banking.** This segment comprises two broad activities, namely: first, capital markets and investment banking, which encompasses "equity" activities and capital markets property (fixed income and foreign exchange), the financial services provided by the UI group (UI, IDIA and Sofipar), i.e. investment banking and private equity, and second, financing and originations, consisting of the asset financing, corporate banking and work-out activities of Crédit Agricole Indosuez, and CAL FP's structured financing business.
  - **International retail banking.** This segment comprises fully-consolidated subsidiaries and those accounted for by the equity method whose main business is retail banking outside France—chiefly IntesaBci in Italy, BES in Portugal, the Lukas and EFL groups in Poland, and the foreign subsidiaries of Sofinco and Ucabail—together with the earnings of Crédit Agricole S.A.'s unconsolidated banking affiliates engaged in this business (e.g. dividends paid by Commercial Bank of Greece, etc.).
  - **Proprietary asset management and other activities.** This segment embraces the cost of funding Crédit Agricole S.A.'s equity interest in the Caisses Régionales, Crédit Agricole S.A.'s role as central body within the Crédit Agricole Group, assets and liability management (in particular Crédit Agricole S.A.'s interest-rate risk matching margin), and extraordinary items notably arising in connection with changes in accounting regulations and methods of presentation (such as insurance companies' capitalisation reserves) designed to improve the transparency of each business segment's accounts.

This segment further comprises the earnings of CPR group businesses, with the exception of CPR OnLine (which is part of corporate and investment banking) and various other Crédit Agricole S.A. group companies (including Uni-Edition and the real estate companies responsible for managing buildings used by more than one business segment, etc.), together with dividends or other revenues and expenses of Crédit Agricole S.A. relating to equity investments (Crédit Lyonnais notably) and in other unconsolidated subsidiaries and affiliates (apart from international retail banking). Finally, net results of financial and other non-current assets are allocated to this item (net allowances/provisions and capital gains or losses on disposals of equity investments), together with general provisions not allocated to any specific activity within a given business segment.

## CRÉDIT AGRICOLE S.A. GROUP REVIEW

2001 was an outstanding year for the Crédit Agricole Group, highlighted by its entry on the market and major changes in its structure, with the creation of Crédit Agricole S.A. and its successful initial public offering. Despite adverse economic conditions, and the Argentine crisis in particular, Crédit Agricole performed well both financially and in terms of business activity, leading to solid earnings growth.

### RECONCILIATION OF PUBLISHED WITH PRO FORMA FINANCIAL STATEMENTS

As from 29 November, 2001, Crédit Agricole S.A.'s published consolidated financial statements include the earnings of its specialised subsidiaries (Prédica, Pacifica, Segespar, CA Bourse, CAIC, Sofinco and BFT) at the new ownership percentage together with 25% of the ordinary income (before tax) of the Caisses Régionales for a period of 13 days.

The pro forma consolidated financial statements of Crédit Agricole S.A. reflect the impact of the Group's reorganisation over a full year. Crédit Agricole S.A.'s pro forma consolidated earnings therefore include the full-year earnings of its specialised subsidiaries at the ownership percentage resulting from the Caisses Régionales' transfers, as well as the full-year earnings of the Caisses Régionales accounted for by the equity method (25%). Consequently, published consolidated net income for 2001 amounts to euro 1,067 million. Pro forma consolidated net income, meanwhile, totalled euro 1,468 million, up 5.5% over 2000.

The discussion below refers to the pro forma financial statements.

### REVIEW OF RESULTS BY BUSINESS SEGMENT (PRO FORMA DATA)

All business segments contributed positively to the Group's healthy overall performance. Retail banking in France reported robust business volumes, while corporate and investment banking posted a resilient performance in an adverse economic and market climate, as the Group continued to expand in Europe.

#### French Retail banking

Retail banking in France registered solid net earnings growth (up 28.3%), reflecting satisfactory levels of business activity in the Caisses Régionales and specialised subsidiaries. This sector increased its contribution to Group earnings from less than 20% in 2000 to more than 23% in 2001.

Only 25% of the Caisses Régionales' earnings are included in the results of Crédit Agricole S.A. Since the former are accounted for by the equity method, the impact of their earnings is reflected solely in "Share of net income (losses) of equity affiliates."

#### French retail banking Pro forma (in millions of euro)

	2001	2000	2001/2000 % change
<b>Net banking income</b> .....	<b>813</b>	<b>812</b>	<b>+0.1</b>
Operating expenses and depreciation .....	(495)	(519)	-4.6
<b>Gross operating income</b> .....	<b>318</b>	<b>293</b>	<b>+8.5</b>
Risk-related costs .....	(100)	(85)	+17.6
Share of net income (loss) of equity affiliates .....	347	295	+17.6
<b>Net ordinary income (before tax)</b> .....	<b>565</b>	<b>503</b>	<b>+12.3</b>
Net extraordinary items + corporate income tax + FGBR .....	(79)	(94)	-16.0
Amortisation of goodwill .....	(123)	(126)	-2.4
<b>Net income</b> .....	<b>363</b>	<b>283</b>	<b>+28.3</b>

The Caisses Régionales registered steady growth in business volumes.

- New deposits picked up significantly relative to the previous year, rising 4%, after having fallen 1% in 2000. Outstanding bank deposits amounted to euro 209 billion. Demand deposits in particular grew very strongly (+12.8%), at year-end especially, in anticipation of the changeover to the euro. Inflows of savings improved overall, in 2001, with a rise of 0.4%, after having fallen 3.1% in 2000. These were fuelled mainly by passbook savings accounts and home purchase savings accounts and plans, which advanced 5.2% year-on-year. At the same time, funds continued to flow out of the "popular savings plans" (PEPs), savings certificates and equivalent (Varius) as many contracts expired.

- Off-balance sheet inflows were up 6.2% overall. This increase included steady growth in life insurance products, up 9.7% to euro 77.1 billion, while mutual fund outstandings declined sharply due to the fall in stock market valuations (the CAC 40 was down 23.3%) over the year. Amounts outstanding in mutual funds and investment funds placed by the Caisses Régionales at the end of 2001 totalled euro 33.9 billion, down 1% relative to December, 2000.
- Caisses Régionales' loans outstanding (net of loan loss reserves) totalled euro 191.4 billion at 2001, growing 4.3% over the year. Corporate loans outstanding were up 7%, while consumer loans outstanding increased by 3.2% (including a 6% increase in loans outstanding to individual customers).

Demand for credit remained high overall in 2001, although less so than in 2000. New medium and long-term lending by the Caisses Régionales was high, at euro 31.6 billion, although this was 3.7% less than in 2000. Levels of activity varied according to sector. New lending to professionals and the residential sector remained practically stable relative to 2000. It fell, on the other hand, in the agricultural, local government and corporate sectors.

**Ucabail**, the Group's lease finance arm, originated a total of euro 1.7 billion in new business, bringing its outstandings on the French market to euro 5.8 billion, up 9.2% year-on-year. Ucabail notably continued to expand in the long-term rental market, with a 23% increase in new business originated. The decline in new lending to local governments was the result of a deliberate policy of refocusing on high value added operations in the energy sector.

New lending in France by **Sofinco**, Crédit Agricole's consumer credit arm, grew by 6.1% to euro 4.4 billion. General consumer equipment lending expanded faster than the market, thanks in particular to two new partnerships and a revamped product line. Auto finance too benefited from the strongest sales in eleven years.

New lending through our partners enjoyed robust growth, both through major retailers (+16%) and large institutionals (+14%). In addition, new agreements were signed with such high profile businesses as Kingfisher, Mornay, Generali, and Crédit Immobilier de France.

Crédit Agricole continued to build up its cooperative ventures with the Caisses Régionales in 2001, by further developing the "Open" revolving credit card and commercialising a new auto credit/insurance package called TEMA.

Sofinco manages euro 10.5 billion in outstandings (including euro 1.75 billion on behalf of the Caisses Régionales), up by more than 10% relative to 2000.

Crédit Agricole's factoring subsidiary, **Transfact** registered a very strong performance in 2001 with a 41% increase in revenues (invoices purchased) to euro 4.3 billion, and net operating income of euro 34 million, up 18% despite very keen competition on rates.

**Pro forma gross operating income** on French retail banking advanced 8.5% in 2001, from euro 293 million in 2000 to euro 318 million.

**Net banking income** for this segment amounted to euro 813 million in 2001, unchanged from 2000.

**Operating costs** were reduced to euro 495 million thanks to tight cost controls, and **the cost-income ratio** improved by 3 percentage points, from 63.9% to 60.9%.

The sector's **risk-related costs** totalled euro 100 million in 2001, mainly due to the setting aside of additional credit provisions at a Ucabail subsidiary, and to additional risk-related costs at Transfact brought on by the deteriorating business climate. The latter item includes customer and buyer-related reserves, as well as the cost of credit insurance with the Société Française d'Assurance-Crédit (SFAC). General risk exposure trends at Sofinco are extremely stable and low overall, representing just 1% of outstandings.

**The share of net income (losses) of equity affiliates** increased by 17.6% in 2001, from euro 295 million in 2000 to euro 347 million. These results were generated almost entirely by the Caisses Régionales. They do not include capital gains realised on the disposal of Crédit Agricole S.A. shares at the time of its initial public offering. They also exclude prudential provisions set aside on that occasion. This sharply increased contribution reflects a year of buoyant business activity as well as tight cost controls and more conservative provisioning.

This has resulted in a 12.3% increase in **net ordinary income (before tax)**, which amounted to euro 565 million, and a 28.3% rise in **net income** to euro 363 million, versus euro 283 million in 2000.

#### ASSET MANAGEMENT, INSURANCE AND PRIVATE BANKING

Although market conditions favoured asset management and private banking less than in recent years, this business segment again increased its contribution to Group earnings thanks to first-class performance in insurance. This totalled euro 487 million (or 31.3% of Group net income) in 2001, compared with euro 436 million (30.4% of Group net income) in 2000.

#### Asset management, insurance and private banking Pro forma (in millions of euro)

	<u>2001</u>	<u>2000</u>	<u>2001/2000</u> <u>% change</u>
<b>Net banking income</b> .....	<b>1,532</b>	<b>1,388</b>	<b>+10.4</b>
Operating expenses and depreciation .....	(802)	(744)	+7.8
<b>Gross operating income</b> .....	<b>730</b>	<b>644</b>	<b>+13.4</b>
Risk-related costs .....	(1)	(47)	n.s.
Share of net income (loss) of equity affiliates .....	3	1	n.s.
<b>Net ordinary income (before tax)</b> .....	<b>732</b>	<b>598</b>	<b>+22.4</b>
Net extraordinary items + corporate income tax + FGFR .....	(229)	(148)	+54.7
Amortisation of goodwill .....	(16)	(14)	+14.3
<b>Net income</b> .....	<b>487</b>	<b>436</b>	<b>+11.7</b>

**Pro forma gross operating income** in asset management, insurance and private banking increased by 13.4% in 2001, from euro 644 million in 2000 to euro 730 million.

**Net banking income** grew 10.4% to euro 1,532 million in 2001, up from euro 1,388 million in 2000.

**Operating expenses** increased by 7.8%, from euro 744 million in 2000 to euro 802 million in 2001. This change reflects the impact of investments to grow the Group's operations outside France, both organically and through acquisitions, by strengthening existing teams and setting up new units. Among others, subsidiaries were set up in Italy and Spain (CA-AM SGR), a representative office was opened in Brussels, CA-AM (Crédit Agricole Asset Management) opened for business in Switzerland, as did Predica-Europe in Luxembourg. This change also stemmed from the merger of Banque CAI Suisse with CAI Suisse SA. Banque CAI Suisse, formerly CIBC, employs 103 people and was previously accounted for by the equity method.

**The cost-income ratio** improved from 53.6% in 2000 to 52.3% in 2001.

**Assets under management** grew satisfactorily.

Reflecting life insurance market trends in 2001, **Predica** registered slower growth after a stand-out year in 2000. Even so, at euro 9.5 billion, premium income was down by only 6.5% relative to 2000, compared with a general market decline of 8%. Whole-life and disability activity in particular enjoyed robust growth, and Predica successfully launched its long-term care product at the start of 2001. Funds managed by Predica grew by 9.7% to over euro 77 billion at the end of 2001.

**Pacific** continued to expand its sales of property & casualty and whole-life and disability insurance products. In 2000 Pacifica launched a "Garantie des Accidents de la Vie" ("life accidents insurance") contract, which established it as market leader in this sector with a 60% share. It expanded its reach in 2001 with the launch of a farm insurance policy. For the first time, in 2001 Pacifica sold a total of more than 700,000 new motor, homeowner's, health, life accidents and legal protection policies. At the end of 2001, it managed a portfolio of more than 2.8 million contracts, an increase of 14.6% over the previous year.

Assets under management by the **Crédit Agricole Asset Management** group continued to grow, rising 3.7% to euro 164.2 billion in 2001, versus euro 158.3 billion in 2000. Net new inflows totalled euro 10.5 billion

overall. This was achieved in hostile trading conditions that produced an adverse market impact of euro 4.6 billion. Crédit Agricole Asset Management nevertheless registered a 3.3% decline in net banking income. Margins on each asset class under management were unchanged in the face of increasingly difficult market conditions, but management fees declined 4.2% due to the pattern of inflows.

Together with assets managed by BFT and CPR, aggregate assets managed by the Crédit Agricole Group totalled euro 185.3 billion at end-2001, up 4.6% over the previous year. Crédit Agricole responded to extreme volatility in the equity markets by developing new activities such as alternative management and multimangement products.

The various private banking centres continued to expand their business in 2001, attracting euro 3.9 billion in net new funds and bringing total private assets under management to euro 46.2 billion (after including assets managed by CAI Cheuvreux Gestion for the first time in 2001). The private banking sector's net banking income nevertheless fell by nearly 14%, as lower market valuations impacted trading volumes and consequently brokerage and management fees.

At 31 December, 2001, after eliminating certain items counted twice (Crédit Agricole Asset Management manages a proportion of life insurance and private banking business invested in mutual funds), aggregate outstandings managed by this sector totalled euro 235 billion, compared with euro 221 billion at end-2000, an increase of nearly 6%.

After a corporate income tax charge of euro 220 million, up 50.7%, **net income** advanced 11.7% relative to 2000, to euro 487 million.

#### CORPORATE AND INVESTMENT BANKING

Corporate and investment banking proved resilient, in 2001, in the face of difficult conditions for equity market and related businesses, contributing EUR 369 million or 23.7% to Group earnings, versus a contribution of 31.5% in 2000.

#### Corporate and Investment Banking Pro forma (in millions of euro)

	<u>2001</u>	<u>2000</u>	<u>2001/2000</u> <u>% change</u>
<b>Net banking income</b> .....	<b>2,712</b>	<b>2,976</b>	<b>-8.9</b>
Operating expenses and depreciation .....	(2,013)	(1,957)	+2.9
<b>Gross operating income</b> .....	<b>699</b>	<b>1,019</b>	<b>-31.4</b>
Risk-related costs .....	(161)	(254)	-36.6
Share of net income (loss) of equity affiliates .....	56	52	+7.7
<b>Net ordinary income (before tax)</b> .....	<b>594</b>	<b>817</b>	<b>-27.3</b>
Net extraordinary items + corporate income tax + FGFR .....	(166)	(353)	-53.0
Amortisation of goodwill .....	(59)	(13)	N.S.
<b>Net income</b> .....	<b>369</b>	<b>451</b>	<b>-18.2</b>

**Pro forma gross operating income** on corporate and investment banking in France decreased by 31.4% in 2001, to euro 699 million.

**Net banking income** was down 8.9%, from euro 2,976 million in 2000 to euro 2,712 million in 2001.

**Operating expenses** fell in the second half of the year, helping to restrict the full-year increase for 2001 to 2.9%. IT spending continued apace, notably supporting development of the Fastnet system. In addition, the ongoing drive to bolster Crédit Agricole's European presence in this sector, notably through CAI Cheuvreux in London and Amsterdam, and the development of new product lines in the capital markets, entailed a 3.2% rise in operating expenses in the investment banking business. Development of Crédit Agricole's commercial lending business entailed a rise of 2.2% in expenses.

Gross operating income fell, as a result of contrasting revenue trends in the different business lines.

**Capital Markets and Investment Banking Results**  
**Pro forma (in millions of euro)**

	<u>2001</u>	<u>2000</u>	<u>2001/2000</u> <u>% change</u>
Net banking income .....	1,761	1,989	-11.5
Operating expenses and depreciation .....	(1,367)	(1,325)	3.2
<b>Gross operating income</b> .....	<b>394</b>	<b>664</b>	<b>-40.7</b>
Risk-related costs .....	31	14	121.2
Share of net income (loss) of equity affiliates .....	6	9	-33.3
<b>Net ordinary income (before tax)</b> .....	<b>431</b>	<b>687</b>	<b>-37.3</b>
Other .....	(147)	(319)	-53.9
<b>Net income before goodwill amortisation</b> .....	<b>284</b>	<b>368</b>	<b>-22.8</b>

After a very good year in 2000, the capital markets and investment banking businesses registered an 11.5% fall in net banking income due to poor equity market conditions.

CAI Equities in particular suffered a large drop in net income due to several factors, namely: adverse performance at its Asian brokerage IWICS (which will henceforward concentrate on Tokyo, Hong Kong and Seoul) and at CPR Online, and reduced probability on CAI Cheuvreux's trading activities.

Difficult stock market conditions also reduced revenues from financial services, including mutual fund back-office activities in Luxembourg and institutional custody services in France. However, the volume of funds under custody increased by 15% during the year to euro 66.6 billion at the end of 2001.

CAI Fixed Income enjoyed a good year, especially in treasury activities, thanks to falling short-term rates.

Similarly, the investment banking arm withstood relatively difficult market conditions for mergers and acquisitions activity, registering only a small drop in revenues on this type of business.

UI (Union d'Études et d'Investissements) group, Crédit Agricole S.A.'s investment arm, pursued its private equity activities, generating sharply increased net income. It invested euro 225 million in 2001, comprising euro 152 million in large corporations and euro 73 million in unlisted SMEs. Disposals of equity investments totalled euro 273 million, generating euro 120.6 million in capital gains.

**Commercial lending results**  
**Pro forma (in millions of euro)**

	<u>2001</u>	<u>2000</u>	<u>2001/2000</u> <u>% change</u>
Net banking income .....	951	987	-3.6
Operating expenses .....	(646)	(632)	2.2
<b>Gross operating income</b> .....	<b>305</b>	<b>355</b>	<b>-14.1</b>
Risk-related costs .....	(192)	(268)	-28.4
Share of net income (loss) of equity affiliates .....	50	43	16.3
<b>Net ordinary income (before tax)</b> .....	<b>163</b>	<b>130</b>	<b>25.4</b>
Other .....	(19)	(34)	-44.1
<b>Net income before goodwill amortisation</b> .....	<b>144</b>	<b>96</b>	<b>50.0</b>

**Commercial lending business** performed well in France in particular, and throughout Europe more generally. The slight (-3.6%) dip in net banking income in this business line in fact conceals a significant increase in revenues from asset financing activities. Ongoing redeployment of assets, on the other hand, led to a fall in bank operating revenues in Asia and at the Banque Française de l'Orient, whose Swiss subsidiary was sold in 2001.

Corporate and investment banking registered a sharp fall in **risk-related costs** relative to 2000 (euro 161 million in 2001 versus euro 254 million the previous year). The main item under this heading consisted of reserves for U.S.-related risks. These were nevertheless more or less stable, thanks to efforts begun in mid-2000 to reduce exposure there, and to very high reserving rates ever since that time. Loan-loss reserves remained very low in the other regions of the world.

Euro 50 million has been set aside against Crédit Agricole S.A.'s total Enron exposure of euro 163 million. This exposure is split as follows:

- euro 43 million in ordinary unsecured lending,
- euro 18 million in structured operations (synthetic leases),
- euro 28 million in transaction performance bonds,
- euro 74 million in secured transactions.

**Net income** was down 18.2% at euro 369 million, after booking the Group's share in the income/loss of equity affiliates, which rose 7.7% to 56 million, together with euro 34 million in extraordinary charges (down from 2000), and an increase in goodwill amortisation following adjustment of goodwill on CPR Online to reflect the valuation determined at the time of the squeeze-out offer for CPR.

#### INTERNATIONAL RETAIL BANKING

This segment embraces the Group's banking subsidiaries and affiliates outside France. Its performance reflects the Group's ongoing strategy of expansion and forming European partnerships, but it also reflects the adverse impact of the crisis in Argentina.

#### **International retail banking Pro forma (in millions of euro)**

	<u>2001</u>	<u>2000</u>	<i>2001/2000 % change</i>
<b>Net banking income</b> .....	<b>884</b>	<b>324</b>	<b>+172.8</b>
Operating expenses and depreciation .....	(647)	(324)	+99.7
<b>Gross operating income</b> .....	<b>237</b>	<b>0</b>	<b>n.s.</b>
Risk-related costs .....	(272)	(150)	+81.3
Share of net income (loss) of equity affiliates .....	229	116	+97.4
<b>Net ordinary income (before tax)</b> .....	<b>194</b>	<b>(34)</b>	<b>n.s.</b>
Net extraordinary items + corporate income tax + FGFR .....	(112)	55	n.s.
Amortisation of goodwill .....	(74)	(56)	+32.1
<b>Net income</b> .....	<b>8</b>	<b>(35)</b>	<b>n.s.</b>

**Pro forma gross operating income** on International retail banking totalled euro 237 million.

This segment's **net banking income** rose steeply, from euro 324 million in 2000 to euro 884 million in 2001. Consolidation changes accounted for nearly 75% of the increase in this item. In 2001, the Banco Bisel group fully consolidated its two banking subsidiaries, Suquia and Bersa, instead of accounting for them by the equity method as previously. In addition, Crédit Agricole S.A. took control of two Polish companies, Lukas and EFL, in 2001, which are also fully consolidated. InterAtlantico S.A., finally, was deconsolidated, having been sold in 2001.

The Lukas group has been fully consolidated since 30 September, 2001. This fast-growing group is the leading provider of consumer credit in Poland with a 30% market share. Lukas Bank, a retail bank, operates a network of approximately 100 branches. Lukas S.A. has built up a series of partnership agreements with leading retail brands, with a network of some 20,000 retail outlets in Poland.

The EFL group has been fully consolidated since December, 2001. As Poland's leading provider of equipment lease finance with an overall market share of 17%, rising to 25% in automobile finance, EFL has formed distribution partnerships with major automobile and computer brands. It distributes its products through a nationwide network of 33 branches and agents paid on commission. EFL also writes property and casualty business, and is now starting up a life insurance operation as well.

Sofinco's foreign subsidiaries also contributed to the 19% increase in net banking income.

**Sofinco's subsidiaries** outside France originated euro 2.9 billion in new lending, a rise of 21.4% over 2000. Total outstandings outside France were up 26.4% over the previous year, at 2001, totalling euro 3.8 billion.

In particular, Agos-Itafinco, an Italian joint subsidiary of Sofinco, Crédit Agricole S.A. and IntesaBci, enjoyed another year of strong growth. Volumes outstanding increased by 32% year-on-year to euro 1,495 million, with another euro 470 million in securitised outstandings.

Also contributing to the increase in net banking income were the results of unconsolidated banking affiliates and ventures (e.g. Sofinco's partnerships outside France, notably with Commercial Bank of Greece and Bradesco (the participation in Bradesco was subsequently sold in 2002)).

The international retail banking sector's pro forma **operating expenses** totalled euro 647 million in 2001, versus euro 324 million in 2000. Most of the increase stemmed from the expanded consolidation base, the remainder being due to the Group's organic and external growth (at Sofinco especially).

**Pro forma risk-related costs** in international retail banking increased from euro 150 million in 2000 to euro 272 million in 2001.

Additional to pro forma risk-related costs of euro 107 million on the books of Banco Bisel is the euro 110 million cost of Crédit Agricole S.A.'s risk exposure in respect of subordinated loans and credit facilities granted to Banco Bisel.

The Argentine crisis also resulted in:

- a euro 102 million extraordinary charge to cover the residual value of the investment in Banco Bisel, following the Argentine government's decision to convert assets (loans) and liabilities (savings products) at different exchange rates,
- amortisation in full of goodwill (euro 15 million) recorded in the books of Crédit Agricole S.A., and
- a negative translation adjustment of euro 97 million, recorded in the balance sheet following the peso's fall against the euro.

Crédit Agricole S.A.'s **share of net income (losses) of equity affiliates** increased from euro 116 million in 2000 to euro 229 million in 2001. IntesaBci was affected in 2001 by the need to hedge risks relating to the crisis in Argentina in particular. It sharply increased its contribution to earnings between 2000 and 2001, however. The fiscal 2000 financial statements contained a euro 150 million negative change corresponding to the Group's share of goodwill arising out of Banca Intesa's cash tender offer for Comit. Contrary to Banca Intesa, due to differences between French and Italian accounting regulations, it was not possible to apply the "pooling of interest" method to this operation. In addition, Crédit Agricole S.A. had already made allowance for impairment of the put warrant on Comit, in respect of IntesaBci, in its 2000 financial statements.

Overall, after amortisation of goodwill, international retail banking generated a **net income** of euro 8 million in 2001, versus a loss of euro 35 million in 2000.

## PROPRIETARY ASSET MANAGEMENT AND OTHER ACTIVITIES

**Proprietary asset management and other activities** reported net income of euro 331 million in 2001, compared with euro 297 million in 2000. In 2001 it recorded a number of extraordinary items connected with the preparation of Crédit Agricole S.A. for its initial public offering. As a result, income statement sub-totals show no significant recurring trends.

## Proprietary asset management and other activities

### Pro forma (in millions of euro)

	<u>2001</u>	<u>2000</u>	<i>2001/2000</i> <u>% change</u>
<b>Net banking income</b> .....	<b>373</b>	<b>224</b>	<b>+66.5</b>
Operating expenses and depreciation .....	(394)	(353)	+11.6
<b>Gross operating income</b> .....	<b>(21)</b>	<b>(129)</b>	<b>-83.7</b>
Risk-related costs .....	163	(156)	n.s.
Share of net income (loss) of equity affiliates .....	69	39	+76.9
Net income (loss) on fixed assets .....	31	309	-90.0
<b>Net ordinary income (before tax)</b> .....	<b>242</b>	<b>63</b>	<b>n.s.</b>
Net extraordinary items + corporate income tax + FGBR .....	114	230	n.s.
Amortisation of goodwill .....	(25)	4	n.s.
<b>Net income</b> .....	<b>331</b>	<b>297</b>	<b>+11.4</b>

This segment embraces the following significant items:

- **Pro forma risk-related costs** changed from a net charge of euro 156 million in 2000 to a positive balance of EUR 163 million in 2001.

The 2001 figure notably includes recoveries from reserves pertaining to Crédit Agricole S.A.'s role as lead institution of the Crédit Agricole Group. A general provision set up in earlier years (including euro 167 million in 2000) for risk-related costs has been reversed in the amount of euro 136 million, partly in order to cover the allocation to the fund for banking liquidity and solvency risks. A euro 53 million recovery from general contingency reserves was booked in application of CRC Regulation 2000-06. Another euro 37 million of reserves for litigation and liabilities guarantees were recovered, their original purpose having ceased to apply.

Risk-related costs also cover general provisions booked by either Crédit Agricole Indosuez or Crédit Agricole S.A. and not applicable to any business in particular. In this respect, Crédit Agricole S.A., in its unconsolidated financial statements, increased its prudential reserves by euro 150 million;

- An **extraordinary income** of euro 529 million resulting from transactions linked to the preparation of the IPO was recorded in the income statement. It mainly consisted of:
  - reversal of contingency reserves relating to the internal home purchase savings scheme mechanism, which became unnecessary following the February and September, 2001 decisions of the Board of Directors,
  - euro 382 million extraordinary charge booked in the 2001 half-year financial statements in anticipation of the decentralisation procedure, which was partially offset in the 2001 annual financial statements by the Caisses Régionales' allowance to the Guarantee Fund:
- the allocation of euro 610 million to the fund for bank liquidity and solvency risks,
- and a euro 605 million recovery from the fund for general banking risks relating to home purchase savings schemes.

Aggregate non-recurring items, all of which were booked in risk-related costs, extraordinary items and the fund for general banking risks, net of taxation, totalled euro 94 million.

The Group's **share of net income (loss) of equity affiliates** increased from euro 39 million in 2000 to euro 69 million in 2001, partly following recovery—as of 30 June, 2001—of the so-called “harmonisation” reserves set up in respect of the Caisses Régionales, and partly following first-time consolidation of Rue Impériale de Lyon.

#### CRÉDIT AGRICOLE S.A., PRO FORMA CONSOLIDATED RESULTS *(data for all business segments)*

Net income for 2001 totalled euro 1,558 million in 2001, versus euro 1,432 million in 2000, an increase of 8.8%. After deducting minority interests, which totalled euro 90 million in 2001 (versus euro 41 million in 2000), **consolidated net income** amounted to euro 1,468 million, up 5.5% from the 2000 figure of euro 1,391 million.

Group **net banking income** increased 10.3% to euro 6.314 billion.

This increase stemmed from a number of factors, including consolidation changes, sharply increased margins on insurance business, another year of healthy growth in French retail banking, growth in the activities of subsidiaries and partner banks outside France, brisk activity in commercial lending business, as well as in the fixed-income and foreign exchange markets. Conversely, revenues from equity market-related activities declined (with a 40.7% fall in equity trading commissions).

Moreover, revenues from investment securities were down 19.5%, and reported net capital gains on securities available for sale and equity portfolio securities also declined.

**Operating expenses** increased by 11.6% relative to 2000, rising to euro 4.351 billion in 2001. Personnel costs rose 6.6% partly as a result of consolidation changes (which brought 2,955 additional employees), and partly due to the full-year impact of the staff increases in 2000. At the same time, other operating expenses increased by 16.2% and depreciation charges by 27.2%. In addition to reflecting consolidation changes, these charges also include ongoing IT investment spending, organic growth of business activities, restructuring charges in France and elsewhere, as well as IT costs relating to the introduction of euro notes and coins.

As a result of the foregoing, **gross operating income** amounted to euro 1.963 billion, an increase of 7.4% over the previous year. **The cost-income ratio** worked out to 68.9% of net banking income in 2001, compared with 68.1% in 2000.

**Risk-related costs** (comprising both counterparty risks and operational risks as well as general or sector specific reserves), totalled euro 371 million. This represents a very significant (-46.4%) decline relative to net allowances for 2000, in spite of a euro 148 million increase in doubtful loan reserves to euro 546 million, mainly in connection with the Argentine crisis. The fall in risk-related costs was due to recoveries from reserves pertaining to Crédit Agricole S.A. (parent company)'s role, as set up previously in connection with preparations for Crédit Agricole S.A.'s initial public offering.

Doubtful loans totalled euro 4.7 billion in 2001, representing 5.9% of total loans outstanding. Coverage of doubtful and non-performing loans now stands at 65.6%.

Thanks to the decline in risk-related costs, **operating income** increased by 40.3% to euro 1,592 million.

**The contribution of equity affiliates** increased from euro 503 million in 2000 to euro 704 million in 2001. This strong increase mainly reflects earnings growth in the Caisses Régionales. Consolidation changes (chiefly first-time consolidation of Rue Impériale de Lyon) helped to account for this increase, as did the continuing development of banking subsidiaries and affiliates in Europe.

**Net income on fixed assets** totalled euro 31 million, compared with euro 309 million in 2000.

As a result, **ordinary income** (before tax) amounted to euro 2,327 million in 2001, up 19.5% relative to 2000.

The Group reported a net **extraordinary income** of euro 333 million, compared with a charge of euro 219 million in 2000, chiefly arising from transactions connected with Crédit Agricole S.A.'s initial public offering. Extraordinary charges totalling euro 260 million mainly concerned restructuring costs and exposure to Argentina.

**Amortisation of goodwill** increased by 44.9% to euro 297 million, reflecting additional investments in EFL, Lukas, Rue Impériale de Lyon and Tranquilidade and a 100% goodwill write-down on Banco Bisel.

Crédit Agricole applies the following rules pertaining to the amortisation of goodwill:

- for subsidiaries consolidated prior to 31 December, 1996, the amortisation period is 5 years,
- subsidiaries consolidated subsequent to 1 January, 1997 are amortised over periods of up to 20 years, depending on the type of business and geographic area in which it is conducted.

For example, the consumer credit companies Sofinco and Agos Itafinco are amortised over 8 years. Meanwhile, IntesaBci, a diversified euro zone banking group, is amortised over 20 years. These generally cautious and conservative rules have the effect of reducing net income in the early years following acquisition.

The net allocation to the **fund for general banking risks** was euro 44 million. This resulted from a net recovery of euro 605 million from the fund for general banking risks on home savings plans, following the 50% decentralisation (versus 33.33% previously) of risks on home purchase savings scheme-related risks in compliance with legally-required mechanisms, a euro 610 million allocation to establish the fund for banking liquidity and solvency risks, and an additional allocation of euro 38 million to home savings plans.

The **corporate income tax charge** was euro 761 million, chiefly reflecting cancellations of deferred tax due to IPO-related transactions.

**ROE** (return on equity), the ratio of consolidated net income before amortisation of goodwill to average shareholders' equity after appropriation of income for the year, amounted to 13% in 2001, versus 13.6 % in 2000, due to the very steep growth (16%) in average shareholders' equity.

**ROA** (return on assets) amounted to 0.36% of average total assets, versus 0.33% in 2000.

Net income in the "published" financial statements amounts to euro 1,353 million. The euro 205 million difference between pro forma and published financial statements stems from:

- interest expense (euro 284 million), deducted from net banking income, on subordinated notes and other financings entailed by the acquisition of the CCAs and the CCIs;
- the euro 399 million increase in share of net income (loss) of equity affiliates due to inclusion of full-year results of the Caisses Régionales and their subsidiaries;
- the euro 100 million decrease in corporation tax relating to interest expense.

Minority interests in the "published" financial statements amount to euro 286 million, versus euro 90 million in the pro forma financial statements, due to the impact of the results of transferred subsidiaries.

### **Crédit Agricole S.A. Consolidated Balance Sheet (published figures)**

Total assets at 2001 amounted to euro 495.1 billion, up 3% over the previous year.

**Customer loans outstanding** (including lease finance operations) net of reserves rose 10.3% year-on-year to euro 76.2 billion.

This increase was fuelled by buoyant lending activity by Crédit Agricole S.A.'s consumer credit, lease finance and asset financing subsidiaries. France accounted for 37% of total customer loans, and the euro zone for 53%.

**Crédit Agricole internal transactions**, which comprise time financial statements and advances to the Caisses Régionales, fell by 3.6% year-on-year to euro 141.6 billion, due to the Caisses Régionales' reduced funding needs. Out of this total, the portion of advances that serves to fund 66.67% of the Caisses Régionales' medium and long-term lending to customers, has remained unchanged over the past two years. "Mirror" advances, representing 33.33% of Crédit Agricole S.A.'s savings funds collected by the Caisses Régionales, were down by less than 1%.

On the liabilities side, **customer deposits** increased by 4.8% over the year. Savings funds collected by the Caisses Régionales, meanwhile, which are centralised in Crédit Agricole S.A.'s balance sheet, grew by only 0.2%.

At the same time, **debts represented by a security** advanced 3.5% to euro 57.6 billion, as bond borrowings remained stable at euro 23.3 billion and mortgage-backed securities and money-market notes increased by 5.8% to euro 34 billion.

The Crédit Agricole S.A. group's **portfolios** of trading, available-for-sale, held-to-maturity and equity securities, in the form of debentures and variable-income securities, increased by 8.1% to euro 58.6 billion.

Insurance companies' investments increased by 10.8% to euro 79.4 billion thanks to an impressive performance by Predica, where funds under management grew by 9.7%.

Crédit Agricole S.A. group **shareholders' equity** (including 2001 income) totalled euro 15.7 billion in 2001, versus euro 14.9 billion in 2000, an increase of 4.9%.

Minority interests in this total declined from euro 3.2 billion in 2000 to euro 690 billion in 2001 following the contribution by the Caisses Régionales of their holdings in subsidiaries to Crédit Agricole S.A., prior to the initial public offering.

Shareholders' equity before minority interests totalled euro 15 billion, versus euro 11.7 billion in 2000, mainly due to income for the year and capital increases relating to the contribution of the shares of subsidiaries previously held by the Caisses Régionales (euro 2.3 billion) and the rights issue reserved for employees.

**Total capital funds** (equity + FGBR + subordinated debt) amounted to euro 27 billion, an increase of 13.7%. In addition to the increase in share capital, euro 3.5 billion of subordinated notes were issued, mainly in order to finance Crédit Agricole S.A.'s equity interests in the Caisses Régionales.

The fund for general banking risks declined by euro 2.6 billion to euro 1.7 billion, despite an allowance of euro 44 million. This decrease results from directly applying to shareholders' equity the effects of the change in the accounting method with respect to the home purchase savings scheme. With the assent of its Statutory Auditors and the Commission des Opérations de Bourse (French Securities Exchange Commission), with effect from 1 February, 2001 Crédit Agricole S.A. has strictly separated a) risk of loss connected with the internal mechanism, which is covered by a contingency reserve, and b) interest-rate risks, which are covered by the fund for general banking risks. This change of method concerns a total of euro 905 million.

Core or tier one capital, i.e. shareholders' equity plus the fund for general banking risks, represents nearly 62% of the total.

Over the same period, **long-term assets** (i.e. subsidiaries and affiliates not fully consolidated and other fixed assets) increased from euro 9 billion in 2000 to euro 16.1 billion in 2001. In 2001, this amount included Crédit Agricole S.A.'s 25% interest in the Caisses Régionales (valued at euro 6.5 billion).

## SHAREHOLDERS' EQUITY

### Change in share capital

<i>Date and type of transaction</i>	<i>Nominal amount of capital increase</i>	<i>Total additional paid-in capital</i>	<i>Number of shares issued</i>	<i>Share capital following transaction (in FRF then EUR)</i>	<i>Total number of shares outstanding</i>
Share capital at <b>31 December, 1996</b>				<b>FRF</b> 8,405,169,200	42,025,846
<b>25 March, 1997</b> Capital increase, price FRF 677.30 per share (shareholders' meeting of 16 July, 1996)	716,040,200	1,708,829,937.3	3,580,201	9,121,209,400	45,606,047
<b>25 June, 1997</b> Dividend reinvestment plan (shareholders' meeting of 21 May, 1997)	286,144,400	615,210,460	1,430,722	9,407,353,800	47,036,769
<b>19 November, 1997</b> Interim dividend reinvestment plan (shareholders' meeting of 11th November, 1997)	272,214,000	661,480,020	1,361,070	9,679,567,800	48,397,839
<b>24 June, 1998</b> Capital increase, price FRF 799.10 per share (shareholders' meeting of 27 May, 1998)	1,797,617,600	5,384,763,520.8	8,988,088	11,477,185,400	57,385,927
<b>24 June, 1998</b> Capital increase reserved to FCPR CNCA Transactions, price FRF 799.10 per share (shareholders' meeting of 27 May, 1998)	50,060,000	149,954,730	250,300	11,527,245,400	57,636,227
<b>24 June, 1998</b> Dividend reinvestment plan (shareholders' meeting of 27 May, 1998)	265,327,800	689,852,280	1,326,639	11,792,573,200	58,962,866
<b>15 March, 1999</b> Conversion of share capital to euro, with concomitant capital reduction (*)				<b>EURO</b> 1,768,885,980	58,962,866
<b>23 June, 1999</b> Dividend reinvestment plan (shareholders' meeting of 20 May, 1999)	69,951,810	207,523,703	2,331,727	1,838,837,790	61,294,593

<i>Date and type of transaction</i>	<i>Nominal amount of capital increase</i>	<i>Total additional paid-in capital</i>	<i>Number of shares issued</i>	<i>Share capital following transaction (in FRF then EUR)</i>	<i>Total number of shares outstanding</i>
<b>5 November, 1999</b> Capital increase, price euro 150.08 per share (board of directors' meeting of 27 October, 1999)	<u>159,898,950</u>	<u>640,022,197.20</u>	<u>5,329,965</u>	<u>1,998,736,740</u>	<u>66,624,558</u>
<b>6 June, 2000</b> Capital increase, price euro 151.57 per share (board of directors' meeting of 26 April, 2000)(**)	<u>162,059,730</u>	<u>656,720,045.87</u>	<u>5,401,991</u>	<u>2,160,796,470</u>	<u>72,026,549</u>
<b>28 June, 2000</b> Dividend reinvestment plan (shareholders' meeting of 25 May, 2000)	<u>80,004,600</u>	<u>285,349,740</u>	<u>2,666,820</u>	<u>2,240,801,070</u>	<u>74,693,369</u>
<b>4 July, 2001</b> Dividend reinvestment plan (shareholders' meeting of 22nd May, 2001)	<u>77,665,530</u>	<u>331,372,928</u>	<u>2,588,851</u>	<u>2,318,466,600</u>	<u>77,282,220</u>
<b>29 November, 2001</b> Capital increase following the contribution of the Caisses Régionales' interests in transferred subsidiaries	<u>547,464,480</u>	<u>1,193,614,684</u>	<u>18,248,816</u>	<u>2,865,931,080</u>	<u>95,531,036</u>
<b>29 November, 2001</b> Ten-for-one scrip issue	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,865,931,080</u>	<u>955,310,360</u>
<b>28 December, 2001</b> Rights issue reserved for employees (shareholders' meeting of 29 November, 2001)	<u>50,698,617</u>	<u>133,676,681.73</u>	<u>16,899,539</u>	<u>2,916,629,697</u>	<u>972,209,899</u>

(\*) The extraordinary shareholders' meeting of 27 May, 1998 authorised the board of directors to convert the par value of the company's shares and the nominal amount of its authorised capital to euro. Under the authority vested in it, the board of directors decided on 27 January, 1999 to convert the par value of the company's shares and the nominal amount of its authorised capital to euro with effect from 15 March, 1999. The par value of the shares having been set at euro 30 (previously FRF 200), this transaction entailed a capital reduction of euro 28,880,215.04022 (FRF 189,441,792.17140). As required under French law, this amount has been transferred to a frozen account. The company's share capital therefore amounted to euro 1,768,885,980 at 15 March, 1999, divided into euro 58,962,866 shares with a par value of euro 30 each.

(\*\*) Under powers granted by the shareholders' meeting of CNCA of 20 October, 1999.

Since 31 December, 2001, the Bank has issued no new shares. As of 22 January, 2003, the Bank's share capital was euro 2,916,629,697 and the total number of shares outstanding was 972,209,899.

## ALLOCATION OF CAPITAL BY BUSINESS SEGMENT

Crédit Agricole S.A. allocates capital in accordance with the relevant prudential rules applicable to banks and insurance companies. Risk-weighted assets within the meaning of the capital adequacy ratios are weighted in accordance with an assessment of risks associated with each activity, (e.g., 5% for French retail banking, 7% for corporate and investment banking, and 50% for securities held by the Group's investment companies such as UI and IDIA Participations). Capital allocated to asset management and private banking represents the higher of a) the capital adequacy requirement based on 6% of weighted exposure, and b) 3 months of operating expenses (the norm for these businesses). Capital is allocated to other non-bank units such as closed real-estate companies and joint-ventures formed to manage joint resources, for example, on the basis of book equity.

The resulting capital requirement is then increased by goodwill and 50% of the book value of companies accounted for by the equity method and the Group's unconsolidated affiliates. However, to calculate the allocation of capital in the case of the Caisses Régionales, these rules are applied to 25% of their risk-weighted assets, for the sake of transparency.

Allocated capital does not include the fund for general banking risks or income for the year. Any surplus or shortfall of book shareholders' equity relative to capital allocated by business segment (including proprietary asset management and other activities) is subject to differential remuneration (or re-billing) equal to the remuneration of equity less its risk-free replacement income.

Capital is allocated between the business segments, as follows:

### **French retail banking**

Capital allocated represents 5% of weighted risks (including 25% of the Caisses Régionales' weighted exposure).

### **Corporate and investment banking**

This segment comprises the Group's financing, capital market and equity investing activities. Capital is allocated:

- on the basis of exposure at risk for financing and capital market activities, applying a 7% weighting,
- based on 50% of the market value of securities held by the entities concerned involved in equity investing activities, e.g., UI and IDIA Participations, etc.

### **Asset management, insurance and private banking**

Capital allocated to asset management and private banking represents the higher of a) the capital adequacy requirement based on 6% of weighted exposure, and b) 3 months of operating expenses, which is the norm for these businesses. This also includes the regulatory requirements specific to the insurance industry, plus a 5% prudential margin.

### **International retail banking**

The capital requirement represents 6% of weighted risks plus 50% of the value of companies accounted for by the equity method and equity investments in financial institutions outside France.

### **Proprietary asset management and other activities**

Capital allocated represents:

- 6 or 7% depending on the type of risk-weighted assets,
- 50% of the market value of securities held by the entities involved in equity investing activities,
- the book value capital of logistics units (closed real estate companies, IT systems, etc.).

The resulting capital requirement is augmented by 50% of the value of companies accounted for by the equity method and French banking affiliates.

The table below presents **the capital allocated by business segment**, before net income and amortisation of goodwill, at 31 December, 2001:

	<i>Weighted risks</i>		<i>Capital allocations</i>	
	<i>31 Dec.,</i>	<i>31 Dec.,</i>	<i>31 Dec.,</i>	<i>31 Dec.,</i>
	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>
	<i>(in billions of euro)</i>		<i>(in millions of euro)</i>	
<b>French retail banking</b> .....	<b>56.0</b>	<b>59.2</b>	<b>3,285</b>	<b>3,188</b>
<b>Corporate and investment banking</b> .....	<b>63.4</b>	<b>64.3</b>	<b>4,453</b>	<b>4,628</b>
Capital markets and investment banking .....	15.4	16.6	1,281	1,506
Financing business .....	48.0	47.3	3,172	3,122
<b>Asset management, insurance and private banking</b> .....	<b>6.3</b>	<b>7.5</b>	<b>2,698</b>	<b>2,995</b>
<b>International retail banking</b> .....	<b>5.6</b>	<b>7.8</b>	<b>2,180</b>	<b>2,753</b>
<b>Proprietary asset management and other activities</b> .....	<b>10.1</b>	<b>10.4</b>	<b>823</b>	<b>960</b>
<b>Total allocated capital</b> .....			<b>13,439</b>	<b>14,524</b>

### Return on equity by business segment

The current capital allocation system was introduced on 31 December, 2000. It is therefore possible to calculate ROE for fiscal 2000 solely in relation to capital allocated before income for the year in each business segment. The income figure applied to each business segment is income before amortisation of goodwill, plus (or minus) the differential remuneration (or re-billing) of the surplus (or shortfall of) capital.

### Return on equity by business segment (% of capital allocated)

	<i>31 Dec.,</i>	<i>31 Dec.,</i>
	<i>2000</i>	<i>2001</i>
<b>French retail banking</b> .....	<b>10.9%</b>	<b>13.5%</b>
<b>Corporate and investment banking</b> .....	<b>10.3%</b>	<b>8.0%</b>
Capital markets and investment banking .....	29.3%	19.1%
Financing business .....	2.6%	2.7%
<b>Asset management, insurance and private banking</b> .....	<b>16.8%</b>	<b>17.0%</b>
<b>International retail banking</b> .....	<b>2.7%</b>	<b>5.3%</b>

PRUDENTIAL RATIOS (based on published, and not on pro forma figures)

### 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 (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the UK and the USA) and from Luxembourg, 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, 4% of which must be Tier 1 capital. In 1989, the Council of the European Union adopted two regulatory directives that set the framework of capital adequacy with respect to credit risks 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 Capital Adequacy Directive applying to investment forms 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 in the years to 1999 (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 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 Ratio must be at least equal to 100%.

At 31st December, 2001, Crédit Agricole S.A.'s European CAD ratio was 122.4% (versus 149.2% one year earlier). The 27-point decline is analysed below in terms of both increased capital requirement on the denominator side, and lower capital available on the numerator side. At 30 June, 2002, Crédit Agricole S.A.'s European CAD ratio was 129.1%.

**Crédit Agricole S.A. Group CAD Ratio**  
(in millions of euro)

	<i>30</i> <i>June,</i> <i>2000</i>	<i>31</i> <i>Dec.,</i> <i>2000</i>	<i>30</i> <i>June,</i> <i>2001</i>	<i>31</i> <i>Dec.,</i> <i>2001</i>	<i>30</i> <i>June,</i> <i>2002</i>
<b>Risks</b>					
<b>Credit risk</b> .....	<b>88,365</b>	<b>88,683</b>	<b>97,989</b>	<b>94,211</b>	<b>87,432</b>
<b>Total market risk</b> .....	<b>13,261</b>	<b>12,457</b>	<b>14,747</b>	<b>12,408</b>	<b>12,448</b>
Interest rate risk .....	7,525	7,394	8,662	7,776	7,965
Equity risk .....	3,541	3,876	4,140	3,135	2,788
Counterparty risk .....	989	173	550	185	706
Exchange rate risk .....	1,206	875	1,320	1,203	944
Commodity risk .....		139	75	109	77
<b>Total weighted risks</b> .....	<b>101,625</b>	<b>101,140</b>	<b>112,736</b>	<b>106,619</b>	<b>99,912</b>
<b>Capital requirement (=weighted risk x 8%)</b> .....	<b>8,130</b>	<b>8,091</b>	<b>9,019</b>	<b>8,530</b>	<b>7,993</b>
<b>Available capital</b>					
Tier 1 .....	13,400	12,996	13,974	14,770	15,118
Tier 2 .....	4,710	5,403	5,816	9,244	8,853
Tier 3 .....	567	611	809	611	734
Deductions .....	4,404	6,940	8,219	14,180	14,387
<b>Total available capital</b> .....	<b>14,274</b>	<b>12,070</b>	<b>12,379</b>	<b>10,445</b>	<b>10,318</b>
<b>Ratios (capital/requirement &gt; 100%)</b>					
<b>Solvency ratio (tier 1/requirement)</b> .....	<b>164.8%</b>	<b>141.6%</b>	<b>128.3%</b>	<b>115.3%</b>	<b>119.9%</b>
<b>Total solvency ratio (available capital/ requirement)</b> .....	<b>175.6%</b>	<b>149.2%</b>	<b>137.3%</b>	<b>122.4%</b>	<b>129.1%</b>

A sizable percentage of the growth in weighted risks in 2001 (+euro 5.5 billion, representing a 10-points fall in the ratio) flows from a combination of:

- Sofinco's business development (this has grown by more than euro 1.7 billion),
- the Group's increased stake in its insurance subsidiaries to 100: the 100%-weighted equity value of these subsidiaries had a euro 1.5 billion impact on the denominator,
- consolidation of Lukas/EFL outstandings (euro 1 billion), and
- increased risk exposure at CAI (euro 1 billion) despite a significant (-euro 4.5 billion) drop in outstandings in the second half.

Available capital fell by euro 1.6 billion (-20 ratio points) in 2001, mainly due to:

- recoveries from funds for general banking risks relating to the home purchase savings scheme in the first half of 2001,
- deduction of the 25% of the capital of the Caisses Régionales from shareholders' equity at their equity accounting value (euro 6.5 billion), partially offset by the increase in Tier 2 capital (euro 3.8 billion).

The increase in Crédit Agricole S.A. Group's international solvency ratio at 30 June, 2002 resulted primarily from a 6.5% decrease in weighted risks as compared to 31 December, 2001, which was principally due to a 7.9% reduction in credit risk. This decrease resulted primarily from lower exposure to foreign subsidiaries, mainly due to the withdrawal from Banco Bisel which accounted for a euro 2.4 billion decrease, decreased interbank operations realised by Crédit Agricole S.A., which accounted for a euro 1.9 billion decrease on a weighted basis, and lower exposure at Crédit Agricole Indosuez, which accounted for a euro 2.2 billion decrease.

The Caisses Régionales have, moreover, extended a joint and several guarantee to Crédit Agricole S.A. to the extent of their capital and reserves, to cover the eventuality of default by Crédit Agricole S.A. The guarantee represents the counterpart of Crédit Agricole S.A.'s commitments, as to the solvency and liquidity of the Caisses Régionales. As a result, the risk profile is identical within the Crédit Agricole Group network. The international rating agencies recognise this situation by awarding identical ratings to the bond and note programmes of Crédit Agricole S.A. and the rated Caisses Régionales.

### The Caisses Régionales' European Solvency Ratio

As credit institutions, the Caisses Régionales must comply with the European solvency ratio in accordance with the standards laid down in the European Capital Adequacy Directive. The European solvency ratio, which was introduced prior to the CAD ratio, takes no account of market risks. It still applies to credit institutions that are not exposed to significant market risks, such as the majority of the Caisses Régionales, which are thus not subject to the CAD Regulations.

The table below shows the range of European solvency ratios of the Caisses Régionales (excluding the Regional Bank of Corsica) at the dates indicated.

%	<u>31 Dec., 1999</u>	<u>31 Dec., 2000</u>	<u>31 Dec., 2001</u>	<u>30 June, 2002</u>
Highest .....	17.39	16.05	20.92	19.66
Average* .....	10.52	10.50	14.88	14.62
Lowest .....	8.73	8.70	10.39	10.52

\* Arithmetical mean of individual solvency ratios

The increase in the ratio between 31 December, 2000 and 31 December, 2001 stems from the capital increases carried out at the end of 2001 via the issuance of *certificats coopératifs d'associés* (nonvoting shares) reserved for Crédit Agricole S.A. and the increase of the Caisses Régionales' funds for general banking risks.

### 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 appertaining to interest rate-related instruments and equities in a bank's trading book; and ii) foreign exchange risks and commodity 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 Banking Commission regularly issues opinions regarding the application and calculation of the international solvency ratio. Nevertheless, the international solvency ratio has no regulatory force. In accordance with regulations, starting 14 December, 2001, the Crédit Agricole S.A. Group calculated its international solvency ratio on a half-yearly basis, like the Crédit Agricole Group before it.

### The Crédit Agricole S.A. Group international solvency ratio

In accordance with BIS recommendations, the total international solvency ratio of the Crédit Agricole S.A. group, calculated for the first time on 31 December, 2001, was 9.1%, and its Tier 1 ratio was 8.5%. Calculation of this ratio has been reprojected for the period 2001-2000 and is presented in the table below detailing the risks measured in credit risk equivalents (after counterparty weighting) and the regulatory capital levels calculated therefrom in accordance with BIS recommendations at the dates indicated.

**Crédit Agricole S.A. Group international solvency ratio**  
(in millions of euro)

	<u>ISR</u>	<u>ISR retropolated</u>		<u>ISR</u>	<u>ISR</u>
	<i>30</i>	<i>31</i>	<i>30</i>	<i>31</i>	<i>30</i>
	<i>June,</i>	<i>Dec.,</i>	<i>June,</i>	<i>Dec.,</i>	<i>June,</i>
	<i>2000</i>	<i>2000</i>	<i>2001</i>	<i>2001</i>	<i>2002</i>
<b>Risks</b>					
<b>Credit risk</b> .....	<b>88,365</b>	<b>88,683</b>	<b>97,989</b>	<b>94,020</b>	<b>86,565</b>
<b>Total market risk</b> .....	<b>13,261</b>	<b>12,457</b>	<b>14,747</b>	<b>15,091</b>	<b>15,411</b>
Interest rate risk .....	7,525	7,394	8,662	10,395	11,163
Equity risk .....	3,541	3,876	4,140	3,643	3,224
Counterparty risk .....	989	173	550	0	0
Exchange rate risk .....	1,206	875	1,320	943	946
Commodity risk .....		139	75	109	78
<b>Total weighted risks (denominator)</b> .....	<b>101,625</b>	<b>101,140</b>	<b>112,736</b>	<b>109,111</b>	<b>101,976</b>
<b>Available capital</b>					
Tier 1 .....	13,400	12,996	13,974	14,770	15,118
Tier 2 .....	4,710	5,403	5,816	9,375	8,936
Tier 3 .....	567	611	809	611	733
Deductions .....	6,215	7,837	9,207	14,885(*)	14,952
<b>Total available capital</b> .....	<b>12,463</b>	<b>11,173</b>	<b>11,392</b>	<b>9,871</b>	<b>9,836</b>
<b>Tier 1 solvency ratio</b> .....	<b>11.7%</b>	<b>10.4%</b>	<b>9.4%</b>	<b>8.5%</b>	<b>8.9%</b>
<b>Total solvency ratio</b> .....	<b>12.3%</b>	<b>11.0%</b>	<b>10.1%</b>	<b>9.1%</b>	<b>9.6%</b>

(\*) The increase in deductions stems from the fact that the Caisses Régionales were accounted for by the equity method (25%), representing euro 6.5 billion.

***Crédit Agricole Group international solvency ratio***

In accordance with BIS recommendations, the total international solvency ratio of the Crédit Agricole Group at 31 December, 1999, 31 December, 2000, and 31 December, 2001, was 10.5%, 10.2% and 11.8% respectively, and its Tier 1 ratio was 9.6% at 31 December, 1999 and 2000, and 10.8% at 31 December, 2001. As of 30 June, 2002, the Crédit Agricole Group's total international solvency ratio was 12.5% and its Tier 1 ratio was 11.1%.

The tables below show the Crédit Agricole S.A. Group's risks measured in credit risk equivalents (after counterparty weighting) and the regulatory capital levels calculated therefrom in accordance with BIS recommendations at the dates indicated.

**Crédit Agricole Group international solvency ratio  
(in millions of euro)**

	<i>ISR retropolated</i>			<i>ISR</i>	<i>ISR</i>
	<i>31 Dec., 1999</i>	<i>31 Dec., 2000</i>	<i>30 June, 2001</i>	<i>31 Dec., 2001</i>	<i>30 June, 2002</i>
<b>Risks</b>					
<b>Credit risk equivalent</b> .....	<b>224,394</b>	<b>244,491</b>	<b>255,658</b>	<b>256,140</b>	<b>253,278</b>
<b>Total market risk</b> .....	<b>22,131</b>	<b>24,234</b>	<b>26,878</b>	<b>24,450</b>	<b>27,695</b>
Interest rate risk .....	14,498	16,534	18,782	18,193	21,332
Equity risks .....	6,437	6,742	6,703	5,198	5,340
Foreign exchange risk .....	1,196	870	1,317	949	946
Commodity risk .....	—	88	76	109	77
<b>Total weighted risks (denominator)</b> .....	<b>246,524</b>	<b>268,725</b>	<b>282,537</b>	<b>280,590</b>	<b>280,973</b>
<b>Available capital</b>					
Tier 1 .....	23,555	25,851	27,603	30,170	31,063
Tier 2 .....	5,734	6,424	6,734	8,750	9,611
Tier 3 .....	497	942	957	601	715
Deductions .....	3,877	5,855	7,028	6,310	6,321
<b>Total available capital</b> .....	<b>25,909</b>	<b>27,362</b>	<b>28,266</b>	<b>33,211</b>	<b>35,068</b>
<b>Tier 1 solvency ratio</b> .....	<b>9.6%</b>	<b>9.6%</b>	<b>9.8%</b>	<b>10.8%</b>	<b>11.1%</b>
<b>Total solvency ratio</b> .....	<b>10.5%</b>	<b>10.2%</b>	<b>10.0%</b>	<b>11.8%</b>	<b>12.5%</b>

**Crédit Agricole Indosuez solvency ratio**

The international solvency ratios of Crédit Agricole Indosuez at 31 December, 1999, 31 December, 2000 and 31 December, 2001 were respectively 10.4%, 10.2% and 9.6%, and its Tier 1 ratios were respectively 6.7%, 6.7% and 6.6% at these dates. As of 30 June, 2002, the total international solvency ratio of Crédit Agricole Indosuez was 9.3%, and its Tier 1 ratio was 6.9%.

**Planned 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 would replace the current agreement by a new one based on a more qualitative approach to the measurement of risk exposure.

In the latest version of its proposal, the Basle Committee proposes to assess credit risk on the basis of one of the following two methods: a "standard" method relying on a weighting matrix depending on external ratings of counterparties, distinguishing 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 would 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 will take place in the second quarter of 2003, based on a consultative document to be circulated in May, 2003.

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.

Crédit Agricole has organised its staff to contribute to the impact study in late-2002 as well as to implement its own internal scoring system. Crédit Agricole's own internal scoring system will render its risk management and capital allocation systems more competitive and more profitable. In the current state of discussions, Crédit Agricole S.A. is not in a position to express an opinion as to how the planned reform will impact its financial condition or the result of its operations.

## DIRECTORS' AND OFFICERS' COMPENSATION

Total gross compensation paid to the Chairman in respect of financial year 2001 amounted to euro 237,800, to which was added euro 32,000 paid in 2002 in respect of FY 2001. Gross compensation paid to the Chief Executive Officer in respect of 2001 amounted to a fixed portion of euro 457,000, a variable portion of euro 229,000, and benefits amounting to euro 157,500. In addition, the Chairman and the Chief Executive Officer each have the use of a company car.

The total amount of directors' fees approved by the Annual General Meeting in respect of 2001 was euro 84,465. Directors' fees paid to directors in 2001 on the basis of their attendance at meetings of the Board of Directors, totalled euro 47,896 shared equally between the two Vice Chairmen, and euro 36,569 shared equally among the other directors. No director's fee is paid to the Chairman.

No director or officer of Crédit Agricole S.A. has benefited from any of the stock option plans in force at Crédit Agricole S.A. or in the subsidiaries controlled by it, nor have they been in receipt of any directors' fees in respect of positions held in any of the subsidiaries controlled by Crédit Agricole S.A.

Further, no employee of Crédit Agricole S.A. has been granted stock options under any stock option plan in force at Crédit Agricole S.A. or at any of the subsidiaries controlled by it.

## RECENT DEVELOPMENTS

### A. THE CECEI ANNOUNCEMENT REGARDING THE TAKEOVER BID BY CRÉDIT AGRICOLE S.A. FOR CRÉDIT LYONNAIS S.A.

On 10 January, 2003, the *Comité des établissements de crédit et des entreprises d'investissements* ("CECEI") announced that third parties could send their observations about the impact of the transaction on the competitive environment in the French banking sector. Such observations had to be received no later than 24 January, 2003. As a result, the CECEI did not decide before that date whether to approve the transaction.

### B. FRIENDLY TAKEOVER BID BY CRÉDIT AGRICOLE S.A. FOR CRÉDIT LYONNAIS S.A.: A LEADER IN FRANCE, A CLEAR AND MUTUALLY-AGREED PLAN.

*On 16 December, 2002, Crédit Agricole S.A. published the following press release relating to its friendly takeover bid for Crédit Lyonnais.*

The boards of directors of Crédit Agricole S.A. and Crédit Lyonnais S.A. ('Crédit Lyonnais') met on 15 December, 2002. Each board approved the plan for a friendly takeover of Crédit Lyonnais by Crédit Agricole S.A. The takeover bid will take the form of a public offer initiated jointly by Crédit Agricole S.A. and SACAM Développement, the 100%-owned subsidiary of the Caisses Régionales de Crédit Agricole Mutuel (the 'Caisses Régionales') (hereafter jointly referred to as 'the Co-Initiators'). This offer has been filed with the French stockmarket authorities, and approval for the offer has been sought from the French banking and insurance regulatory authorities.

René Carron and Jean Laurent made the following comments: *"This friendly takeover, which respects both banks' cultures, is a natural extension of the co-operation between our two groups that started in 1999. It reflects our shared ambition to create a leading financial group in France that is ideally positioned to address the challenge of integration within the European financial sector."*

Jean Peyrelevade and Dominique Ferrero made the following comments: *"After the rapid turnaround at Crédit Lyonnais, this planned takeover is attractive for our customers, our shareholders and our employees. It will give Crédit Lyonnais the opportunity to achieve fresh impetus within a powerful group with highly complementary market positions and excellent growth opportunities in our various businesses."*

### I. OPINION OF CRÉDIT LYONNAIS' BOARD OF DIRECTORS

"The Crédit Lyonnais board convened on 15 December, 2002 under the chairmanship of Mr Jean Peyrelevade to consider the planned principal combined public offer in cash and shares, along with a subsidiary public cash offer and a subsidiary public exchange offer by Crédit Agricole S.A. and SACAM Développement, for shares in the company. All board members were present or represented with the exception of Mr Jouyet and Mr Tavernier.

Mr Jean Laurent set out to the board the main terms of the public offer for all the company's shares:

- Principal combined public offer in cash and shares : €148.24 and 5 Crédit Agricole S.A. shares for 4 Crédit Lyonnais shares. This price equates to €56 and €58.5 per Crédit Lyonnais share on the basis of Crédit Agricole S.A.'s share price at 13 December, 2002 or of Crédit Agricole S.A.'s 1-month average share price at 22 November, 2002 respectively. This corresponds to a 43.8% and 61.1% premium on Crédit Lyonnais' share price at 22 November, 2002 and on its 1-month average at 22 November, 2002.
- Subsidiary public cash offer: €56 per Crédit Lyonnais share (capped by the number of Crédit Lyonnais shares equal to 66.18% of the total number of Crédit Lyonnais shares tendered to the subsidiary offers), that is to say a 43.8% premium on Crédit Lyonnais' share price at 22 November, 2002 or 54.2% on the 1-month average at 22 November, 2002.

- Subsidiary public exchange offer: 37 Crédit Agricole S.A. shares for 10 Crédit Lyonnais shares (capped by the number of Crédit Lyonnais shares equal to 33.82% of the total number of Crédit Lyonnais shares brought forward to the subsidiary offers). This price equates to a value of €56.1 and €63.5 on the basis of Crédit Agricole S.A.'s share price at 13 December, 2002 or of Crédit Agricole S.A.'s 1-month average share price at 22 November, 2002 respectively. This corresponds to a 44.0% and 74.7% premium on Crédit Lyonnais' share price at 22 November, 2002 and on its 1-month average at 22 November, 2002.
- This structure allows to meet the expectations of Crédit Lyonnais shareholders who may want to receive differing proportions of cash and shares.
- This offer is made under the condition that at the end of the offer the Co-Initiators hold at least 50.01% of total Crédit Lyonnais share capital and voting rights, after taking into account the Crédit Lyonnais shares already in their possession and of any shares that may be pre-empted by Crédit Agricole S.A. under the shareholder agreement between Core Shareholder Group members. As at today, the Co-Initiators hold 17.8% of Crédit Lyonnais' capital on a non-diluted basis.

Mr Jean Peyrelevade and Mr Dominique Ferrero explained the strategic rationale of the transaction for the company, which would allow it to take a part in the formation of a powerful European group, of global dimensions, with a strong and profitable growth momentum as its basis.

The new group will have an exceptionally solid domestic base in retail banking, a remarkably complementary portfolio of activities, and widely-recognised competencies in each of its businesses. The tie-up will be made on the basis of respect for the culture, network and brands of the two groups, and will give birth to a major player in each of its markets:

- First retail bank in France (over 21 million clients)
- Leading positions in specialised financial services (consumer credit, factoring, leasing, etc.)
- A French leader in asset management (€331 billion assets under management)
- A significant European player in private banking
- Increased competitiveness in corporate and investment banking

The Chairman also explained that, under certain conditions, Crédit Agricole S.A. and SACAM Développement intend to offer stock option-holders, as well as company mutual investment funds and shareholder employees of Crédit Lyonnais, the possibility of benefiting from a liquidity contract concerning Crédit Lyonnais shares in their possession or resulting from the exercise of any stock options.

After deliberation, the board decided by a majority of 13 of the 16 present or represented members that the offer of Crédit Agricole S.A. and SACAM Développement was in keeping with the best interests of Crédit Lyonnais, on account of the quality of the industrial project, of the complementarity between the two establishments and of the social policies expounded by Crédit Agricole S.A. Mr de la Martinière, Mr Robin and Mr Hortaut abstained.

Furthermore, the board noted that the offer of Crédit Agricole S.A. and of SACAM Développement generates a significant premium to the share price, as explained above.

Consequently, the board decided, by a majority of 13 of the 16 present or represented members, that the offer of Crédit Agricole S.A. and SACAM Développement was in keeping with the best interests of Crédit Lyonnais' shareholders, and decided to recommend that the latter tender their shares to the aforementioned offer. Moreover, it decided to recommend that the supervisory boards of company mutual investment funds and the shareholder employees of Crédit Lyonnais tender their shares to the aforementioned offer, and, to this effect, to proceed with the necessary modifications to the regulations of company mutual investment funds. Mr de la Martinière, Mr Robin and Mr Hortaut abstained.

The board has also decided, by a majority of 13 of the 16 present or represented members, that the 4,867,004 shares held as treasury stock would be tendered to the offer.

Finally, the board has mandated its Chairman and its Chief Executive Officer to sign the joint prospectus, prepared in agreement with Crédit Agricole S.A. and SACAM Développement, which will be submitted for approval to the Commission des Opérations de Bourse.

Mr Breipohl, Mr Terreros, Mr de la Martinière and Mr Merle made known their intention to recommend to the groups they represent to tender their shares to the public offer of Crédit Agricole S.A. and SACAM Développement. Mrs. Murie-Salvo made known her intention to recommend the supervisory boards of company mutual investment funds to tender their shares to the offer. Mr von Ruedorffer made it known that Commerzbank will tender its shares to the public offer, subject to the application of the rules governing the shareholder agreement.

## **II. A CLEAR AND MUTUALLY-AGREED PLAN**

The planned tie-up between Crédit Agricole S.A. and Crédit Lyonnais is based on strong complementarities between the two groups, together with three years of partnerships. The deal has been discussed in depth by the two banks, and is a unique opportunity to create a powerful, pan-European French banking group, with strong growth and profitability.

After the rights issue aimed at refinancing the offer, the new group will be the euro zone's seventh-largest bank by market capitalisation and total €22 billion in consolidated shareholders' equity (proforma at end-September, 2002)<sup>1</sup>.

The new group will have an exceptionally robust position in the French retail banking market, a complementary business portfolio and acknowledged skills in each of its business areas. The integration process will respect each bank's culture, networks and brands, which form the basis of their current strength. It will give rise to a major player in each of its markets:

- France's leading retail bank, with two highly complementary networks.
- Leading positions in specialised financial services (consumer credit, factoring, leasing).
- France's leading bank in mutual funds and France's second-largest life insurer.
- A major European player in private banking.
- Sharpened competitiveness in corporate and investment banking.

## **III. THE NEW GROUP'S BUSINESS LINES**

### **Retail banking in France**

Crédit Agricole S.A. and Crédit Lyonnais are highly complementary geographically and in terms of customer bases. The combination will strengthen the Crédit Agricole group's position as the leader in retail banking in France, with a nationwide distribution capacity in all customer segments, with:

- over 20 million individual customers;
- 1.4 million professional customers;
- over 9,200 outlets.

The combination of these two effective, highly complementary branch bank networks will enable the new group to bolster its growth in all customer segments, everywhere in France. The two entities are highly complementary both geographically (Crédit Agricole S.A. is active mainly in rural areas and mid-size cities, Crédit Lyonnais holds stronger positions in the big cities) and in terms of socio-professional profiles.

In addition to this revenue growth momentum, the combination will enable the two entities to pool their centralised purchasing facilities and to combine their production platforms. The retail banking staff will evolve as anticipated before the combination plan. These cost synergies will further boost this core business's already high profitability.

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<sup>1</sup> Assuming a 100% success rate, after taking into account the capital increase and based on Crédit Agricole S.A.'s closing price on 13 December, 2002.

## Specialised financial services

The new group will be:

- the leader in consumer credit with Sofinco, Finaref<sup>2</sup> and Finalion in France, with access to some 25 million customers;
- No. 2 in personal property leasing in France, via Lixxbail and Ucabail;
- the French leader in factoring via Transfact and Eurofactor.

Shared expertise and know-how, coupled with efficiencies of scale and the pooling of platforms operated by the two groups' entities, will further improve profitability and lower development costs in these businesses.

## International retail banking

From the outset, the group will have a significant presence in three high-growth markets—Italy, Portugal and Greece—via substantial equity stakes in national leaders in those countries.

## Asset management

The new group, recognised for its asset management expertise, will have 331 billion euro in assets under management.

- It will be No. 1 in France in mutual fund management;
- It will be the French leader in bancassurance with Prédica/UAF and Pacifica and No. 2 in France in life insurance, with a market share of about 15%;
- It will have a stronger presence in private banking in Europe.

*Asset management:* The two groups will preserve their brands and management teams' know-how. Cost synergies will be generated by combining production resources and back offices.

*Insurance:* The new group's production capacity will be diversified and strengthened and it will cater to the largest customer base in France. Cost synergies will be achieved through pooling resources. Existing partnerships will be maintained and developed.

*Private banking:* The new group's position will be strengthened, with improved European coverage. The organisations will be combined, with convergence of IT and production platforms. The two entities will maintain their own product ranges, brand names and marketing teams.

## Corporate and investment banking

The combination of Crédit Agricole Indosuez and of Crédit Lyonnais' corporate and investment banking activities will provide broad coverage for large and mid-size French companies, expand the range of products and services offered, and promote the development of existing areas of excellence:

*Financing activities.* The new group will be No. 1 world-wide in providing financing to the aviation and shipping industries and will be a world leader in project financing.

*Investment banking:* The group will be a world leader in fixed income and equity derivatives, No. 1 in French equity research and in mid-cap brokerage in France, No. 2 in bond issues in France and No. 2 in equity brokerage in Asia.

The bulk of cost synergies from the combination will be achieved in this area as the organisation will undergo extensive rationalisation, with the integration of support functions, merger of front offices, streamlining of the international network, and creation of a single brokerage structure in Europe and Asia.

The capital allocated to the division will be reduced by a gross amount of 1 billion euro. The policy of reallocating capital to added-value businesses will be stepped up. The portion allocated to commercial lending will decrease while the portion allocated to capital markets and investment banking and to asset financing will increase, with a shift in focus towards the French and European markets.

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<sup>2</sup> Acquisition by Crédit Agricole S.A. in progress.

#### IV. SYNERGIES

Expected synergies should boost gross operating income by €760 million over a full year. These synergies will be generated mainly in financing activities and investment banking (60% of total synergies). They will mainly be in the form of cost savings derived from streamlining organisations of business sectors. It is expected that the genuine revenue growth potential in some businesses will offset the anticipated loss of revenues from financing activities and investment banking.

Synergies are expected to be as follows: €215 million in 2003, €574 million in 2004, €738 million in 2005 and €760 million in 2006.

Million euro (before tax)	Cost synergies				Revenue synergies				Total 2006
	2003	2004	2005	2006	2003	2004	2005	2006	
Retail banking in France	28	64	101	110	—	—	—	—	110
Specialised financial services	11	26	41	45	5	12	18	20	65
Asset management	19	44	69	75	5	12	18	20	95
Financing activities & investment banking	147	417	490	490	(12)	(34)	(40)	(40)	450
Head-office costs	12	34	40	40	—	—	—	—	40
Total	217	585	741	760	(2)	(11)	(3)	0	760

The total pre-tax cost of bringing about these synergies is expected to be slightly higher than one year of projected synergies.

#### V. THE NEW GROUP'S ORGANISATION

##### ● General Management

- Chief Executive Officer: Jean Laurent
- First Deputy Chief Executive Officer, group number two: Dominique Ferrero
- Deputy Chief Executive Officer: Yves Chevillotte

##### ● Executive Committee

- Chairmanship
  - o Jean Laurent—Chairman
  - o Dominique Ferrero—Vice-chairman
  - o Yves Chevillotte (general management)
- Board members
  - o Thierry Coste, Bernard Michel, Marc-Antoine Autheman, Gilles de Margerie, Georges Pauget,
  - o Patrice Durand, Alain Papiasse, Jérôme Brunel, Yves Perrier, Jacques Baudouin, Aline Bec

##### ● Integration Committee

- Co-chairmanship:
  - o Jean Laurent and Dominique Ferrero
- Permanent members:
  - o Yves Chevillotte (general management) and Patrice Durand (secretary general)

The integration process is unlikely to result in any involuntary redundancies in France of Crédit Lyonnais S.A. and Crédit Agricole S.A. group. Efforts to reduce headcount in the corporate and investment banking businesses will focus on voluntary departures, in keeping with common practices within both groups, and most reductions in headcount will take place outside France.

To facilitate the implementation of their business plan, the Co-Initiators and Crédit Lyonnais intend to pool some of the new group's operations, particularly in financing activities and investment banking. However, the legal terms of these pooling efforts have not yet been finalised. The Co-Initiators do not rule out the possibility of proposing in the future a merger between Crédit Agricole S.A. and Crédit Lyonnais to the two companies' shareholders.

Assuming that the Co-Initiators come to own, either alone or acting in concert with others, at least 95% of Crédit Lyonnais' capital and voting rights, they also reserve the possibility to make a public buy-out offer, possibly followed by a squeeze-out aimed at purchasing all Crédit Lyonnais shares that they do not yet own.

## VI. MAIN TERMS OF THE OFFER

The public offer ('the Offer') comprises a principal combined cash and exchange offer, along with a subsidiary public cash offer and a subsidiary public exchange offer. Assuming that the Offer is 100% successful, 95% of Crédit Lyonnais's capital will be owned by Crédit Agricole S.A. and 5% by SACAM Développement. On the same assumption, 66.18% of the shares tendered will be paid for in cash and 33.82% in newly issued Crédit Agricole S.A. shares. The main characteristics of the Offer are as follows:

- **Principal combined cash and exchange offer (the 'Principal Combined Offer'): €148.24 and 5 Crédit Agricole S.A. ordinary shares for 4 Crédit Lyonnais shares.** Based on Crédit Agricole S.A.'s closing price on 13 December, 2002, this offer is worth **€56** per Crédit Lyonnais share, equating to a premium of **43.8%** with respect to Crédit Lyonnais' share price on 22 November, 2002<sup>3</sup>.
- **Subsidiary cash offer: €56 per Crédit Lyonnais share.** This offer is limited such that, after reduction, the number of Crédit Lyonnais shares tendered to the subsidiary cash offer does not exceed 66.18% of the number of shares tendered to both subsidiary offers. This price equates to a **43.8%** premium to Crédit Lyonnais' share price on 22 November, 2002.
- **Subsidiary exchange offer: 37 Crédit Agricole S.A. ordinary shares for 10 Crédit Lyonnais shares.** This offer is limited such that, after reduction, the number of Crédit Lyonnais shares tendered to the subsidiary exchange offer does not exceed 33.82% of the number of shares tendered to both subsidiary offers. Based on Crédit Agricole S.A.'s price on 13 December, 2002, this equates to **€56.1** per Crédit Lyonnais share, giving a **44.0%** premium to Crédit Lyonnais' share price on 22 November, 2002.

The structure of the Offer, which includes two subsidiary offers, better meets the expectations of Crédit Lyonnais' various shareholders who may want to receive differing proportions of cash and shares in return for their Crédit Lyonnais shares.

The subsidiary cash offer and subsidiary exchange offer are limited such that the number of Crédit Lyonnais shares paid in cash does not exceed 66.18% and the payment in Crédit Agricole S.A. shares does not exceed 33.82% of the total number of Crédit Lyonnais shares tendered to the subsidiary offers.

Since the Principal Combined Offer is also subject to the same overall proportions (i.e. 66.18% in cash and 33.82% in Crédit Agricole S.A. shares), all Crédit Lyonnais shares tendered to the Principal Combined Offer will be accepted in full.

*See Section XII: Reduction mechanism and treatment of leftover shares*

The Offer is made on condition that, at the end of the Offer, the Co-Initiators own at least 50.01% of Crédit Lyonnais' capital and voting rights on the day the Offer closes, taking into account the Crédit Lyonnais shares they already own, shares on which Crédit Agricole S.A. has exercised its right of pre-emption under the pact described in paragraph X below and shares tendered to the Offer. If this figure is not reached, the Offer will lapse, and the Crédit Lyonnais shares tendered to the Offer will be returned to their owners, with no compensation or other interest being payable.

Crédit Agricole S.A.'s board of directors has decided to make a dividend down payment of €0.3 per share, which will be paid on both existing shares and those issued as part of the Offer on the date the Offer is settled.

<sup>3</sup> Last quoted price before the French government announced that it was selling its stake in Crédit Lyonnais

At 13 December, 2002, to Crédit Lyonnais' knowledge, the breakdown of Crédit Lyonnais' capital and voting rights was as follows:

Shareholder	Stake			Shares covered by the Core Shareholder Group		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Free float .....	97,699,012	28.10	29.32	—	—	—
Crédit Agricole S.A. group .....	62,042,108	17.79	18.62	33,705,295	9.66	10.12
French government <sup>(1)</sup> .....	38,065,247	10.91	11.42	—	—	—
AGF <sup>(2)</sup> .....	35,185,387	10.09	7.35	20,222,914	5.80	6.07
Crédit Lyonnais employees .....	20,941,384	6.00	6.28	—	—	—
BNP-Paribas .....	18,873,017	5.41	5.66	—	—	—
AXA .....	18,548,561	5.32	5.57	18,520,561	5.31	5.56
Commerzbank .....	13,469,498	3.86	4.04	13,469,498	3.86	4.04
Banco Bilbao Vizcaya Argentaria .....	13,011,030	3.73	3.90	12,639,058	3.62	3.79
Intesa BCI .....	12,701,280	3.64	3.81	9,260,280	2.65	2.78
Société Générale .....	13,389,112	3.84	4.02	—	—	—
Crédit Lyonnais .....	4,867,004	1.40	—	—	—	—
<b>Total</b> .....	<b>348,792,640</b>	<b>100.00</b>	<b>100.00</b>	<b>107,817,606</b>	<b>30.91</b>	<b>32.36</b>

(1) Shares sold by the French government to BNP-Paribas, subject to approval from the CECEI

(2) Of the shares held by AGF that are not covered by the CSG, 10,706,043 are deprived of voting rights until March, 2003

#### *Securities targeted by the Offer*

The Offer is for all existing shares in Crédit Lyonnais that are not already owned by Crédit Agricole S.A., along with all Crédit Lyonnais shares that may be issued before the end of the Offer due to the exercise of stock options, i.e.:

- 348,792,460 existing Crédit Lyonnais shares, including 4,867,004 held as treasury stock;
- 7,177,180 Crédit Lyonnais shares that may be issued as a result of the 7,177,180 stock options that may be exercised before the end of the Offer<sup>4</sup>.

*See section XII.-2 Purchases of Crédit Lyonnais shares by Crédit Agricole S.A. and Crédit Agricole group companies in the last 12 months*

Crédit Agricole S.A. currently owns 62,042,108 Crédit Lyonnais shares directly and indirectly. The Offer is therefore for a maximum of **293,927,712 Crédit Lyonnais shares**.

## VII. FINANCIAL IMPACT

In financial terms, the combination of Crédit Agricole S.A. and Crédit Lyonnais will be positive for Crédit Agricole S.A.'s current and future shareholders.

- **Enhancement in Crédit Agricole S.A.'s EPS as of 2004<sup>5</sup>**

As of 2004, the deal will enhance EPS before goodwill amortisation<sup>6</sup>. In 2004, this enhancement will be over 2%. This figure rises to 6.4% taking account of full-year synergies.

- **A solid financial structure**

After completion of the transaction and after its refinancing, Crédit Agricole S.A. will have a solid financial structure, with a pro forma Tier 1 ratio of over 7.5% at end-2002 and a very strong capacity to generate surplus capital (approximately €5 billion over the next three years for the Crédit Agricole S.A. group alone). The group intends to maintain its dividend payout policy.

<sup>4</sup> Including Crédit Lyonnais shares issued due to stock options exercised since 18 November, 2002 but whose issue has not yet been acknowledged by Crédit Lyonnais' board of directors.

<sup>5</sup> Calculations based on analyst consensus earnings forecasts published since the release of results at 30 September, 2002.

<sup>6</sup> And before taking into account implementation costs.

- **A sharp improvement in recurring RoE**

The new group has set a target RoE (before goodwill amortisation<sup>7</sup>) of around 15% by 2005. Recurring earnings generated by business lines will improve, due to the strong contribution (about 70%) of the retail banking, specialised financial services and asset management activities to the new group's overall net earnings.

- **Better liquidity**

Crédit Agricole S.A.'s free float will be substantially increased after the Offer. Assuming the Offer is 100% successful, the Caisses Régionales' holding will be reduced to 51%. It is envisaged that once the Offer has closed or at the end of a possible renewed offer, the Caisses Régionales<sup>8</sup> will buy Crédit Agricole S.A. shares in the market to strengthen their holding.

## **VIII. OFFER FINANCING**

The Offer values 100% of the relevant shares (including those which might be issued upon exercise of stock options issued by Crédit Lyonnais but excluding those already held by the Co-Initiators) at a maximum of €16.459bn, excluding fees and incidental expenses.

A maximum of 33.82% of the shares tendered to the Offer will be paid for in Crédit Agricole S.A. shares (a maximum of 367,409,640 new shares to be issued assuming a 100% success rate for the Principal Combined Offer)<sup>9</sup>, The maximum amount to be financed (excluding the fees and incidental expenses described in section 1.3. above entitled "Offer Costs") will therefore be €10.893bn.

Within the context of the Offer, SACAM Développement will acquire a minimum of 1% and a maximum of 5% of the share capital of Crédit Lyonnais for cash, the key priority being for Crédit Agricole S.A. alone to own a holding large enough for it to fully consolidate Crédit Lyonnais. SACAM Développement will raise the funds required to acquire these Crédit Lyonnais shares through a rights issue to be made prior to settlement of the Offer.

Crédit Agricole S.A. has indicated that the residual investment will be financed, in addition to its internal cash resources, by an issue of Crédit Agricole S.A. ordinary shares (between €2bn and €2.2bn), by an issue of direct and indirect instruments counted as Tier 1 capital (between €2.5bn and €3.0bn), partly issued to the Caisses Régionales, by the issue of debt securities classified in Tier II (between €0.8bn and €1.2bn) and the remainder by using cash reserves (between €3.5bn and €4.5bn).

The Caisses Régionales have launched an internal consultation procedure with a view to underwriting Crédit Agricole S.A.'s rights issue (up to a maximum of €2.2bn on the basis of a 100% success rate for the Offer), in which the Caisses Régionales will take up its rights via SAS Rue La Boétie. The terms and conditions of the rights issue have not yet been fixed; the preferential right to subscribe new shares will be maintained and the offer price will be around the prevailing market price at the time.

The Offer will be underwritten by Crédit Agricole Indosuez, which will be provided with counter-guarantees from the Caisses Régionales.

## **IX. SHARES ALREADY COMMITTED TO THE OFFER**

Prior to the Co-Initiators' Offer, AGF (holding 35,185,387 Crédit Lyonnais shares representing 10.09% of share capital), Commerzbank (holding 13,469,498 Crédit Lyonnais shares representing 3.86% of share capital), Banco Bilbao Vizcaya Argentaria (holding 13,011,030 Crédit Lyonnais shares representing 3.73% of share capital) and Banca Intesa (holding 12,701,280 shares representing 3.64% of share capital), in their letters of 15 December, 2002, each irrevocably undertook, without prejudice to the application of the pre-emption right described in paragraph X below, to tender the totality of their shares to the Combined Offer. These undertakings will lapse in the event of a rival offer being made, it being however specified that AGF, Banco Bilbao Vizcaya Argentaria and Banca Intesa have committed themselves (under certain conditions for Banco Bilbao Vizcaya Argentaria) to reiterate their share tender in the event of a higher offer, deemed receivable by the Conseil des Marchés Financiers, being made by the Co-Initiators. The undertakings to tender shares to the Offer hence involve a total of 21.32% of Crédit Lyonnais' capital.

## **X. AGREEMENTS WHICH MAY HAVE AN IMPACT ON THE OUTCOME OF THE OFFER**

A shareholders' agreement (the "Agreement") creating a "Core Shareholder Group" among Crédit Lyonnais shareholders, was entered into at the time of Crédit Lyonnais' privatisation in 1999, in accordance with the

<sup>7</sup> And before taking into account implementation costs.

<sup>8</sup> Through SAS Rue La Boétie, which currently controls 70.2% of Crédit Agricole S.A.

<sup>9</sup> This number could rise to 367,803,503 in the event of a 66.18% success rate for the cash offer and 33.82% for the exchange offer.

privatisation terms and conditions. A summary of the key provisions of the Agreement appears in the privatisation prospectus published on 28 June, 1999.

Under the terms of the Agreement, members of the Core Shareholder Group have granted each other a reciprocal right of pre-emption in the event of a sale of all or part of those shares covered by the Agreement, including the tender of shares to a public offer.

The following shareholders are currently members of the Core Shareholder Group:

	<i>Shares covered by the Agreement</i>			<i>Total holding</i>		
	<i>Number of shares</i>	<i>% of share capital</i>	<i>% of voting rights</i>	<i>Number of shares</i>	<i>% of share capital</i>	<i>% of voting rights</i>
Crédit Agricole S.A Group ..	33,705,295	9.66	10.12	62,042,108	17.79	18.62
AGF .....	20,222,914	5.80	6.07	35,185,387	10.09	7.35
AXA .....	18,520,561	5.31	5.56	18,548,561	5.32	5.57
Commerzbank .....	13,469,498	3.86	4.04	13,469,498	3.86	4.04
Banco Bilbao Vizcaya						
Argentaria .....	12,639,058	3.62	3.79	13,011,030	3.73	3.90
IntesaBci .....	9,260,280	2.65	2.78	12,701,280	3.64	3.81
<b>TOTAL.....</b>	<b>107,817,606</b>	<b>30.91</b>	<b>32.36</b>	<b>154,957,864</b>	<b>44.43</b>	<b>43.29</b>

*Percentages are calculated on a non-diluted basis.*

## XI. APPRAISAL OF THE OFFER

The Offer price and exchange multiple can be analysed according to various criteria commonly used when valuing banks.

### (i) Evaluation of the Principal Combined Offer

5 Crédit Agricole S.A. shares and a cash amount of €148.24 will be paid for every 4 Crédit Lyonnais shares tendered.

On the basis of Crédit Agricole S.A.'s closing price on 13 December, 2002, i.e. €15.15:

The Principal Combined Offer is worth €56 per Crédit Lyonnais share  $((5 \times €15.15 + €148.24)/4)$ . This is equal to the value of the subsidiary cash offer, i.e. €56 per Crédit Lyonnais share.

Analysing the Principal Combined Offer on the basis of other Crédit Agricole S.A. price references, we get the following values:

<i>€/Share</i>	<i>Reference price (€)</i>	<i>Value of the Principal Combined Offer (€ per Crédit Lyonnais share)</i>
Last quoted price (13 December, 2002) .....	15.15	56.00
5-day average <sup>10</sup> .....	15.57	56.52
1-month average .....	16.39	57.55
3-month average .....	16.61	57.82
6-month average .....	19.00	60.81
1-year average .....	19.26	61.13
Last quoted price before the French government announced the sale of its stake (22 November, 2002) .....	18.05	59.62
5-day average <sup>11</sup> .....	17.59	59.05
1-month average .....	17.15	58.50
3-month average .....	17.80	59.31
6-month average .....	19.98	62.03
1-year average <sup>12</sup> .....	19.49	61.42

*Source: Euronext Fininfo, average closing price weighted by daily trading volumes*

<sup>10</sup> At 13 December, 2002, closing price weighted by daily trading volumes

<sup>11</sup> At 22 November, 2002, closing price weighted by daily trading volumes

<sup>12</sup> Listed since 14 December, 2001

Based on Crédit Agricole S.A.'s closing price on 13 December, 2002, i.e. €15.15, the exchange multiple implied by the Principal Combined Offer is 3.70  $((5 \times €15.15 + €148.24)/4)/€15.15$ . This equals the exchange multiple used in the subsidiary exchange offer, i.e. 37 Crédit Agricole S.A. shares for every 10 Crédit Lyonnais shares.

The terms of the Principal Combined Offer can therefore be analysed via an appraisal of the subsidiary offers, which is set out below and which is based on data published by the companies concerned.

(ii) Appraisal of the subsidiary cash offer

The offer price of €56 per Crédit Lyonnais share can be analysed as follows:

<u>Criterion</u>	<u>Premium (%)</u>
Premium to the market price (13 December, 2002)	
– Last quoted price (13 December, 2002) .....	6.2
– 5-day average .....	4.7
– 1-month average .....	13.8
– 3-month average .....	29.7
– 6-month average .....	30.3
– 1-year average .....	31.3
Premium to the last quoted price before the French government announced the sale of its stake on 22 November, 2002 .....	43.8
– 5-day average .....	49.1
– 1-month average .....	54.2
– 3-month average .....	51.0
– 6-month average .....	39.7
– 1-year average .....	37.5
	<u>Implied multiples</u>
Consolidated net profit per share	
– 31/12/2001 .....	23.7
– 31/12/2000 .....	27.2
Consolidated NAV per share	
– At 30/09/2002 .....	2.30
– At 31/12/2001 .....	2.42
– At 31/12/2000 .....	2.59
Peer group	
– Average P/E ratio .....	10.2
– Average price/NAV multiple .....	1.4
Comparable transactions	
– Average P/E ratio .....	21.65
– Average price/NAV multiple .....	2.88

(iii) Appraisal of the exchange multiple

The exchange multiple used in the subsidiary exchange offer, i.e. 37 Crédit Agricole S.A. shares for every 10 Crédit Lyonnais shares, can be analysed as follows:

<i>Criterion</i>	<i>Crédit Lyonnais / Crédit Agricole S.A. multiple</i>	<i>Premium (%)</i>
Last quoted price (13 December, 2002)	3.48x	6.3
5-day average	3.44x	7.7
1-month average	3.00x	23.2
3-month average	2.60x	42.3
6-month average	2.26x	63.5
12-month average	2.22x	67.0
Price on 22 November, 2002	2.16x	71.5
5-day average	2.13x	73.4
1-month average	2.12x	74.7
3-month average	2.08x	77.6
6-month average	2.01x	84.4
12-month average	2.09x	77.1
Consolidated net profit per share		
– First nine months of 2002	2.37x	56.4
– 2001	1.56x	136.8
– 2000	1.20x	209.3
– 2000 restated for EPFR costs	1.97x	88.0
Consolidated NAV per share		
– NAV at 30/09/2002	1.56x	136.5
– NAV at 31/12/2001	1.57x	136.0
– NAV at 31/12/2000	1.33x	178.2
Net dividend per share		
– 2001	1.36x	171.3
– 2000	1.18x	213.1

## **XII. OTHER INFORMATION**

### **1a. Offer reduction mechanism**

It is likely that the number of Crédit Lyonnais shares tendered to the subsidiary cash offer will not equal 1.957 (66.18% divided by 33.82%, or “the Ratio”) times the number of Crédit Lyonnais shares tendered to the subsidiary exchange offer. In this event, the subsidiary offers will not respect the overall proportions of 66.18% to be paid in cash and 33.82% in Crédit Agricole S.A. shares, and so the following reduction mechanism will be implemented:

- *If the number of Crédit Lyonnais shares tendered to the subsidiary cash offer divided by the number of shares tendered to the subsidiary exchange offer is higher than the Ratio*, tenders to the subsidiary exchange offer will be accepted in full. Tenders to the subsidiary cash offer will be reduced by a coefficient equal to (i) the number of Crédit Lyonnais shares tendered to the subsidiary exchange offer multiplied by (ii) the Ratio and divided by (iii) the number of Crédit Lyonnais shares tendered to the subsidiary cash offer (rounded to the nearest whole number). Crédit Lyonnais Shareholders whose tenders to the subsidiary cash offer are reduced in this way will be deemed to have tendered the surplus shares to the Principal Combined Offer.
- *If the number of Crédit Lyonnais shares tendered to the subsidiary cash offer is lower than the Ratio*, tenders to the subsidiary cash offer will be accepted in full. Tenders to the subsidiary exchange offer will be reduced by a coefficient equal to (i) the number of Crédit Lyonnais shares tendered to the subsidiary cash offer divided by (ii) the Ratio and by (iii) the number of Crédit Lyonnais shares tendered to the subsidiary exchange offer (rounded to the nearest whole number). Shareholders whose tenders to the subsidiary exchange offer are reduced in this way will be deemed to have tendered the surplus shares to the Principal Combined Offer

## 1b. Treatment of leftover shares

Tenders to the Principal Combined Offer must be in multiples of 4 Crédit Lyonnais shares. Leftover shares may be tendered to either subsidiary offers, with the proviso that tenders to the subsidiary exchange offer must be in multiples of 10 Crédit Lyonnais shares.

If, after the reduction mechanism described above, the number of Crédit Lyonnais shares deemed to have been tendered by a shareholder is not a multiple of 4 in the case of the Principal Combined Offer or a multiple of 10 in the case of the subsidiary exchange offer, the shareholder will receive the following in return for Crédit Lyonnais shares effectively tendered to the Principal Combined Offer or subsidiary exchange offer:

- a number of Crédit Agricole S.A. shares equal to the number of Crédit Lyonnais shares effectively tendered by a shareholder multiplied by the applicable exchange coefficient (1.25 Crédit Agricole S.A. share for 1 Crédit Lyonnais share for the Principal Combined Offer and 3.7 Crédit Agricole S.A. share for 1 Crédit Lyonnais share for the subsidiary exchange offer) rounded down to the nearest whole number; increased by
  - a cash payment in return for the fraction of a Crédit Agricole S.A. share left over (in euro, rounded to the nearest euro cent). This cash payment will equal the said fraction of a Crédit Agricole S.A. share multiplied by the average Crédit Agricole S.A. share price resulting from the sale of leftover Crédit Agricole S.A. shares on the market or to SAS Rue La Boétie<sup>13</sup> (after the end of a possible renewed Offer). Leftover Crédit Agricole S.A. shares (the number of which will be rounded up to the nearest whole number) will be sold in the market by Crédit Agricole Indosuez, which will be appointed to carry out these sales in the six days following the admission of these shares to the Premier Marché of Euronext Paris. The cash payment will be taken from the proceeds of these market sales, and
  - if applicable, in case of the Principal Combined Offer, a portion of the cash part of the Principal Cash Offer, corresponding to the number of Crédit Lyonnais shares effectively tendered to the Principal Combined Offer multiplied by €37.06.

<sup>13</sup> SAS La Boétie is the holding company which holds the 70.2% interest of the Caisses Régionales de Crédit Agricole Mutuel in Crédit Agricole S.A.

**2. Purchases of Crédit Lyonnais shares made by Crédit Agricole S.A. and Crédit Agricole S.A. group companies in the last 12 months**

<i>Stockmarket session</i>	<i>Quantity</i>	<i>Purchase Unit price (€)</i>	<i>Total value (excluding costs, €)</i>
17/12/2001 .....	40,000	36.13	1,445,200.00
18/12/2001 .....	37,000	35.82	1,325,340.00
19/12/2001 .....	36,000	35.94	1,293,840.00
21/12/2001 .....	28,000	35.92	1,005,760.00
14/1/2002 .....	218	36.88	8,039.84
18/1/2002 .....	30,000	36.87	1,106,100.00
21/1/2002 .....	43,529	36.73	1,598,863.69
19/7/2002 .....	200,000	41.24	8,248,000.00
24/7/2002 .....	5,000	40.95	204,750.00
2/8/2002 .....	94,349	39.30	3,707,915.70
5/8/2002 .....	100,000	39.71	3,971,000.00
6/8/2002 .....	24,000	39.80	955,200.00
29/11/2002 .....	496,000	49.90	24,750,896.00
02/12/2002 .....	1,845,748	51.88	95,757,406.24
03/12/2002 .....	350,000	52.00	18,200,000.00
03/12/2002 .....	1,693,995	51.88	87,875,990.63
04/12/2002 .....	150,000	52.25	7,837,500.00
04/12/2002 .....	913,727	52.18	47,678,274.86
05/12/2002 .....	11,689,486	56.00	654,611,216.00
05/12/2002 .....	771,584	52.13	40,224,217.09
06/12/2002 .....	270,000	55.00	14,850,000.00
06/12/2002 .....	2,186,428	55.00	120,253,540.00
06/12/2002 .....	2,468,256	54.91	135,519,595.68
09/12/2002 .....	710,533	53.97	38,348,887.08
10/12/2002 .....	141,492	53.13	7,517,045.48
11/12/2002 .....	875,178	54.15	47,392,639.06
11/12/2002 .....	40,000	54.00	2,160,000.00
11/12/2002 .....	250,000	54.15	13,537,500.00
12/12/2002 .....	189,471	53.16	10,071,520.48

**C. CAI ANNOUNCES THE ACQUISITION OF INTESABCI BANK (SUISSE) ON 2 JANUARY, 2003.**

*On 2 January, 2003, Crédit Agricole published the following press release relating to the acquisition by CAI of IntesaBci Bank (Suisse).*

**As part of the development of its private banking activity, CAI announces the acquisition of IntesaBci Bank (Suisse)**

Crédit Agricole Indosuez, a subsidiary of Crédit Agricole SA, announces the signing of heads of agreement for the acquisition of IntesaBci Bank (Suisse).

IntesaBci Bank (Suisse) is present in Zurich, Lugano and Geneva and currently manages over three billion Swiss francs in assets.

An agreement in principle was signed on 30 December, 2002. The acquisition will be finalised as soon as all the regulatory authorities have given their approval and the merger between IntesaBci Bank (Suisse) and Crédit Agricole Indosuez (Suisse) S.A is expected to take place during the last quarter of 2003.

After the merger, Crédit Agricole Indosuez (Suisse) S.A, with over 25 billion Swiss francs in assets under management, will confirm its position as one of the leading foreign private banks in Switzerland and, more than ever, as a key element of Crédit Agricole Indosuez's International Private Banking activity, which is also present in Luxembourg and in the Principality of Monaco with Crédit Agricole Indosuez Luxembourg and Crédit Foncier de Monaco.

This acquisition is a part of the strategic development of Crédit Agricole Indosuez's International Private Banking activity and also strengthens the collaboration between Intesa group and Crédit Agricole Group.

#### **D. CREDIT AGRICOLE S.A. CHAIRMAN OF THE BOARD RESIGNED ON 2 DECEMBER, 2002.**

*On 2 December, 2002, Crédit Agricole S.A. published the following press release relating to the resignation of its chairman of the board.*

Credit Agricole S.A.'s Board of Directors met on 2 December, 2002. With the focus on Credit Agricole's strong commitment to the group's unity, Credit Agricole S.A.'s Chairman, Marc Bué, decided to submit his resignation to the Board. In replacement, the Board elected Mr. René Carron Chairman of Credit Agricole S.A. René Carron is also Chairman of Credit Agricole's controlling holding company, SAS La Boétie (owned by the Caisses Régionales), and of the Fédération Nationale du Credit Agricole (FNCA).

#### **E. CREDIT AGRICOLE S.A. ANNOUNCED ITS THIRD QUARTER RESULTS ON 28 NOVEMBER, 2002.**

*On 28 November, 2002, Crédit Agricole published the following press release relating to its results for the third quarter.*

***Credit Agricole S.A. proves its genuine ability to withstand an acute financial crisis.***

With Mr. Marc Bué in the chair, the Board of Directors of Crédit Agricole S.A. met on 27 November, 2002 to close the consolidated financial statements for the nine months to 30 September, 2002.

***Results for the period under review testify to the strong fundamentals of Crédit Agricole S.A., despite the equity market impact:***

Nine months:

- Consolidated net income before goodwill amortisation was €946 million, down 19.6% on the first nine months of 2001 (-11.9% ex Bisel).
- Consolidated net income after goodwill amortisation was €721 million (-19.1% ex Bisel).

Third quarter 2002:

- Consolidated net income before goodwill amortisation was €220 million compared with €269 million in Q3 2001 (-18.2%).
- Consolidated net income after goodwill amortisation was €145 million, down 29.6%.
- The impact of the stock market downturn on equity portfolios amounted to €153 million.

***Gratifying performances from all business lines:***

- Robust growth in French Retail Banking.
- Sustained growth of activity and earnings from Asset Management, Insurance and Private Banking.
- Expenses and risks under control in Corporate and Investment Banking, stemming the fall in the division's earnings contribution amid deteriorating operating conditions.
- International Retail Banking: growth at European subsidiaries.

***Financial strength further enhanced***

- Crédit Agricole S.A.'s total capital funds (consolidated shareholders' equity, Fund for General Banking Risks and subordinated debt) grew 1.7%(\*) during the quarter to €26 billion at end-September.
- Consolidated shareholders' equity grew 0.9% during the quarter. Weighted risks fell by €5.8 billion during the first nine months to €103.3 billion (up €1.3 billion on Q3 2001).
- The international solvency ratio rose from 9.6% at end-June to 9.9% at 30 September, of which 9.6% is Tier One capital (8.9% at end-June).

(\*) Excluding Radian, a special purpose vehicle for the redeemable subordinated debt of the Caisses Régionales. Radian was sold to the Caisses Régionales in Q3-02.

## CONSOLIDATED RESULTS OF CRÉDIT AGRICOLE S.A. AT 30 SEPTEMBER, 2002

**Net banking income** for the nine months to 30 September, 2002 was €4,027 million, down 10.6% on the first nine months of 2001. Excluding Banco Bisel, the decline was just 0.9%. Third-quarter net banking income amounted to €1,146 million, off 18.6% from third-quarter 2001 (- 8.1% ex Bisel).

**Operating expenses** plunged 7% to €2,916 million. Excluding Banco Bisel, they rose by 3.3%. Third quarter operating expenses were €937 million, a decline of 9.1% relative to third-quarter 2001 (+1.3% ex Bisel).

**Gross operating income** for the first nine months was €1,111 million, down 18.7% year-on-year. Excluding Banco Bisel, the decline was 10.4%. Third-quarter gross operating income fell 44.4%, or 35.1% excluding Bisel.

**Risk-related costs** fell sharply over the first nine months, reaching €163 million compared with €292 million over the same period one year earlier (-44.2%). Excluding Banco Bisel, the decline is 11.4%. Third-quarter risk-related costs were down by 62.8% to €48 million (-31.4% ex Bisel), a substantial decline relative to third-quarter 2001 which registered €95 million of exceptional prudential provisions.

**The share of net income of equity affiliates** over the first nine months fell 34.2% to €298 million, owing to the decline in IntesaBci's contribution in first-half 2002. The Caisses Régionales' contribution amounted to €307 million, up 36.4% over 9 months.

**Net ordinary income** (before tax) at end-September, 2002 was €1,116 million, off 29.2% compared with end-September, 2001 (-25.8% ex Bisel). For the third quarter, it reached €215 million, a decline of 18.3% relative to the same period in 2001.

**Consolidated net income** before goodwill amortisation amounted to €946 million at 30 September, 2002, a decline of 19.6% compared with the first nine months of 2001 (-11.9% ex Bisel). For third-quarter 2002, it was €220 million compared with €269 million in third-quarter 2001 (-18.2%). Consolidated net income was €721 million (-19.1% ex Bisel). Third-quarter consolidated net income was €145 million, down 29.6%.

Annualised 9-month **return on equity** was 8.7%.

**CRÉDIT AGRICOLE S.A.: NINE-MONTH CONSOLIDATED**

**INCOME STATEMENT**

<u>€ million</u>	<u>9M-01</u>	<u>9M-02</u>	<u>9 month change</u>	
			<u>Change</u>	<u>Ex Bisel</u>
Net banking income .....	4,502	4,027	(10.6%)	(0.9%)
Operating expenses .....	(3,135)	(2,916)	(7.0%)	+3.3%
Gross operating income .....	1,367	1,111	(18.7%)	(10.4%)
Risk-related costs .....	(292)	(163)	(44.2%)	(11.4%)
Share of net income (losses) of equity affiliates .....	453	298	(34.2%)	(34.2%)
Net income (loss) on fixed assets .....	48	(130)	NM	NM
Net ordinary income (before tax) .....	1,576	1,116	(29.2%)	(25.8%)
Net income .....	1,024	711	(30.6%)	(23.9%)
Consolidated net income .....	994	721	(27.5%)	(19.1%)
Consolidated net income before goodwill amortisation .....	1,177	946	(19.6%)	(11.9%)

NM = Not Meaningful

**CRÉDIT AGRICOLE S.A.: THIRD-QUARTER CONSOLIDATED**

**INCOME STATEMENT**

<u>€ million</u>	<u>pro- forma Q3-01</u>	<u>Q3-02</u>	<u>Change on Q3-01</u>	<u>Change ex Bisel</u>
Net banking income .....	1,407	1,146	(18.6%)	(8.1%)
Operating expenses .....	(1,031)	(937)	(9.1%)	+1.3%
Gross operating income .....	376	209	(44.4%)	(35.1%)
Risk-related costs .....	(129)	(48)	(62.8%)	(31.4%)
Share of net income (losses) of equity affiliates .....	6	88	NM	NM
Net income (loss) on fixed assets .....	10	(34)	NM	NM
Net ordinary income (before tax) .....	263	215	(18.3%)	(19.8%)
Net income .....	224	125	(44.2%)	(46.8%)
Consolidated net income .....	206	145	(29.6%)	(35.8%)
Consolidated net income before goodwill amortisation .....	269	220	(18.2%)	(22.8%)

NM = Not Meaningful

## FRENCH RETAIL BANKING

### *Continued Strong Growth in Business and Results*

All the components of the French Retail Banking business performed well in the third quarter of 2002. Caisses Régionales and specialised subsidiaries all reported strong activity growth, with a steady improvement in key operating balances and stable risk-related costs. The net income of this business line, before goodwill amortisation, rose 36% compared with third-quarter 2001. Over nine months, its contribution to Crédit Agricole S.A.'s consolidated results rose sharply to 42% of net ordinary income.

**Customer deposits** rose 3.9% relative to third-quarter 2001, reaching €318.3 billion. Measured year-on-year, the increase is €12 billion. Compared with third-quarter 2001, very sharp increases were observed in home-purchase savings schemes (6.7%), passbook accounts (11%) and life insurance products (8.6%). Demand deposits continued to grow strongly, rising 6.5% to €55.2 billion at end-September. Mutual funds held up well despite the stock market crisis, with assets under management contracting by just 3.7%.

**Outstanding loans** with the Caisses Régionales and subsidiaries continued to expand strongly across all sectors, and particularly home loans. They reached €211 billion at the end of the third quarter compared with €200.9 billion at end-September, 2001. Sofinco reported substantial growth in outstanding loans (+20.9% year-on-year).

**The customer penetration rate** (i.e. the ratio of banking products to demand-deposit accounts) continued to rise. It reached 7.31 products per account at end-September, 2002 versus 7.23 at end-June, 2002.

**Risk-related costs** remain under control. In the Caisses Régionales, there was a very slight risk cost in third quarter 2002. Over 9 months, risk cost reached 28 basis points, against 29 basis points for the first nine months of 2001. At 30 September, non-performing loans accounted for 4.4% of outstanding loans, relative to 4.8% at 30 September, 2001. Coverage of non-performing loans rose to 67.4%, against 65.5% in third-quarter 2001.

The **cost-income ratio** of the Caisses Régionales continued to improve. It reached 64.7% at end-September, 2002 compared with 66.9% at end-September, 2001. Their net banking income rose 3.6% to €2.3 billion during the quarter. Operating expenses were subdued and risk-related costs plummeted 30.7% to €0.1 billion. The Caisses Régionales' contribution to Crédit Agricole S.A.'s consolidated results rose 42% during the quarter.

### Q3-2002 RESULTS: FRENCH RETAIL BANKING(\*\*)

<u>€ million</u>	<u>Q3-01</u> <u>pro forma</u>	<u>Q3-02</u>	<u>Change</u> <u>Q3-</u> <u>02/Q3-01</u>	<u>9M-02</u>	<u>Change</u> <u>9M-</u> <u>02/9M-01</u>
Net banking income .....	185	189	+2.2%	589	+6.9%
Operating expenses .....	(119)	(117)	(1.7%)	(349)	+4.5%
Gross operating income .....	66	72	+9.1%	240	+10.6%
Risk-related costs .....	(24)	(24)	=	(73)	=
Share of net income (losses) of equity affiliates .....	81	114	+40.7%	307	+36.4%
Net ordinary income (before tax) .....	123	162	+31.7%	474	+28.5%
Extraordinary items + tax + FGBR .....	(18)	(19)	+5.5%	(63)	+18.9%
Net income before goodwill amortisation(*) .....	105	143	+36.2%	411	+30.1%
Cost-income ratio .....	64.3%	61.9%	—	59.2%	—
Allocated capital .....	—	—	—	3,292	—
ROE .....	—	—	—	14.4%	—

(\*) Net income based on published shareholders' equity (i.e. excluding interest on surplus/deficit of allocated capital)

(\*\*) Includes the activities of Crédit Agricole S.A. subsidiaries offering banking products and services to individuals, professionals, small- and mid-sized business and local authorities in France (Sofinco in the area of consumer credit, Ucabail in leasing, and Transfact in factoring). The Caisses Régionales and their subsidiaries come under this division. They are 25%-owned by Crédit Agricole S.A. and are consolidated by the equity method.

#### ASSET MANAGEMENT, INSURANCE AND PRIVATE BANKING

##### *Business and results are strongly resilient, despite the crisis*

Business volumes were resilient despite the worsening stock market crisis, which prompted investors to seek less risky products. Total assets under management (AUM) grew 4.8% year-on-year to €230 billion (excluding double accounting).

**In asset management**, net inflows remained buoyant in the third quarter, at €1.8 billion. This partially offset the negative impact of market trends on AUM, which nevertheless grew 5.7% year-on-year. Asset management business continued to expand internationally and rationalise its activities.

**Private banking** was hit by the deepening stock market crisis. Net banking income declined 11.9% over nine months and 12.8% year-on-year. Operating expenses were down sharply, declining 7.9% year-on-year as a result of a cost-cutting plan.

**Life insurance** saw a sharp 4.5% year-on-year rise in new business. Compared with third-quarter 2001, funds under management were up 8.6% to €81.6 billion at end-September, 2002. Despite market conditions, net financial income over the first nine months remained stable, and Predica's financial reserves held steady at €3.2 billion. Furthermore, unrealised capital gains on managed assets grew €0.7 billion in the third quarter.

**Property/casualty insurance** reported further buoyant growth, with premium income rising across the entire product range. The book of business continued to expand, with some 100,000 new contracts signed in third-quarter 2002, and the claim/premium ratio remained low despite the costs engendered by flooding in southern France during the quarter.

**Q3-2002 RESULTS: ASSET MANAGEMENT, INSURANCE AND  
PRIVATE BANKING(\*\*)**

<u>€ million</u>	<u>Q3-01</u> <i>pro forma</i>	<u>Q3-02</u>	<u>Change</u> <u>Q3-02/Q3-01</u>	<u>9M-02</u>	<u>Change</u> <u>9M-02/9M-01</u>
Net banking income .....	343	397	+15.7%	1,138	+10.2%
Operating expenses .....	(183)	(208)	+13.7%	(621)	+14.6%
Gross operating income .....	160	189	+18.1%	517	+5.3%
Risk-related costs .....	16	5	(68.8%)	(20)	NM
Share of net income (losses) of equity affiliates ...	1	0	NM	2	=
Net ordinary income (before tax) .....	177	194	+9.6%	499	+0.8%
Extraordinary items + tax + FGBR .....	(72)	(76)	+5.6%	(155)	+17.4%
Net income before goodwill amortisation(*) .....	105	118	+12.4%	344	(5.2%)
Cost-income ratio .....	53.4%	52.4%	—	54.6%	—
Allocated capital .....	—	—	—	3,483	—
ROE .....	—	—	—	13.1%	—

NM = Not Meaningful

(\*) Net income based on published shareholders' equity (i.e. excluding interest on surplus/deficit of allocated capital)

(\*\*) Includes the asset management activities (mutual funds and managed accounts) carried out mainly by Crédit Agricole Asset Management, CPR AM and BFT, life insurance business (Predica), property/casualty insurance business (Pacifica), and private banking (mainly Crédit Agricole Indosuez subsidiaries: BGP Indosuez, CAI (Suisse) S.A., Crédit Foncier de Monaco, and CAI Luxembourg).

## CORPORATE AND INVESTMENT BANKING

### *Sound management of expenses and risks reins in the declining contribution*

The market-related and credit activities of the Corporate and Investment Banking business line were hit by the severe financial crisis. Revenues from capital markets and investment banking contracted during the third quarter, but financing business held steady. Risk-related costs continued to fall throughout the business line.

**The capital markets and investment banking line** was affected by deteriorating market conditions. Fixed-income activity saw a slight decline in the third quarter, owing to an unfavourable interest-rate environment. Equity business was hit as the crisis deepened, and the private equity arm reported no major deals in third-quarter 2002. The cost-cutting programme continued. Compared with the first nine months of 2001, costs were down 8.7% at end-September, 2002.

**Financing business** was resilient, with net banking income contracting by just 12.5% year-on-year at end-September, 2002. Operating expenses fell by a further 4.8% and risk-related costs remained in check, despite tougher conditions in the credit market.

## Q3-2002 RESULTS: CORPORATE AND INVESTMENT BANKING(\*\*)

<u>€ million</u>	<u>Q3-01</u> <u>pro forma</u>	<u>Q3-02</u>	<u>Change</u> <u>Q3-</u> <u>02/Q3-01</u>	<u>9M-02</u>	<u>Change</u> <u>9M-</u> <u>02/9M-01</u>
Net banking income .....	604	479	(20.7%)	1,801	(10.4%)
Operating expenses .....	(462)	(426)	(7.9%)	(1,367)	(7.5%)
Gross operating income .....	142	53	(62.7%)	434	(18.3%)
Risk-related costs .....	(2)	(38)	NM	(143)	53.8%
Share of net income (losses) of equity affiliates .....	12	15	+25.0%	40	(7.0%)
Net profit (loss) on fixed assets .....	—	16	NM	32	NM
Net ordinary income (before tax) .....	152	46	(69.7%)	363	(24.5%)
Extraordinary items + tax + FGBR .....	(93)	(18)	(80.6%)	(111)	(40.9%)
Net income before goodwill amortisation(*) .....	59	28	(52.5%)	252	(14.0%)
Cost-income ratio .....	76.5%	88.9%	—	75.9%	—
Allocated capital .....	—	—	—	4,937	—
ROE .....	—	—	—	7.5%	—

NM = Not Meaningful

(\*) Net income based on published shareholders' equity (i.e. excluding interest on surplus/deficit of allocated capital)

(\*\*) Comprises two activities: firstly, capital markets and investment banking, which includes primary and secondary equity business (CAI Cheuvreux), capital markets activities (debt/forex), work-out activities, financial services related to investment banking and the private equity activities of the UI group (UI, IDIA and Sofipar); and secondly, financing business, composed of asset financing, bank operations, and structured financing activities.

## INTERNATIONAL RETAIL BANKING

### *Impact of IntesaBci, growth at other European Subsidiaries*

The contribution from International Retail Banking for third-quarter 2002 comprises two elements: the impact of IntesaBci and the growth at other European subsidiaries. The disengagement from Banco Bisel did not affect the third-quarter financial statements. The contribution from other equity interests was small.

**Majority-controlled European subsidiaries**, especially Lukas, grew quickly. Other consumer credit operations also achieved excellent performances, and outstanding loans (including managed assets) rose 11.7% to €4.9 billion. This strong growth in the earnings contribution was helped by good management of expenses and risks.

**The contribution from IntesaBci** incorporates the effects of the strategic plan announced on 12 September, 2002. IntesaBci's recurring businesses fared well. The impact of setting aside provisions for a put option on Comit at market rates at end-September was limited by the realisation of capital gains on Carime and property holdings. Plans to partner Crédit Agricole S.A. in consumer credit and private banking were set in motion.

### Q3-2002 RESULTS: INTERNATIONAL RETAIL BANKING(\*\*)

<i>€ million</i>	<i>Q3-01 pro forma</i>	<i>Q3-02</i>	<i>Change</i>		<i>Change 9M- 02/9M- 01</i>
			<i>Q3- 02/Q3- 01</i>	<i>9M-02</i>	
Net banking income .....	273	118	(56.8%)	385	(41.8%)
Operating expenses .....	(157)	(92)	(41.4%)	(264)	(41.1%)
Gross operating income .....	116	26	(77.6%)	121	(43.2%)
Risk-related costs .....	(24)	(30)	+25.0	(111)	(11.2%)
Share of net income (losses) of equity affiliates .....	(39)	(17)	(56.4%)	(5)	NM
Net income (loss) on fixed assets .....	—	—	NM	(33)	NM
Net ordinary income (before tax) .....	53	(21)	NM	(28)	NM
Extraordinary items + tax + FGBR .....	(90)	(10)	NM	(57)	NM
Net income before goodwill amortisation(*) .....	(37)	(31)	(16.2%)	(85)	NM
Cost-income ratio .....	NM	78.0%	—	68.6%	—
Allocated capital .....	—	—	—	2,894	—
ROE .....	—	—	—	(3.5%)	—

NM = Not Meaningful

(\*) Net income based on published shareholders' equity (i.e. excluding interest on surplus/deficit of allocated capital)

(\*\*) Comprises the foreign subsidiaries (fully consolidated or equity accounted) with a core business in retail banking, chiefly in Italy (IntesaBci), Portugal (BES) and Poland (Lukas Group and EFL), the foreign subsidiaries of Sofinco and Ucabail, and the results of the non-consolidated banking interests of Crédit Agricole S.A. related to that business (Commercial Bank of Greece, etc.). As a result, the division records the direct and indirect impacts of the deconsolidation of Banco Bisel.

#### PROPRIETARY ASSET MANAGEMENT AND OTHER ACTIVITIES

Proprietary Asset Management and Other Activities made a negative contribution in the quarter, because of provisioning for equity portfolios. Comparisons with third-quarter 2001 must take account of €66 million of exceptional items related to preparations for the stock market flotation.

**In the third quarter**, the impact of the stock market crisis on equity portfolios amounted to €153 million. Of this, €118 million was charged to net banking income and €35 million to profits/losses on fixed assets. Because of the swinging correction in the markets and the extreme volatility during the quarter, a multi-criteria approach was used to assess the going value of securities in the portfolio, i.e. average 3-month price, discounted cash flows and 6-month price outlook. Provisions for held-for-sale securities and non-core holdings were based on spot prices.

**Aggregate results for the first nine months** show net income before goodwill amortisation of €14 million, down 79.4% year-on-year.

### Q3-2002 RESULTS: PROPRIETARY ASSET MANAGEMENT AND OTHER ACTIVITIES\*\*

<u>€ million</u>	<u>Q3-01</u> <u>pro forma</u>	<u>Q3-02</u>	<u>Change</u> <u>Q3-</u> <u>02/Q3-01</u>	<u>9M-02</u>	<u>Change</u> <u>9M-</u> <u>02/9M-01</u>
Net banking income .....	2	(37)	NM	114	(54.0%)
Operating expenses .....	(110)	(94)	(14.5%)	(315)	(5.4%)
Gross operating income .....	(108)	(131)	+21.3%	(201)	+136.5%
Risk-related costs .....	(95)	39	NM	184	NM
Share of net income (losses) of equity affiliates .....	(49)	(24)	(51.0%)	(46)	NM
Net income (loss) on fixed assets .....	10	(50)	NM	(129)	NM
Net ordinary income (before tax) .....	(242)	(166)	(31.4%)	(192)	NM
Extraordinary items + tax + FGBR .....	297	108	NM	206	NM
Net income before goodwill amortisation(*) .....	55	(58)	NM	14	(79.4%)
Allocated capital .....	—	—	—	922	—

NM = Not Meaningful

(\*) Net income based on published shareholders' equity (i.e. excluding interest on surplus/deficit of allocated capital)

\*\* Consists principally of the activities of the central body of Crédit Agricole S.A. and asset-liability management (notably Crédit Agricole S.A.'s maturity transformation margin). It also includes the results of the miscellaneous activities of Crédit Agricole S.A. Group companies (Uni-Editions, property management companies responsible for buildings used by several units), as well as the dividends and other income and expenses arising from Crédit Agricole S.A.'s equity holdings (particularly in Crédit Lyonnais) and other unconsolidated securities (excluding foreign retail banking). The net results of long-term financial investments are assigned to this item unless they can be unambiguously allocated to another business line (net allowances and capital gains/losses on the sale of equity holdings), as are general and flat-rate provisions that are not assigned to a business unit's specific activity.

#### CRÉDIT AGRICOLE GROUP AT 30 SEPTEMBER, 2002

Consolidated shareholders' equity rose 3.9% relative to 31 December, 2001, reaching €29.5 billion. The Crédit Agricole Group's total capital funds, including the Fund for General Banking Risks and subordinated debt, now amount to €43.5 billion, up 6.4% on 31 December, 2001.

The International Solvency Ratio of the Crédit Agricole Group is 12.4%, of which 11.1% is Tier 1 capital.

## CRÉDIT AGRICOLE GROUP: CONSOLIDATED

### INCOME STATEMENT

<u>€ million</u>	<u>9M-01</u>	<u>9M-02</u>	<u>Changes</u>	<u>ex Bisel</u>
Net banking income .....	11,739	11,509	(2.0%)	+1.8%
Operating expenses .....	(7,827)	(7,788)	(0.5%)	+3.6%
Gross operating income .....	3,912	3,721	(4.9%)	(1.7%)
Risk-related costs .....	(289)	(626)	NM	NM
Share of net income (losses) of equity affiliates .....	187	(9)	NM	NM
Net income (loss) on fixed assets .....	48	(121)	NM	NM
Net ordinary income (before tax) .....	3,858	2,965	(23.1%)	(21.8%)
Extraordinary items .....	(727)	(198)	NM	NM
Tax .....	(1,257)	(917)	(27.0%)	(26.0%)
Goodwill amortisation .....	(188)	(236)	+25.5%	+33.3%
FGBR .....	(509)	(52)	NM	NM
Net income .....	1,177	1,562	+32.7%	+36.1%
Consolidated net income .....	1,147	1,573	+37.1%	+42.9%
Net income before goodwill amortisation .....	1,335	1,809	+35.5%	+41.6%

NM = Not Meaningful

#### **F. PPR AND CRÉDIT AGRICOLE S.A. CONFIRM HOLDING EXCLUSIVE DISCUSSIONS REGARDING THE SALE OF FINAREF.**

*On 30 October, 2002, Crédit Agricole S.A. published the following press release relating to Finaref. A definitive agreement for the transaction was signed on 20 December, 2002.*

The PPR Group confirms holding exclusive discussions with Crédit Agricole S.A. regarding the sale of its Credit and Financial Services activity. The scope of the sale would cover all of Finaref's activities excluding Facet, the sale of which is the subject of discussions that had already been announced on 25 October last. The total amount of this transaction would exceed euro 2.5 billion, or 18 times the average of the estimated net income of those activities over the 2002-2003 period.

The sale would be completed in two stages: 61% in January, 2003 and 29% in January, 2004. The remaining 10% interest in Finaref that the PPR Group would maintain, would underscore the will of the two groups to reinforce the long-term relationship between Finaref/Crédit Agricole on the one hand, and PPR's retail companies on the other hand, which mirrors the transaction under consideration regarding Facet. Pursuant to these agreements, PPR's retail companies would retain full control over the customer relationship, of their client databases and of their marketing policies.

For PPR, the valuation of all the divested activities, including the exceptional dividends received by the Group in relation to the Facet and Finaref transactions, would exceed euro 3.6 billion. This would enable the substantial reinforcement of the Group's financial structure.

For Crédit Agricole S.A., this acquisition would significantly strengthen the Group's position in the consumer credit industry, a business in which Crédit Agricole has become one of Europe's leaders in only ten years. Already today, with Sofinco, Crédit Agricole is among the top players in consumer credit in Europe. The integration of Finaref, which has outstanding loans of euro 4.3 billion and a portfolio of 6.5 million private cardholders, would be accompanied by long-term agreements with the large retail formats of the PPR Group such as La Redoute, Fnac, Printemps and Ellos in Scandinavia. It would therefore constitute a major strategic opportunity for Crédit Agricole.

Serge Weinberg, Chairman of the Pinault-Printemps-Redoute Management Board, stated “this transaction is a further illustration of the quality of our assets. It also reflects the superb work achieved by Finaref’s teams. Thanks to their know-how, Finaref has become the leader of private cards in France. Through this agreement, Finaref will become a full subsidiary of Crédit Agricole Group and will therefore be backed by a first-rank banking partner which will provide Finaref with the means to pursue its growth and enable its employees to benefit from new development prospects. Thanks to this sale, the Group confirms its capacity to lead its development on a solid financial basis.”

Jean Laurent, Chief Executive Officer of Crédit Agricole S.A. also commented: “The Finaref acquisition is a major transaction which reflects the strategic will of Crédit Agricole to strengthen its leadership in retail banking in France, all the while continuing the development of its European dimension. The French Retail Banking activity already accounts for 35% of the ordinary income of Crédit Agricole S.A. and the acquisition of Finaref will further strengthen the basis of our activities with recurring revenues.”

The transaction is subject to the approval of the regulatory authorities.

## **G. WITHDRAWAL FROM ARGENTINA**

In Argentina, Crédit Agricole S.A. was exposed, through Groupe Bisel, to the continued deterioration of market conditions, which was compounded in the beginning of 2002 by a liquidity crisis and an increase in counterparty risk without precedent.

In this context, and following decisions of Argentine authorities, Crédit Agricole S.A. decided to stop its banking activities in Argentina. As a result of this decision, the activities of the Groupe BISEL were transferred to new entities controlled by the state-owned *Banco de la Nacion Argentina*. The Argentine Central Bank suspended the licenses of the three former banks, Bisel, Bersa and Suquia in May, 2002 and subsequently revoked them on 16 September, 2002. The Crédit Agricole Group’s approach consisted of an orderly withdrawal in cooperation with the Argentine Central Bank, in order foremost to protect the interests of employees and depositors, who had, in conformity with Argentine regulations, been transferred to *Banco Nacion* at the same time as most of the assets of the banks concerned.

**CONSOLIDATED FINANCIAL STATEMENTS OF THE CREDIT AGRICOLE GROUP**  
**CREDIT AGRICOLE GROUP CONSOLIDATED BALANCE SHEET**  
as at 31 December, 2000 and 2001  
(in millions of euro)

<i>ASSETS</i>	<u>2000</u>	<u>2001</u>
<b>Interbank and Similar</b> .....	<b>100,330</b>	<b>95,876</b>
Cash, due from Central bank and French postal system .....	5,375	6,505
Public notes and similar items .....	29,121	25,769
Due from banks .....	65,834	63,602
<b>Loans and advances</b> .....	<b>247,721</b>	<b>262,403</b>
<b>Lease financing and similar</b> .....	<b>6,051</b>	<b>6,654</b>
<b>Securities</b> .....	<b>62,606</b>	<b>69,366</b>
Bonds and other fixed-income securities .....	32,631	40,043
Shares and other variable securities .....	29,975	29,323
<b>Investments by insurance companies</b> .....	<b>72,130</b>	<b>79,692</b>
<b>Share of reinsurance companies in technical reserves</b> .....	<b>99</b>	<b>131</b>
<b>Investment, Bank Premises and Equipment</b> .....	<b>12,594</b>	<b>13,300</b>
Investments, including investments in unconsolidated subsidiaries and shares in associated companies .....	4,787	4,374
Investments and shares in associated companies accounted for by the equity method .....	3,131	4,174
Intangible assets, bank premises and equipment .....	4,676	4,752
<b>Goodwill</b> .....	<b>1,383</b>	<b>1,810</b>
<b>Sundry and Miscellaneous Accounts</b> .....	<b>32,747</b>	<b>34,057</b>
Other assets .....	19,881	18,664
Other insurance assets .....	339	496
Sundry accounts and prepaid expenses .....	12,527	14,897
<b>Total assets</b> .....	<b><u>535,661</u></b>	<b><u>563,289</u></b>

*LIABILITIES AND EQUITY*

	<u>2000</u>	<u>2001</u>
<b>Interbank and Similar</b> .....	<b>73,409</b>	<b>70,307</b>
Cash, due to Central bank and French postal system .....	18	23
Due to banks .....	<u>73,391</u>	<u>70,284</u>
<b>Customer Credit Accounts</b> .....	<b>250,099</b>	<b>266,674</b>
Special savings accounts .....	137,677	139,198
Other accounts .....	<u>112,422</u>	<u>127,476</u>
<b>Debt Represented by a Security</b> .....	<b>61,755</b>	<b>64,031</b>
<b>Technical reserves of insurance companies</b> .....	<b>70,845</b>	<b>78,019</b>
<b>Sundry and Miscellaneous Accounts</b> .....	<b>39,161</b>	<b>37,852</b>
Other liabilities .....	25,793	23,449
Other insurance liabilities .....	297	363
Sundry accounts and unearned accounts .....	<u>13,071</u>	<u>14,040</u>
<b>Reserves and Subordinated Debt</b> .....	<b>11,467</b>	<b>13,234</b>
Contingency reserves .....	4,864	4,836
Mutual guarantee deposits .....	12	3
Subordinated debt .....	<u>6,591</u>	<u>8,395</u>
<b>Fund for General Banking Risks</b> .....	<b>2,239</b>	<b>4,128</b>
<b>Minority interests</b> .....	<b>894</b>	<b>656</b>
<b>Stockholders' Equity (excluding Fund for General Banking Risks)</b> .....	<b>25,792</b>	<b>28,388</b>
Subscribed capital .....	3,923	4,484
Additional paid-in capital .....	2,423	4,356
Subsidies to grant .....	84	113
Consolidated retained earnings, revaluation margin currency translation adjustments, equity method margins .....	16,600	18,277
Net income for the year .....	<u>2,762</u>	<u>1,158</u>
<b>Total Liabilities and Stockholders' Equity</b> .....	<b><u>535,661</u></b>	<b><u>563,289</u></b>

**CREDIT AGRICOLE GROUP OFF-BALANCE SHEET COMMITMENTS**  
as at 31 December, 2000 and 2001  
(in millions of euro)

	<u>2000</u>	<u>2001</u>
<b>Commitments Given</b> .....	<b>103,130</b>	<b>101,973</b>
<b>Financing Commitments</b> .....	<b>64,807</b>	<b>67,290</b>
Commitments in favour of credit institutions .....	2,406	3,033
Commitments in favour of customers .....	62,401	64,257
<b>Guarantee Commitments</b> .....	<b>33,105</b>	<b>31,405</b>
Commitments in favour of credit institutions .....	10,413	8,121
Commitments in favour of customers .....	22,692	23,284
<b>Commitments Given by Insurance Companies</b> .....	<b>1,042</b>	<b>857</b>
<b>Commitments on Securities</b> .....	<b>4,176</b>	<b>2,421</b>
Securities acquired with option of purchase or redemption .....	7	6
Other commitments given .....	4,169	2,415
<b>Commitments Received</b> .....	<b>45,425</b>	<b>45,200</b>
<b>Financing Commitments</b> .....	<b>3,000</b>	<b>1,774</b>
Commitments received from credit institutions .....	3,000	1,277
Commitments received from customers .....	—	497
<b>Guarantee Commitments</b> .....	<b>27,565</b>	<b>30,447</b>
Commitments received from credit institutions .....	3,347	4,009
Commitments received from customers .....	24,218	26,438
<b>Commitments Received from Insurance Companies</b> .....	<b>9,332</b>	<b>9,407</b>
<b>Commitments on Securities</b> .....	<b>5,528</b>	<b>3,572</b>
Securities sold with option of purchase or redemption .....	8	73
Other commitments received .....	5,520	3,499

**CREDIT AGRICOLE GROUP CONSOLIDATED STATEMENTS OF INCOME**  
**for the years ended 31 December, 2000 and 2001**  
(in millions of euro)

	<i>2000</i>	<i>Restated 2000</i>	<i>2001</i>
<b>Net interest income and similar</b> .....	<b>6,251</b>	<b>6,031</b>	<b>6,701</b>
<b>Net commission income</b> .....	<b>4,070</b>	<b>4,070</b>	<b>4,081</b>
<b>Net income from variable-yield securities</b> .....	<b>3,719</b>	<b>3,719</b>	<b>3,413</b>
<b>Other net operating income</b> .....	<b>755</b>	<b>728</b>	<b>527</b>
<b>Gross income from insurance activities</b> .....	<b>865</b>	<b>865</b>	<b>1,501</b>
<b>Net income from other activities</b> .....	<b>26</b>	<b>26</b>	<b>36</b>
<b>Net interest and commission income</b> .....	<b>15,686</b>	<b>15,439</b>	<b>16,259</b>
<b>General Operating Expenses and Depreciation</b> .....	<b>(10,071)</b>	<b>(10,044)</b>	<b>(10,701)</b>
Personnel Expenses .....	(5,673)	(5,673)	(5,896)
General Operating Expenses .....	(3,701)	(3,674)	(4,026)
Depreciation .....	(697)	(697)	(779)
<b>Gross operating income</b> .....	<b>5,615</b>	<b>5,395</b>	<b>5,558</b>
<b>Risk related costs</b> .....	<b>(1,080)</b>	<b>(860)</b>	<b>(1,353)</b>
<b>Net income (loss) on fixed assets</b> .....	<b>322</b>	<b>322</b>	<b>122</b>
<b>Net allocation to the Fund for general banking risks</b> .....	<b>(371)</b>	<b>(371)</b>	<b>(1,615)</b>
<b>Net extraordinary items</b> .....	<b>(622)</b>	<b>(622)</b>	<b>(116)</b>
<b>Tax expense</b> .....	<b>(1,005)</b>	<b>(1,005)</b>	<b>(1,330)</b>
<b>Share in net income of companies accounted for by the equity method</b> .....	<b>153</b>	<b>153</b>	<b>283</b>
<b>Amortisation of goodwill</b> .....	<b>(212)</b>	<b>(212)</b>	<b>(302)</b>
<b>Net Income before minority interests</b> .....	<b>2,800</b>	<b>2,800</b>	<b>1,247</b>
Consolidated Net Income .....	2,762	2,762	1,158
Minority Interests .....	38	38	89

**CONSOLIDATED BALANCE SHEET OF CREDIT AGRICOLE S.A. AND ITS SUBSIDIARIES**  
**as at 31 December, 2000 and 2001**  
**(in millions of euro)**

<i>ASSETS</i>	<u>2000</u>	<u>2001</u>
<b>Interbank and Similar</b> .....	<b>99,511</b>	<b>92,874</b>
Cash, due from Central bank and French postal system .....	2,987	3,660
Public notes and similar items .....	28,428	25,121
Due from banks .....	68,096	64,093
<b>Credit Agricole Internal Transactions</b> .....	<b>146,973</b>	<b>141,630</b>
<b>Loans and advances</b> .....	<b>63,208</b>	<b>69,765</b>
<b>Lease financing and similar</b> .....	<b>5,929</b>	<b>6,485</b>
<b>Securities</b> .....	<b>54,259</b>	<b>58,629</b>
Bonds and other fixed-income securities .....	29,327	36,349
Shares and other variable securities .....	24,932	22,280
<b>Investments by insurance companies</b> .....	<b>71,671</b>	<b>79,390</b>
<b>Share of reinsurance companies in technical reserves</b> .....	<b>55</b>	<b>101</b>
<b>Investment, Bank Premises and Equipment</b> .....	<b>8,983</b>	<b>16,102</b>
Investments, including investments in unconsolidated subsidiaries and shares in associated companies .....	4,059	3,592
Investments and shares in associated companies accounted for by the equity method .....	3,250	10,823
Intangible assets, bank premises and equipment .....	1,674	1,687
<b>Goodwill</b> .....	<b>1,305</b>	<b>1,895</b>
<b>Sundry and Miscellaneous Accounts</b> .....	<b>28,599</b>	<b>28,196</b>
Other assets .....	18,083	16,755
Other insurance assets .....	314	532
Sundry accounts and prepaid expenses .....	10,202	10,909
<b>Total assets</b> .....	<b><u>480,493</u></b>	<b><u>495,067</u></b>

*LIABILITIES AND EQUITY*

	<u>2000</u>	<u>2001</u>
<b>Interbank and Similar</b> .....	<b>73,228</b>	<b>70,305</b>
Cash, due to Central bank and French postal system .....	13	21
Due to banks .....	73,215	70,284
<b>Crédit Agricole Internal Transactions</b> .....	<b>27,050</b>	<b>24,053</b>
<b>Customer Credit Accounts</b> .....	<b>191,536</b>	<b>200,681</b>
Special savings accounts .....	136,886	138,221
Other accounts .....	54,650	62,460
<b>Debt Represented by a Security</b> .....	<b>55,642</b>	<b>57,562</b>
<b>Technical reserves of insurance companies</b> .....	<b>70,386</b>	<b>77,687</b>
<b>Sundry and Miscellaneous Accounts</b> .....	<b>36,100</b>	<b>34,542</b>
Other liabilities .....	24,191	21,508
Other insurance liabilities .....	285	377
Sundry accounts and unearned accounts .....	11,624	12,657
<b>Reserves and Subordinated Debt</b> .....	<b>9,023</b>	<b>12,837</b>
Contingency reserves .....	2,824	3,263
Subordinated debt .....	6,199	9,574
<b>Fund for General Banking Risks</b> .....	<b>2,583</b>	<b>1,716</b>
<b>Minority interests</b> .....	<b>3,200</b>	<b>690</b>
<b>Stockholders' Equity (excluding Fund for General Banking Risks)</b> .....	<b>11,745</b>	<b>14,994</b>
Subscribed capital .....	2,241	2,911
Subsidies to grant .....	84	6,516
Additional paid-in capital .....	4,296	112
Consolidated retained earnings, revaluation margin currency translation adjustments, equity method margins .....	4,152	4,388
Net income for the year .....	972	1,067
<b>Total liabilities and Stockholders' Equity</b> .....	<b>480,493</b>	<b>495,067</b>

**CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS OF CRÉDIT AGRICOLE S.A.  
AND ITS SUBSIDIARIES**  
as at 31 December, 2000 and 2001  
(in millions of euro)

	<u>2000</u>	<u>2001</u>
<b>Commitments Given</b> .....	<b>75,107</b>	<b>71,326</b>
<b>Financing Commitments</b> .....	<b>38,592</b>	<b>38,976</b>
Commitments in favour of credit institutions .....	2,338	2,876
Commitments in favour of Crédit Agricole .....	1,740	1,337
Commitments in favour of customers .....	34,514	34,763
<b>Guarantee Commitments</b> .....	<b>31,317</b>	<b>29,097</b>
Commitments in favour of credit institutions .....	10,402	8,079
Commitments in favour of Crédit Agricole .....	2,702	27
Commitments in favour of customers .....	18,213	20,991
<b>Commitments Given by Insurance Companies</b> .....	<b>1,021</b>	<b>832</b>
<b>Commitments on Securities</b> .....	<b>4,177</b>	<b>2,421</b>
Securities acquired with option of purchase or redemption .....	7	6
Other commitments given .....	4,170	2,415
<b>Commitments Received</b> .....	<b>35,536</b>	<b>35,114</b>
<b>Financing Commitments</b> .....	<b>4,435</b>	<b>4,682</b>
Commitments received from credit institutions .....	1,789	1,160
Commitments received from Crédit Agricole .....	2,646	3,025
Commitments received from customers .....		497
<b>Guarantee Commitments</b> .....	<b>16,264</b>	<b>17,561</b>
Commitments received from credit institutions .....	2,627	2,849
Commitments received from Crédit Agricole .....	8	7
Commitments received from customers .....	13,629	14,705
<b>Commitments Received from Insurance Companies</b> .....	<b>9,311</b>	<b>9,385</b>
<b>Commitments on Securities</b> .....	<b>5,526</b>	<b>3,486</b>
Securities sold with option of purchase or redemption .....	7	
Other commitments received .....	5,519	3,486

**CONSOLIDATED STATEMENTS OF INCOME OF CRÉDIT AGRICOLE S.A. AND ITS  
SUBSIDIARIES**  
for the years ended 31 December, 2000 and 2001  
(in millions of euro)

	<u>2000</u>	<i>Restated</i> <u>2000</u>	<u>2001</u>
<b>Net interest income and similar</b> .....	<b>1,234</b>	<b>1,130</b>	<b>1,540</b>
<b>Net commission income</b> .....	<b>461</b>	<b>461</b>	<b>396</b>
<b>Net income from variable-yield securities</b> .....	<b>3,417</b>	<b>3,417</b>	<b>3,256</b>
<b>Other net operating income</b> .....	<b>394</b>	<b>372</b>	<b>204</b>
<b>Gross income from insurance activities</b> .....	<b>641</b>	<b>641</b>	<b>1,195</b>
<b>Net income from other activities</b> .....	<b>2</b>	<b>2</b>	<b>7</b>
<b>Net interest and commission income</b> .....	<b>6,149</b>	<b>6,023</b>	<b>6,598</b>
<b>General Operating Expenses and depreciation</b> .....	<b>(3,904)</b>	<b>(3,882)</b>	<b>(4,350)</b>
Personnel Expenses .....	(2,124)	(2,124)	(2,278)
General Operating Expenses .....	(1,535)	(1,513)	(1,764)
Depreciation .....	(245)	(245)	(308)
<b>Gross operating income</b> .....	<b>2,245</b>	<b>2,141</b>	<b>2,248</b>
<b>Risk-related costs</b> .....	<b>(781)</b>	<b>(677)</b>	<b>(366)</b>
<b>Net income (loss) on fixed assets</b> .....	<b>313</b>	<b>313</b>	<b>34</b>
<b>Net allocation to the Fund for General Banking Risks</b> .....	<b>(143)</b>	<b>(143)</b>	<b>(44)</b>
<b>Net extraordinary items</b> .....	<b>(221)</b>	<b>(221)</b>	<b>333</b>
<b>Tax expense</b> .....	<b>(62)</b>	<b>(62)</b>	<b>(861)</b>
<b>Share in net income of companies accounted for by the equity method</b> .....	<b>156</b>	<b>156</b>	<b>305</b>
<b>Amortisation of goodwill</b> .....	<b>(201)</b>	<b>(201)</b>	<b>(296)</b>
<b>Net Income Before Minority Interests</b> .....	<b>1,306</b>	<b>1,306</b>	<b>1,353</b>
Consolidated Net Income .....	972	972	1,067
Minority Interests .....	334	334	286

**PROFORMA CONSOLIDATED STATEMENTS OF INCOME OF THE  
CREDIT AGRICOLE S.A. GROUP**  
as at 31 December, 2000 and 2001  
(in millions of euro)

	<u>2000</u>	<u>2001</u>
Net interest income and similar .....	—	—
Interest receivable and similar .....	22,362	24,152
Interest payable and similar .....	(21,762)	(23,110)
Revenues from variable-income securities .....	210	215
Net commission and fee income .....	383	396
Net income from trading activities .....	2,161	2,444
Net income from securities held for sale .....	1,263	812
Other net banking income .....	372	203
Gross margin on insurance activities .....	733	1,196
Net income from other activities .....	2	6
Net banking income .....	5,724	6,314
Operating Expenses .....	(3,654)	(4,042)
Personnel Costs .....	(2,136)	(2,278)
Other Operating Expenses .....	(1,518)	(1,764)
Depreciation and amortisation .....	(243)	(309)
Gross operating income .....	1,827	1,963
Risk related costs .....	(692)	(371)
Net operating income .....	1,135	1,592
Net income on fixed assets .....	309	31
Share of net income of equity affiliates .....	503	704
Net ordinary income (before tax) .....	1,947	2,327
Net extraordinary items .....	(219)	333
Corporate income tax .....	52	(761)
Amortisation of goodwill .....	(205)	(297)
Net allocation to the Fund for general banking risks .....	(143)	(44)
Net income before minority interests .....	1,432	1,558
Minority Interests .....	41	90
Consolidated Net Income .....	1,391	1,468

## MANAGEMENT OF THE BANK

Under Crédit Agricole S.A.'s By-Laws, the management of Crédit Agricole S.A. is vested in a Board of Directors, which has delegated part of its responsibilities to a *Directeur Général* (Chief Executive Officer). The Board of Directors of Crédit Agricole S.A. consists of fifteen members, twelve of whom are elected by the shareholders in accordance with the terms of Crédit Agricole S.A.'s By-Laws, one of whom is a representative of the agricultural trade associations, and two of whom are elected by and from the personnel of Crédit Agricole S.A.

The present members of the Board of Directors are: Messrs. René Carron (Chairman); Pierre Bastide (Vice-Chairman); François Béraudo; Pierre Bru; Yves Couturier; Xavier Fontanet; Carole Giraud Vallentin; Roger Gobin; Pierre Kerfriden; Jean Le Brun; Bernard Mary; Gérard Mestrallet; Henri Moulard; Jean-Pierre Pargade; Corrado Passera; Jean-Claude Pichon; Jean-Marie Sander; Jean-Michel Lemetayer (elected by agricultural trade associations); Henri Corbel and Mrs. Jacqueline Beaupoil (both elected by Crédit Agricole S.A. personnel).

The *Directeur Général* is Mr. Jean Laurent.

## DESCRIPTION OF THE SUPPORT AGREEMENT

At or prior to the issuance of the Trust Preferred Securities and the Company Preferred Securities, the Bank (acting directly and through the Branch) and the Company will execute the Support Agreement, a copy of which will be provided to prospective investors in the Trust Preferred Securities upon request to the Bank. The following is a concise summary of the material provisions of the Support Agreement and is qualified in its entirety by reference to the terms and provisions of the Support Agreement.

### Support of Dividends and Redemption Payments

Under the Support Agreement, the Bank (acting directly and through the Branch) will agree that it will contribute (or cause to be contributed) to the Company such additional funds as are necessary (after payment of all Company expenses and taxes) to enable the Company (i) to pay any dividends on the Company Preferred Securities that are due and payable on any Mandatory Dividend Payment Date and take such steps as are necessary to procure payment by the Company to the holders of the Company Preferred Securities of dividends that are due and payable on any Mandatory Dividend Payment Date and (ii) to pay the redemption price on the Company Preferred Securities on the redemption date specified in a properly given notice of redemption (in each case including any Additional Amounts that are required to be paid as discussed under “Description of the Company Preferred Securities—Dividends—Additional Amounts”) and (iii) to pay the Company’s expenses and taxes.

See “Description of the Company Preferred Securities—Dividends—Mandatory Dividends” describing circumstances where dividends are mandatorily due and payable.

### Claim in Liquidation of the Bank

The Bank will agree in the Support Agreement that if the Company is liquidated, whether voluntarily or involuntarily and whether in connection with the bankruptcy or insolvency of the Company or otherwise, the Bank (acting directly and through the Branch) will contribute (or cause to be contributed) to the Company such additional funds as are necessary to enable the Company to pay for each \$1,000 of the liquidation preference of the Company Preferred Securities then outstanding an amount (the “Liquidation Claim Amount”) equal to (i) \$1,000, *plus* (ii) unpaid dividends, if any, thereon with respect to the current Dividend Period accrued on a daily basis to the date of liquidation, plus (iii) unpaid Definitive Dividends for any prior Dividend Period, but without interest and without accumulation of unpaid Nondefinitive Dividends for any prior Dividend Period, and including any Additional Amounts required to be paid.

As a consequence of the foregoing and the subordination of the Bank’s payment obligations under the Support Agreement, as described below, in a liquidation of the Company, holders of Company Preferred Securities may not receive the full Liquidation Claim Amount of the Company Preferred Securities, and holders of the Trust Preferred Securities may not receive the full liquidation amount and accrued dividends of the Trust Preferred Securities. See “Certain Investment Considerations—Liquidation of the Bank”.

### Subordination of Bank’s Payment Obligations

The Bank’s obligations under the Support Agreement will be effectively subordinated to all Senior Indebtedness of the Bank and will rank before the claims of holders of Bank Ordinary Shares and claims in respect of other Tier 1 capital instruments that are to be reimbursed simultaneously with Bank Ordinary Shares. Such subordination will be implemented through the inclusion of provisions in the Support Agreement under which the Company will agree not to receive amounts in respect of its claims under the Support Agreement following the entry of a judgment initiating bankruptcy proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*) in respect of the Bank under French law, until there has been a determination by the liquidator, in consultation with the *Secrétariat Général de la Commission bancaire*, that all claims of creditors under Senior Indebtedness of the Bank have been or will be paid. According to French bankruptcy law, in case of *redressement judiciaire* and/or in case of *liquidation judiciaire*, it would be necessary for the Company (either itself or by a duly authorised agent) to file a proof of claim against the Bank.

As used herein, “*Senior Indebtedness of the Bank*” means all deposits and other liabilities of the Bank (including those in respect of bonds, notes and debentures, whether senior or subordinated, instruments constituting “Tier 2” capital of the Bank on a consolidated basis under Applicable Banking Regulations and *prêts participatifs* or *titres participatifs*), other than (i) liabilities of the Bank under the Support Agreement, and (ii) claims of creditors of the Bank which are subordinated so as to rank *pari passu* with or junior to the claim of the Company in respect of the Support Agreement.

Although the Company considers it unlikely, it is nonetheless possible that the shareholders of the Bank, creditors or other persons might try to challenge under French law the obligations of the Bank to the Company under the Support Agreement, on the ground that (A) the obligation of the Bank to make (or cause to be made) payments to the Company in respect of mandatory dividends impermissibly burdens the statutory right of the shareholders of the Bank to determine dividends, or (B) the combined effect of the obligations of the Bank and the limited waiver referred to above effectively creates a claim in the liquidation of the Bank that is subordinated to certain subordinated debt instruments of the Bank, and that such subordination contravenes the statutorily mandated junior ranking of such debt instruments. Although there is no legal precedent on these issues, the Company believes that any such challenge, if made, is unlikely to be successful.

### **Enforcement and Third Party Beneficiaries**

The Support Agreement will be enforced by the Company at the direction of a majority of the Independent Directors (or of the Independent Director if there is only one Independent Director). Notwithstanding the foregoing, holders of the Company Preferred Securities and the Trust Preferred Securities will be third party beneficiaries of the Support Agreement, with the holders of a majority (by liquidation preference) of the Company Preferred Securities (or the Trust Preferred Securities that represent such Company Preferred Securities) having the right to bring suit and take other action at their discretion to enforce the Support Agreement without the need for any other action of any person, including the Trustee or the Independent Directors.

### **Other Provisions**

The Bank will make the following additional covenants in the Support Agreement in favour of the Company: (i) if the Company or the Trust becomes obligated to pay Additional Amounts, the Bank (acting directly and through the Branch) will from time to time (x) contribute (or cause to be contributed) such additional capital to the Company as shall be necessary (after payment of all Company expenses and taxes) in order to ensure that the Company has sufficient funds available to it to pay such Additional Amounts and (y) take such action as shall be necessary to cause the Company to comply with its obligation to pay such Additional Amounts; (ii) for so long as any of the Company Preferred Securities are outstanding, the Bank will not issue any preferred or preference shares (or other similar equity instruments) that qualify as Tier 1 capital ranking senior to its obligations under the Support Agreement or give any guarantee or support undertaking in respect of any preferred securities or preferred or preference shares that qualify as Tier 1 capital issued by any of its subsidiaries, if such guarantee or support undertaking would rank senior to the Support Agreement; for the avoidance of doubt, the Bank's obligations under French banking law as shareholder of reference of another French bank do not constitute "guarantees" for this purpose; (iii) 100% of the Company Common Securities and the Voting Preferred Securities will be held by the Branch, the Bank or by one or more of its subsidiaries which are deemed to be a "company controlled by the parent company" under Rule 3a-5, as amended, of the 1940 Act; (iv) the Bank will not permit, or take any action to cause, the liquidation, dissolution, winding up or termination of the Company, unless the Bank is itself in liquidation; and (v) the Bank will not assign its obligations under the Support Agreement, except in the case of a merger, consolidation or sale of substantially all of its assets, where the Bank is not the surviving entity and the surviving entity assumes all of the Bank's obligations under the Support Agreement.

### **Governing Law**

The Support Agreement will be governed by and construed in accordance with the laws of the State of New York.

## DESCRIPTION OF THE TRUST PREFERRED SECURITIES

The following is a summary of certain provisions of the Trust Preferred Securities and the Trust Agreement and is qualified in its entirety by reference to the terms and provisions of the Trust Agreement. A copy of the Trust Agreement is available to prospective investors upon request to the Bank.

### General

The Trust Preferred Securities will be issued by the Trust pursuant to the Trust Agreement. The Trust Preferred Securities are perpetual securities. The aggregate liquidation amount of Trust Preferred Securities is equal to the aggregate liquidation preference of the underlying Company Preferred Securities. Each Trust Preferred Security represents a corresponding amount of Company Preferred Securities. The Trust is a statutory business trust created under the Delaware Business Trust Act. The Trustee will hold the Company Preferred Securities deposited in the Trust for the benefit of the holders of the Trust Preferred Securities. The Trust Agreement provides that, to the fullest extent permitted by law, without the need for any other action of any person, including the Trustee or the Independent Directors, or any other holder of Trust Preferred Securities, each holder of Trust Preferred Securities shall be entitled to enforce in the name of the Trust, the Trust's rights under the corresponding amount of Company Preferred Securities represented by the Trust Preferred Securities held by such holder. Trust Preferred Securities may be exchanged for the underlying Company Preferred Securities at the option of holders as described under “—Withdrawal of Company Preferred Securities”. The funds of the Trust available for distribution to the holders of the Trust Preferred Securities will be limited solely to payments received by the Trust from the Company as dividends or redemption payments on the Company Preferred Securities, which payments will be passed through upon receipt by the Trust to the holders of the Trust Preferred Securities. *Consequently, if the Company does not pay any dividend or redemption payment on the Company Preferred Securities, the Trust will not have sufficient funds to make the related distribution or redemption payment on the Trust Preferred Securities.*

Application has been made to list the Trust Preferred Securities on the Luxembourg Stock Exchange.

### Distributions

Dividends on the Company Preferred Securities received by the Trust will be passed through by the Trust as distributions on the Trust Preferred Securities. See “Description of the Company Preferred Securities—Dividends”. Accordingly, when, as and if dividends are paid on the Company Preferred Securities, distributions on the Trust Preferred Securities will be payable on a noncumulative basis, quarterly in arrear on 30 January, 30 April, 30 July and 30 October of each year at a fixed rate per annum on the liquidation preference equal to 7.0%, commencing 30 April, 2003 (calculated on a 30/360 Basis). If the date on which distributions are made on the Trust Preferred Securities is not a business day, distributions will be payable on the next business day, without any additional interest or other payment in respect of such delay.

If (and to the extent) the Trust receives any payments representing a periodic dividend payment or a redemption payment on the Company Preferred Securities, the Trust will distribute such amounts to the holders of the Trust Preferred Securities in proportion to their liquidation amounts (subject to the provisions described below under “—Redemption of Trust Preferred Securities” in the case of a partial redemption of Company Preferred Securities and Trust Preferred Securities). Each periodic distribution on the Trust Preferred Securities will be payable to the holders of record as they appear on the securities register of the Trust on the corresponding record date. The record dates for the Trust Preferred Securities will be the fifteenth day (whether or not a business day) prior to the relevant periodic distribution date. So long as the Trust Preferred Securities are listed on the Luxembourg Stock Exchange (the “Exchange”) and the rules of such Exchange so require, the Trustee will inform the Exchange of the amount of any such distributions and will make such information available at the specified office of the Paying Agent in Luxembourg. See “—Notices”.

However, the Trust is not obligated to make any dividend distribution to the extent that it does not receive any dividend payments on the Company Preferred Securities. Dividends will not be cumulative. See “Description of the Company Preferred Securities—Dividends—Dividend Limitation Notice” with respect to the consequences of a Dividend Limitation Notice being given and the manner in which notice thereof will be given to holders of Trust Preferred Securities and Company Preferred Securities.

### Additional Amounts

See “Description of the Company Preferred Securities—Dividends—Additional Amounts” with respect to the obligation of the Company to pay additional amounts if the Company or the Trust is required to withhold any Relevant Taxes.

## **Redemption of Trust Preferred Securities**

The Trust Preferred Securities will be subject to redemption only upon redemption of the Company Preferred Securities. If the Company shall elect to redeem any Company Preferred Securities in accordance with the Company Agreement, as described under “Description of the Company Preferred Securities—Redemption”, the Company shall give the Trustee and the Paying Agent not less than 30 nor more than 60 calendar days’ prior notice thereof. The Paying Agent will mail the notice of redemption not less than 20 calendar days prior to the date fixed for redemption of the Company Preferred Securities to the holders of the Trust Preferred Securities and publish a notice to such effect so long as the Trust Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). The Luxembourg Stock Exchange will also be informed of such redemption.

On the date of redemption of the Company Preferred Securities, provided that the Company shall have deposited with the Paying Agent on behalf of the Trust the aggregate amount payable upon redemption of all Company Preferred Securities held by the Trust to be redeemed, the Paying Agent on behalf of the Trust shall redeem an equal amount of Trust Preferred Securities at the same redemption price at which such Company Preferred Securities are being redeemed. In the event that fewer than all the outstanding Trust Preferred Securities are redeemed, the Trust Preferred Securities to be redeemed (in increments of \$1,000) shall be selected by lot or *pro rata* or other equitable method determined by the Trustee, provided that such method satisfies any requirements of any securities exchange on which the Trust Preferred Securities may then be listed and, if the Trust Preferred Securities are then evidenced by a permanent global certificate, any requirements of the Common Depositary, Euroclear or Clearstream, Luxembourg. The Company shall promptly notify the Registrar and Transfer Agent for the Trust Preferred Securities in writing of the Trust Preferred Securities selected for redemption.

## **Effect of Liquidation of the Company**

In the event a liquidation of the Company is commenced, the Trust will be dissolved, after satisfaction of creditors of the Trust, if any, as required by applicable law and after distributing to the holders of the Trust Preferred Securities the corresponding amount of Company Preferred Securities represented by such Trust Preferred Securities. Thereupon, the Trust will be terminated and the Company Preferred Securities will be distributed to the holders of Trust Preferred Securities who will thereafter be direct holders of the specific Company Preferred Securities distributed to them. The Company Preferred Securities will not be listed on any stock exchange.

## **Withdrawal of Company Preferred Securities**

After the exchange of the temporary global certificate for the permanent global certificate described under “—Denomination, Form and Exchange” below, any beneficial owner of Trust Preferred Securities may withdraw all, but not less than all, of the Company Preferred Securities represented by such Trust Preferred Securities by providing a written notice to the Trustee, with evidence of beneficial ownership in form satisfactory to the Trustee. This notice shall also be deemed to be the beneficial owner’s agreement to be subject to the terms of the Company Agreement applicable to the rights of holders of Company Preferred Securities.

Within a reasonable period after such request has been properly made, the Trustee shall instruct the Common Depositary to reduce the Trust Preferred Securities represented by the permanent global certificate held by the Common Depositary by the amount (by liquidation amount) of Trust Preferred Securities to be so withdrawn by the withdrawing owner. The Company shall issue to the withdrawing owner a certificate representing the amount (by liquidation preference) of Company Preferred Securities so withdrawn and the Trustee shall reduce the number of Company Preferred Securities represented by the permanent global certificate held by the Trust accordingly. It is expected that withdrawn Company Preferred Securities will only be issued in definitive fully-registered form and will not be eligible to be held through Euroclear or Clearstream, Luxembourg. Holders of withdrawn Company Preferred Securities will thereafter receive an annual Form K-1 instead of the Form 1099 that is received by holders of Trust Preferred Securities. See “Taxation—U.S. Federal Income Tax”.

Any holder of Company Preferred Securities may redeposit all or any portion of withdrawn Company Preferred Securities by delivery to the Trustee of a certificate or certificates for the Company Preferred Securities

to be deposited, properly endorsed or accompanied, if required by the Trustee, by a properly executed instrument of transfer or endorsement in form satisfactory to the Trustee and in compliance with the terms of the Company Agreement, together with all such certifications as may be required by the Trustee in its sole discretion and in accordance with the provisions of the Trust Agreement. Within a reasonable period after such deposit is properly made, the Trustee shall instruct the Common Depositary to increase the number of Trust Preferred Securities represented by the permanent global certificate held by the Common Depositary accordingly.

Any certificated Company Preferred Security issued in exchange for an interest in a permanent global certificate will bear a legend restricting transfer as required by the Company to ensure compliance with the relevant law.

### **Voting Rights**

If at any time the holders of the Company Preferred Securities shall be entitled to vote pursuant to the terms of the Company Agreement, the Trustee shall notify the holders of the Trust Preferred Securities of such right, request specific direction of each holder of a Trust Preferred Security as to the vote with respect to the Company Preferred Securities represented by such Trust Preferred Security, and the Trustee shall vote only in accordance with such specific direction.

Upon receipt of notice of any meeting at which the holders of Company Preferred Securities are entitled to vote, the Trustee shall, as soon as practicable thereafter, mail to the holders of Trust Preferred Securities a notice, and publish a notice to such effect so long as the Trust Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) which notice shall be provided by the Company and shall contain (i) such information as is contained in such notice of meeting, (ii) a statement that the holders of Trust Preferred Securities at the close of business on a specified record date, will be entitled, subject to any applicable provision of law or the Trust Agreement, to direct the Trustee as to the exercise of the voting rights pertaining to the number of Company Preferred Securities represented by their respective Trust Preferred Securities, and (iii) a brief statement as to the manner in which such specific directions may be given. Upon the written direction of a holder of a Trust Preferred Security on such record date, the Trustee shall vote or cause to be voted a number of Company Preferred Securities represented by such holder's Trust Preferred Securities in accordance with the instructions set forth in such direction. In the absence of specific instructions from the holder of a Trust Preferred Security, the Trustee will abstain from voting to the extent of the Company Preferred Securities represented by such Trust Preferred Security. Neither the Bank nor any affiliate of the Bank will be entitled to vote any Trust Preferred Securities that it holds.

### **Denomination, Form and Exchange**

The Trust Preferred Securities will be issued in denominations of \$1,000 liquidation amount and integral multiples thereof.

The Trust Preferred Securities will be evidenced initially by a temporary global certificate, in fully registered form, which will be deposited with JPMorgan Chase Bank, as the common depositary (the "Common Depositary"), and registered in the name of Chase Nominees Limited, as common nominee (the "Common Nominee"), for Euroclear and for Clearstream, Luxembourg on or about 30 January, 2003.

The Trust will exchange the temporary global certificate for a permanent global certificate, in fully registered form, delivered to the Common Depositary on the date (the "Exchange Date") that is 40 days (subject to extension as described in the proviso below) after the Issue Date upon certification of non-U.S. beneficial ownership by the holders of beneficial interests therein. The Trust may, in its sole discretion, extend the Exchange Date for such period of time as the Company may deem necessary in order to ensure that the issuance and sale of the Trust Preferred Securities is exempt from registration under the Securities Act by virtue of Regulation S thereunder.

Interests in the permanent global certificate will be exchangeable in whole or in part for definitive Company Preferred Securities as set forth under "—Withdrawal of Company Preferred Securities" above. Interests in the permanent global certificate will also be exchangeable in whole but not in part for definitive Trust Preferred Securities only if: (i) the Trust Preferred Securities become ineligible for clearance and settlement through

Euroclear and Clearstream, Luxembourg; and (ii) the Company and the Trust are not able, after using reasonable efforts, to arrange for clearance and settlement of the Trust Preferred Securities through a successor clearing system.

### **Creation and Issuance of Further Trust Preferred Securities**

Upon the grant and delivery to the Trust by the Company of Further Company Preferred Securities (as defined below) pursuant to the terms of the Company Agreement, the Company shall instruct the Trustee to, and the Trustee shall, on behalf of the Trust, without any consent of the Holders being required, create and issue further Trust Preferred Securities ranking *pari passu* in all respects so that the same shall be consolidated and form a single series and be fungible with the then outstanding Trust Preferred Securities. Such further Trust Preferred Securities shall be created and issued in an aggregate liquidation amount representing a corresponding amount of the aggregate liquidation preference of the Further Company Preferred Securities delivered by the Company (in the form of Company Preferred Securities certificates or Company Parity Preferred Securities certificates) to the Trustee for deposit in the Trust and registered in the name of the Trust for the benefit of the further Holders pursuant to the terms of the Trust Agreement. Such further Trust Preferred Securities shall initially be represented by a single further temporary global certificate, which shall be exchangeable on, and fungible with any then outstanding Trust Preferred Securities only from, the relevant Exchange Date, for a permanent global certificate pursuant to the terms of the Trust Agreement. The permanent global certificate shall bear the same ISIN and Common Code as the ISIN and Common Code that have been assigned to the previously-issued Trust Preferred Securities.

In connection with the creation and issuance of such further Trust Preferred Securities, the Trustee, without the consent of the Holders, shall agree with the Company and the Delaware Trustee to such amendments of the Trust Agreement as shall be necessary to effect solely the issuance and creation of such further Trust Preferred Securities. The Trustee shall not be required to take any action under this section unless it receives a legal opinion, in form and substance satisfactory to it, to the effect that the creation and issuance of such further Trust Preferred Securities shall not affect the Trust's status as a "grantor trust" for United States federal income tax purposes.

"Further Company Preferred Securities" means further Company Preferred Securities or further Company Parity Preferred Securities provided that any such Company Preferred Securities or Company Parity Preferred Securities are denominated in United States dollars and are subject to and shall bear exactly the same economic and other terms and conditions as the Company Preferred Securities initially granted to the Trust under the Trust Agreement.

### **Transfers and Issue of Definitive Trust Preferred Securities**

Definitive Trust Preferred Securities will be issued in registered form only and may be transferred upon the surrender of such definitive Trust Preferred Securities, together with the form of transfer endorsed thereon duly completed and executed, at the specified office of the Transfer Agent and/or at the offices of the Paying Agent in Luxembourg. The initial Transfer Agents are JPMorgan Chase Bank and Crédit Agricole Indosuez Luxembourg in Luxembourg, and the initial Paying Agents are Crédit Agricole Indosuez Luxembourg and JPMorgan Chase Bank. In the case of a transfer of part only of a definitive Trust Preferred Security, a new definitive Trust Preferred Security in respect of the balance not transferred will be issued to the transferor within seven business days of receipt of such form of transfer, by uninsured post at the risk of the holder to the address of the holder appearing in the Register. Each new definitive Trust Preferred Security to be issued upon a transfer of a definitive Trust Preferred Security will, within seven business days of receipt of such form of transfer, be sent by uninsured post at the risk of the holder entitled to the definitive Trust Preferred Security to such address as may be specified in such form of transfer.

Registration of transfer of definitive Trust Preferred Securities will be effected without charge by or on behalf of the Trust by the Transfer Agent, but upon payment (or the giving of such indemnity as the Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to it.

No holder of a definitive Trust Preferred Security may require the transfer of a Trust Preferred Security to be registered during the period of 15 days ending on the due date for any payment of redemption or liquidation amounts on the Trust Preferred Securities.

All transfers of definitive Trust Preferred Securities and entries on the Register will be made subject to the provisions concerning transfers of Trust Preferred Securities set out in the Agency Agreement relating to the Trust Preferred Securities, a copy of which is available to prospective investors upon request to the Bank. The regulations may be changed by the Trust with the prior written approval of the Trustee.

### **Payments and Paying Agents**

Payments in respect of the Trust Preferred Securities shall be made to the address of the holder entitled thereto as such address shall appear on the Register. The Common Nominee shall be the registered holder in the case of Trust Preferred Securities evidenced by the global certificate. Payments made to the Common Nominee shall be made by wire transfer, and Euroclear or Clearstream, Luxembourg, as applicable, will credit the relevant accounts of their participants on the applicable Dividend Payment Dates or redemption dates. Payments in respect of Trust Preferred Securities not evidenced by a global certificate shall be made by wire transfer or check mailed to the address of the holder entitled thereto as such address shall appear on the securities register and, in the case of the payment of the redemption price, upon presentation and surrender of the related certificates at the office of the Paying Agent. The Paying Agents shall be Crédit Agricole Indosuez Luxembourg, JPMorgan Chase Bank, acting through its London branch, and any other co-paying agent chosen by the Company. A Paying Agent shall be permitted to resign as Paying Agent upon 30 days' written notice to the Trustee and the Company. In the event that Crédit Agricole Indosuez Luxembourg shall no longer be the Paying Agent, the Company shall appoint a successor (which shall be a bank or trust company acceptable to the Trustee) to act as Paying Agent. Notice of the resignation of the Paying Agent and the appointment of a successor shall be provided in the manner described below under "—Notices", and the Luxembourg Stock Exchange will be informed of any such resignation and appointment. For as long as any of the Trust Preferred Securities remain outstanding, the Trust shall maintain a paying agent in Luxembourg.

### **Registrar and Transfer Agent**

JPMorgan Chase Bank will act as Registrar and Transfer Agent for the Trust Preferred Securities, and Crédit Agricole Indosuez Luxembourg will act as Transfer Agent in Luxembourg for the Trust Preferred Securities.

Registration of transfers of Trust Preferred Securities will be effected without charge by or on behalf of the Trust, but upon payment (or the giving of such indemnity as the Transfer Agent may require) of any tax or other governmental charges that may be imposed in connection with any transfer or exchange. The Trust will not be required to register or cause to be registered the transfer of Trust Preferred Securities after such Trust Preferred Securities have been called for redemption. For so long as any of the Trust Preferred Securities remain outstanding, the Trust shall maintain a registrar and transfer agent in Luxembourg.

### **Amendment and Termination of Trust Agreement**

The Company and the Trustee may, at any time and from time to time, enter into one or more agreements supplemental to the Trust Agreement without the consent of the holders of the Trust Preferred Securities: (i) to evidence the succession of another entity to the Company and the assumption by any such successor of the covenants of the Company in the Trust Agreement; (ii) to add to the covenants of the Company for the benefit of the holders of the Trust Preferred Securities, or to surrender any right or power therein conferred upon the Company; (iii) to correct or supplement any provision in the Trust Agreement which may be defective or inconsistent with any other provision therein or to make any other provisions with respect to matters or questions arising under the Trust Agreement, provided that any such action shall not materially adversely affect the interests of the holders of Trust Preferred Securities; or (iv) to cure any ambiguity or correct any manifest error. Any other amendment of or agreement supplemental to the Trust Agreement must be approved in writing by holders of a majority of the then outstanding Trust Preferred Securities.

The Trust will terminate upon the earliest to occur of (i) the redemption of all of the Trust Preferred Securities and payment of the redemption price in full, (ii) a final distribution in respect of the Company Preferred Securities and delivery of such distribution to the holders of the Trust Preferred Securities, (iii) withdrawal of all of the Company Preferred Securities from the Trust (as described under "—Withdrawal of Company Preferred Securities" above) or (iv) dissolution of the Company. In addition, the Company may instruct the Trustee to dissolve the Trust and distribute the Company Preferred Securities on a *pro rata* basis to the holders of Trust Preferred Securities if (i) the Trust, at any time, is subject to United States federal income tax with respect to its ownership of the Company Preferred Securities, (ii) the Trust is subject to more than a *de minimis* amount of other taxes, duties or governmental charges, or (iii) the Trust is or will be considered an "investment company" which is required to be registered under the 1940 Act on or after the date of the issuance of the Trust Preferred Securities.

The Trustee shall notify the Paying Agent, the holders of the Trust Preferred Securities and the Luxembourg Stock Exchange of any such amendment or termination of the Trust Agreement within a reasonable period of time.

### **Expenses of the Trust**

All fees, charges, expenses or taxes (if any) of the Trust, including the charges and expenses of the Trustee, or any Registrar, Transfer Agent or Paying Agent, will be paid by the Company; provided that, if the Trustee incurs fees, charges or expenses, for which it is not otherwise liable under the Trust Agreement, at the request of a holder of Trust Preferred Securities or other person, such holder or other person will be liable for such fees, charges, expenses and taxes (if any).

### **Expenses of the Paying Agent, Transfer Agent and Registrar**

If the Paying Agent, Transfer Agent or Registrar incurs fees, charges or expenses, for which it is not otherwise liable under the Agency Agreement, at the request of a holder of Trust Preferred Securities or other person, such holder or person will be liable for such fees, charges or expenses.

### **Resignation and Removal of the Trustee**

The Trust shall at all times have a Delaware Trustee which is a bank or trust company that has its principal place of business in the State of Delaware having a combined capital and surplus of at least U.S.\$50,000,000 and subject to supervision or examination by Federal and State authorities. If the Delaware Trustee ceases to be eligible, it will resign, such resignation to take effect upon the appointment of a qualified successor trustee and its acceptance of such appointment.

The Trustee may at any time resign as trustee under the Trust Agreement by notice of its election to do so delivered to the Company, such resignation to take effect upon the appointment of a qualified successor trustee and its acceptance of such appointment. The Trustee may at any time be removed by the Company by notice of such removal delivered to the Trustee, such removal to take effect upon the appointment of such successor trustee and its acceptance of such appointment.

In case at any time either of the trustees shall resign or be removed, the Company shall, within 45 days after the delivery of the notice of resignation or removal, as the case may be, appoint a successor trustee, which, in the case of the Delaware Trustee, shall be a bank or trust company, or an affiliate of a bank or trust company, having its principal office in the State of Delaware and having a combined capital and surplus of at least U.S.\$50,000,000 and subject to supervision or examination by Federal and State authorities.

Notice of the removal or resignation of the Trustee will be provided in the manner described below under “—Notices”, and the Luxembourg Stock Exchange will be informed of any such removal or resignation.

### **Notices**

Notices to the holders of the Trust Preferred Securities will be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and any other relevant securities clearing system for communication by each of them to entitled participants, and so long as the Trust Preferred Securities are listed on one or more stock exchanges and the rules of such stock exchange(s) so require, notices shall also be published in such manner as the rules of such stock exchange(s) may require. In addition, notices will be published, so long as the Trust Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

### **Governing Law**

The Trust Agreement and the Trust Preferred Securities are governed by, and shall be construed in accordance with, the laws of the State of Delaware.

### **Depositary Procedures**

Euroclear and Clearstream, Luxembourg each hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their

respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodian relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of payments with respect to interests in the global certificate held through Euroclear or Clearstream, Luxembourg will be credited to the extent received by the Common Depositary, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

As Euroclear and Clearstream, Luxembourg act on behalf of their respective accountholders only, who in turn may act on behalf of their respective clients, the ability of beneficial owners who are not accountholders with Euroclear or Clearstream, Luxembourg to pledge interests in the global certificate to persons or entities that are not accountholders with Euroclear or Clearstream, Luxembourg, or otherwise take action in respect of interests in the global certificate, may be limited.

The Company and the Trust will not impose any fees in respect of the Trust Preferred Securities; however, holders of book-entry interests in the global certificate may incur fees normally payable in respect of the maintenance and operations of accounts in Euroclear and Clearstream, Luxembourg.

Upon the issuance of the global certificate, Euroclear and Clearstream, Luxembourg will credit the respective principal amounts of the individual interests in the global certificate to the relevant accountholder(s), as notified by or on behalf of the Managers. Ownership of interests in the global certificate will be limited to persons who maintain accounts with Euroclear and Clearstream, Luxembourg or persons who hold interests through such persons. Ownership of interests in the global certificate will be shown on, and the transfer of such interests will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg.

Owners of interests in the global certificate will not be entitled to have any portions of such global certificate registered in their names, will not receive or be entitled to receive physical delivery of Trust Preferred Securities in certificated registered form (other than as provided below) and will not be considered the owners or holders of such global certificates (or any Trust Preferred Securities represented thereby) for the purposes of the Trust Agreement or the Trust Preferred Securities.

None of the Company, the Trust, the Trustee nor any of their respective agents will have any responsibility or liability for any aspect of the records relating to ownership interests in the global certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. None of the Company, the Trust nor the Trustee nor any of their agents will have any responsibility or liability for the performance by Euroclear or Clearstream, Luxembourg or their respective accountholders of their respective obligations under the rules and procedures governing their operations.

Transfers between accountholders in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures. Such transfers may be subject to certain restrictions.

Although the foregoing sets out a general summary of the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the global certificate among participants of Euroclear and Clearstream, Luxembourg neither Euroclear nor Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

### **Certifications by Holders of the Temporary Global Certificate**

On or before the Exchange Date, a certificate must be provided by or on behalf of a holder of a beneficial interest in a temporary global certificate to the registrar (or the paying agent if other than the registrar), certifying that the beneficial owner of the interest in the temporary global certificate is not a U.S. Person. Unless such certificate is provided (i) the holder of such beneficial interest will not receive any payments of dividends, redemption price or any other payment with respect to such holder's beneficial interest in the temporary global

certificate, (ii) such beneficial interest may not be exchanged for a beneficial interest in the permanent global certificate, and (iii) settlements of trades with respect to such beneficial interest will be suspended. In the event that any holder of a beneficial interest in the temporary global certificate fails to provide each certification, exchange of interests in the temporary global certificate for interests in the permanent global certificate and settlements of trades of all beneficial interests in such temporary global certificate may be temporarily suspended.

## DESCRIPTION OF THE COMPANY PREFERRED SECURITIES

The following is a summary of certain provisions of the Company Preferred Securities, and is qualified in its entirety by reference to the terms and provisions of the Company Agreement. A copy of the Company Agreement is available to prospective investors upon request to the Bank.

### General

The Company Preferred Securities are preferred limited liability company interests in the Company, the terms of which are set forth in the Company Agreement. When issued, the Company Preferred Securities will be validly issued, and, subject to certain obligations which may arise under the Delaware Limited Liability Company Act, no additional payments will be required pursuant to the Delaware Limited Liability Company Act for such securities to represent limited liability company interests in the Company. The holders of the Company Preferred Securities will have no pre-emptive rights with respect to any limited liability company interests in the Company or any other securities of the Company convertible into or carrying rights or options to purchase any such securities. The Company Preferred Securities will not be convertible into the Company Common Securities, the Voting Preferred Securities or any other class or series of limited liability company interests in the Company and will not be subject to any sinking fund or other obligation of the Company for their repurchase or retirement.

The Company Preferred Securities will be issued in definitive form only in denominations of \$1,000 and integral multiples thereof. The aggregate liquidation preference of the Company Preferred Securities is \$1,500,000,000. The Company will be precluded by the Company Agreement from issuing any equity interests in the Company of any class or series except for the Company Common Securities, the Voting Preferred Securities, the Company Preferred Securities and the Company Parity Preferred Securities. Accordingly, the Company may not issue any equity securities that rank senior to the Company Preferred Securities. The Company may issue Company Parity Preferred Securities, whether as a new series or as additional shares of the Company Preferred Securities, without any requirement that the approval of the holders of the Company Preferred Securities first be obtained; provided that the approval of a majority of the Independent Directors (or the Independent Director if there is only one Independent Director) will be required for any issuance of Company Parity Preferred Securities.

### Dividends

Dividends on the Company Preferred Securities will be payable from the date of initial issuance on a noncumulative basis, quarterly in arrear on 30 January, 30 April, 30 July and 30 October of each year at a fixed rate per annum on the liquidation preference equal to 7.0%, commencing 30 April, 2003 (calculated on a 30/360 Basis).

Each date of payment is a "Dividend Payment Date" and each period from and including a Dividend Payment Date, or the Issue Date as applicable, to but excluding the next Dividend Payment Date, is a "Dividend Period"; provided, however, that if any Dividend Payment Date is not a business day, dividends will be payable on the next business day, without any additional interest or other payment in respect of such delay.

Dividends on the Company Preferred Securities will be mandatorily due and payable on a Dividend Payment Date and with respect to the related Dividend Period in the circumstances described under "—Mandatory Dividends" below. If dividends on the Company Preferred Securities on a Dividend Payment Date are not mandatorily due and payable, then, if the Company delivers, on or before the tenth business day immediately preceding such Dividend Payment Date, a Dividend Limitation Notice (as defined below), dividends payable on the related Dividend Payment Date will be limited as provided in such Dividend Limitation Notice (see "—Dividend Limitation Notice", below).

#### *Mandatory Dividends*

The Company will be required to pay full dividends on the Company Preferred Securities on each Dividend Payment Date occurring during the one-year period beginning on and including the date on which the Bank declares or pays a dividend on the Bank Ordinary Shares (other than a dividend consisting solely of additional Bank Ordinary Shares). There will be a similar requirement to pay dividends on the Company Preferred Securities when the Bank redeems, repurchases or otherwise acquires Bank Ordinary Shares, with the exception of repurchases of shares for purposes of making shares available to cover employee stock options or stock purchase programmes, regularisation of the Bank's share price, investment activities or holding shares with a view to their resale or exchange, particularly in connection with external growth transactions or the issuance of securities convertible into or exchangeable for Bank Ordinary Shares.

Additionally, the Company will also be required to pay dividends on the Company Preferred Securities on each Dividend Payment Date occurring during the one-year period beginning on and including the date on which the Bank declares or pays Discretionary Dividends (it being understood that, if a Discretionary Dividend is paid on the Company Preferred Securities on a Dividend Payment Date, the Company shall not as a consequence be required to pay an additional dividend on the Company Preferred Securities on the same Dividend Payment Date). There is no similar requirement to pay dividends on the Company Preferred Securities when the Bank or a subsidiary of the Bank redeems, repurchases or otherwise acquires Bank Parity Securities. In order to calculate the amount of dividends required to be paid on the Company Preferred Securities on a Dividend Payment Date pursuant to this paragraph: (i) prior to each Dividend Payment Date, the Company will calculate, with respect to each payment of a Discretionary Dividend paid on an Underlying Security during the one-year period ending on and including such Dividend Payment Date, the Notional Dividend Amount; (ii) the Company will then aggregate the Notional Dividend Amounts calculated pursuant to clause (i); and (iii) such aggregate of Notional Dividend Amounts pursuant to clause (ii) shall be the amount of dividends required to be paid under this paragraph on the Company Preferred Securities on such Dividend Payment Date.

If a Dividend Payment Date is a Mandatory Dividend Payment Date, the Company will be required to pay the Mandatory Dividend Payment Amount as dividends on such Mandatory Dividend Payment Date irrespective of whether (x) a Dividend Limitation Notice is delivered, (y) a Capital Deficiency Event has occurred or (z) interest is paid on the Subordinated Notes or other Replacement Securities.

For purposes of the foregoing:

“*Bank Ordinary Shares*” means (i) the ordinary shares of the Bank and (ii) any other shares of the Bank’s capital stock ranking junior to the Bank Parity Preferred Shares, where such other shares qualify as Tier 1 capital of the Bank on a consolidated basis under Applicable Banking Regulations.

“*Bank Parity Guarantees*” means the Bank’s guarantees (whether through an agreement or instrument labelled as a guarantee, as a support agreement, or with some other name but with an effect similar to a guarantee or support agreement) of preferred securities or preferred or preference shares or similar securities qualifying as Tier 1 capital issued by any of its subsidiaries, if such guarantees or support agreements rank *pari passu* with or junior to the Bank’s obligations under the Support Agreement. For the avoidance of doubt, the Bank’s obligations under French banking law as shareholder of reference of another French bank do not constitute Bank Parity Guarantees.

“*Bank Parity Preferred Shares*” means preferred or preference shares or similar instruments qualifying as Tier 1 capital issued by the Bank.

“*Bank Parity Securities*” means the Bank Parity Preferred Shares, the Bank Parity Guarantees and any securities issued by a subsidiary of the Bank that are guaranteed by the Bank under a Bank Parity Guarantee.

“*Discretionary Dividend*” means any dividend paid on the Company Preferred Securities or any class of Bank Parity Securities (other than a dividend consisting solely of Bank Ordinary Shares or Bank Parity Securities) that was not required to be paid solely as a result of a dividend or other payment having been made on the Company Preferred Securities, any other class of Bank Parity Securities or any Bank Ordinary Shares. Dividends paid on a dividend payment date for the Company Preferred Securities or any Bank Parity Securities may be partially Discretionary Dividends and partially dividends that are not Discretionary Dividends because they are required to be paid as a result of a dividend or other payment having been made on the Company Preferred Securities, any other class of Bank Parity Securities or any other Bank Ordinary Shares. The term “Discretionary Dividend” includes such dividends only to the extent not so required to be paid. To the extent that a payment that would otherwise be a Discretionary Dividend on any class of Bank Parity Securities is not greater than the amount that would be a Mandatory Dividend Payment Amount if the Bank Parity Securities were Company Preferred Securities, such amount shall not constitute a “Discretionary Dividend”.

“*Mandatory Dividend Payment Amount*” means, as to a Mandatory Dividend Payment Date, the amount of dividends required to be paid on such Mandatory Dividend Payment Date as described in the first two paragraphs of this subsection.

“*Mandatory Dividend Payment Date(s)*” means each Dividend Payment Date on which some amount of dividends on the Company Preferred Securities is required to be paid pursuant to one or more of the first two paragraphs of this subsection.

“*Notional Dividend Amount*” means, as to each calculation pursuant to clause (i) of the second paragraph of the sub-section “Mandatory Dividends”, an amount of dividends as to a current Dividend Payment Date on the Company Preferred Securities representing the same proportion of full dividends as is represented by the related Discretionary Dividend on the related Underlying Security as a proportion of full dividends thereon on the related dividend payment date; provided that if a Discretionary Dividend is paid on more than one Underlying Security on the same date, then the proportion described above will be calculated with reference to the Underlying Security as to which the Discretionary Dividend represented the higher or highest, as applicable, proportion of full dividends thereon.

“*Underlying Security*” means, in connection with the calculation of the Notional Dividend Amount to be taken in account in determining the amount of dividends required to be paid on the Company Preferred Securities on a Dividend Payment Date because of a payment of Discretionary Dividends, the series or class of Bank Parity Securities or the Company Preferred Securities, as applicable, as to which such Discretionary Dividends were paid.

#### *Dividend Limitation Notice*

On or before the tenth business day immediately preceding a Dividend Payment Date, the Company may give notice to the Branch, CAI-NY, the Paying Agent and the holders of the Company Preferred Securities and the Trust Preferred Securities (a “Dividend Limitation Notice”) that the Company will pay no dividends or less than full dividends on such Dividend Payment Date, in which case no dividends or less than full dividends shall become due and payable on such Dividend Payment Date as set forth in the applicable Dividend Limitation Notice. The Company’s board of directors may determine that the Company will give a Dividend Limitation Notice in its sole discretion and for any reason, except that a Dividend Limitation Notice as to a Mandatory Dividend Payment Amount payable on a Mandatory Dividend Payment Date shall have no force and effect.

Each Dividend Limitation Notice shall be given through the facilities of Euroclear and Clearstream, Luxembourg for so long as the Trust Preferred Securities clear through the facilities of Euroclear and/or Clearstream, Luxembourg. In the case of the Company Preferred Securities, such Dividend Limitation Notice shall be given in writing by mail to each registered holder of the Company Preferred Securities (initially only the Trustee on behalf of the Trust), and in the case of the Trust Preferred Securities, such Dividend Limitation Notice shall be given by mail and facsimile on behalf of the Trust to the Common Depositary for Euroclear and Clearstream, Luxembourg and, for so long as the Trust Preferred Securities or the Company Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, shall be published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and notice thereof given to the Luxembourg Stock Exchange.

#### *Additional Amounts*

If at any time the Company or the Trust is required to withhold any taxes, duties or other governmental charges with respect to payment of dividends, distributions or redemption payments on the Company Preferred Securities or on the Trust Preferred Securities (collectively, “Relevant Tax”) imposed or levied by France, the jurisdiction of residence of the issuer of any Replacement Securities then held by the Company, the United States, the United Kingdom or any authority of or in any of those jurisdictions that has the power to tax (a “Relevant Jurisdiction”), the Company will be required to pay as additional amounts (“Additional Amounts”) included in the dividends, distributions or redemption payments otherwise then due and payable such amounts as shall be required so that the net amount received by each holder of Company Preferred Securities and Trust Preferred Securities after the withholding of any such Relevant Tax will not be less than the amount of dividends, distributions or redemption payments then otherwise due and payable. However, the Company will not be required to pay Additional Amounts if the Relevant Jurisdiction is France, the United Kingdom, the United States or a state thereof, (i) to the extent that the Relevant Tax is imposed or levied because the holder of Trust Preferred Securities or Company Preferred Securities (or the beneficial owner of such securities), in each case other than the Trust in the case of the Company Preferred Securities, has some connection with the Relevant Jurisdiction, other than merely being a holder (or beneficial holder) of those securities, or (ii) to the extent that the Relevant Tax is imposed or levied because that holder (or beneficial owner) has not made a declaration of non-residence in, or other lack of connection with, the Relevant Jurisdiction or any similar claim for exemption, if the Company or its agent has given the beneficial owner or its nominee at least 60 days’ prior written notice of, and opportunity to make, the declaration or claim, or (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of

savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive, or (iv) where the Trust Preferred Securities or Company Preferred Securities are presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the Trust Preferred Securities or Company Preferred Securities to another Paying Agent in a Member State of the European Union.

## **Ranking**

### *Dividends*

The Company Preferred Securities ordinarily will rank senior to the Voting Preferred Securities and the Company Common Securities as to payment of dividends. However, the dividend preference of the Company Preferred Securities will at the option of the Company's board of directors shift to the Company Common Securities on a Dividend Payment Date that is not a Mandatory Dividend Payment Date to the extent that dividends are not then paid on the Company Preferred Securities because a Dividend Limitation Notice has been delivered with respect to such Dividend Payment Date (see "—Dividends"), with the consequence that amounts received by the Company on the Subordinated Notes or other Replacement Securities may be distributed as dividends to the holder of the Company Common Securities instead of being paid as dividends to the holders of the Company Preferred Securities. In the event of such a preference shift, the Company may determine that an amount up to the full amount of dividends accrued in respect of the Company Preferred Securities for the then current Dividend Period will be distributed to the holders of the Common Securities before any distribution is made on the Voting Preferred Securities. After such distribution is made, the Voting Preferred Securities will be entitled to their full distribution before any payment is made on the Company Preferred Securities. The Company will have discretion as to whether full dividends, partial dividends or no dividends are paid on the Company Preferred Securities on each Dividend Payment Date that is not a Mandatory Dividend Payment Date. See "—Dividends—Mandatory Dividends".

If full dividends on the Company Preferred Securities and the Voting Preferred Securities are paid on any Dividend Payment Date and, after giving effect to such payments, the Company has additional funds available for the payment of dividends, the Company, in its discretion, may apply such additional funds to pay dividends on the Company Common Securities.

### *Circumstances Where Company May be Liquidated*

If the Bank is liquidated, whether voluntarily or involuntarily (and whether in connection with the occurrence of a Bankruptcy Event or otherwise), the Company will be liquidated. The holders of the Company Common Securities and the Voting Preferred Securities, will agree in the Company Agreement that, for so long as the Company Preferred Securities are outstanding, the holders of the Company Common Securities and the Voting Preferred Securities will not cause the Company to liquidate unless the Bank is also liquidating. Under the Company Agreement, holders of Trust Preferred Securities or Company Preferred Securities will not have the ability to force or initiate commencement of a liquidation of the Company unless the Bank is also liquidating. The Company will be precluded in the Company Agreement from incurring any indebtedness and, accordingly, does not anticipate having creditors in the ordinary course of business who could initiate the commencement of an involuntary bankruptcy proceeding. In the event that the liquidation of the Company is commenced, the Trust will be dissolved and will distribute to the holders of Trust Preferred Securities, after satisfaction of claims of creditors of the Trust, if any, as required by law, the Company Preferred Securities held by the Trust. Accordingly, it is expected that investors will receive liquidating distributions only in connection with a concurrent liquidation of the Bank and the Company.

### *Liquidation Preference*

In the event of any voluntary or involuntary dissolution, liquidation or winding up of the Company, after satisfaction of liabilities to creditors, if any, the holders of the Company Preferred Securities will be entitled to receive out of assets of the Company available for distribution in liquidation, before any liquidating distribution is made on the Company Common Securities and the Voting Preferred Securities, liquidating distributions in respect of the Company Preferred Securities equal to the Liquidation Claim Amount. This amount, for each \$1,000 liquidation preference of Company Preferred Securities, is equal to (i) \$1,000, *plus* (ii) unpaid dividends, if any, thereon with respect to the current Dividend Period accrued on a daily basis through the date of liquidation, *plus* (iii) unpaid Definitive Dividends for any prior Dividend Period, but without interest and without accumulation of unpaid Nondefinitive Dividends for any prior Dividend Period, and including any Additional Amounts required to be paid.

## **Forgiveness of Debt**

If a Bankruptcy Event or a Capital Deficiency Event occurs, then the Company Agreement will provide that the Subordinated Notes or Replacement Securities then held by the Company will be cancelled and the Bank's obligations thereunder, direct and through the Branch (including, without limitation its obligation to pay principal and interest), will be forgiven.

## **Liquidation**

If the Bank is liquidated and upon commencement of the related liquidation proceedings the Subordinated Notes are still outstanding, then the Subordinated Notes or Replacement Securities will be distributed by the Company to the holder of the Company Common Securities.

## **Voting Rights**

Except as expressly required by applicable law, or except as indicated below or under “—Amendment and Termination of Company Agreement”, the holders of Company Preferred Securities will not be entitled to vote. In the event the holders of Company Preferred Securities are entitled to vote as indicated below, each \$1,000 liquidation preference of Company Preferred Securities shall be entitled to one vote on matters on which holders of Company Preferred Securities are entitled to vote. The Bank or an affiliate of the Bank will not be entitled to vote on any Company Preferred Securities that they hold.

If full dividends are not paid on any Dividend Payment Date, the holders of the Company Preferred Securities shall have the right to elect one person of their choosing as an additional director. Each person so elected shall be deemed to be an Independent Director. Such right may be exercised by the holders of a majority (by liquidation preference) of the Company Preferred Securities by written consent or a meeting of the holders of the Company Preferred Securities called for such purpose (which the Company Agreement will provide shall be called at the request of any holder of the Company Preferred Securities), and shall continue until full dividends have been paid on the Company Preferred Securities for a one-year period. Any vacancy in the office of an Independent Director during such period may be filled only by holders of the Company Preferred Securities voting as set forth above. In the event that the holders of the Company Preferred Securities exercise their right to name an additional Independent Director, and that as a result there are two Independent Directors, the Independent Director named by the holders of the Company Preferred Securities shall have the deciding vote in case of disagreement between the two Independent Directors as to any matter requiring their approval.

Whenever entitled to vote, as described above, holders of Company Preferred Securities may vote at a meeting called for such purpose in person or by proxy. Whenever a vote, consent or approval of holders is permitted or required under the Company Agreement, such vote, consent or approval may, however, be given either at a meeting of holders or by written consent.

At a meeting, each holder of Company Preferred Securities may authorize any person to act for it by proxy on all matters in which such holder is entitled to participate, including waiving notice of any meeting or voting or participating at a meeting. Every proxy must be signed by the holders of Company Preferred Securities or its attorney-in-fact. Every proxy shall be revocable at the pleasure of the holder of Company Preferred Securities executing it at any time before it is voted.

The Board of Directors may cause a notice of any meeting at which holders of Company Preferred Securities are entitled to vote, or of any matter upon which action may be taken by written consent of such holders of Company Preferred Securities, to be mailed to each holder of record of the Company Preferred Securities. Each such notice shall include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any action proposed to be taken at such meeting on which such holders of Company Preferred Securities are entitled to vote or of such matters upon which written consent is sought and (iii) instructions for the delivery of proxies or consents. The Trustee, as holder of the Company Preferred Securities, will act for the Trust Preferred securityholders in accordance with the provisions of the Trust Agreement. See “Description of the Trust Preferred Securities—Voting Rights”.

## **Director Approval**

The Company Agreement will provide that, for so long as any Company Preferred Securities or Company Parity Preferred Securities are outstanding, certain actions by the Company must be approved by both a majority of the Board of Directors as a whole and by a majority of the Independent Directors (or by the Independent Director if there is only one Independent Director). See “The Company—Management of the Company—Independent Directors”.

## Redemption

The Company Preferred Securities are not redeemable at the option of the holders at any time. The Company Preferred Securities are not redeemable at the option of the Company prior to the Dividend Payment Date regularly scheduled to occur on 30 January, 2009, except in whole but not in part upon the occurrence of a Tax Event, an Investment Company Act Event or a Capital Disqualification Event. On or after the Dividend Payment Date regularly scheduled to occur on 30 January, 2009, the Company Preferred Securities may be redeemed for cash at the option of the Company, in whole or in part, on any Dividend Payment Date.

The redemption price for such redemptions will be an amount (the “Base Redemption Price”) equal to (i) 100% of the liquidation preference of the Company Preferred Securities being redeemed, *plus* (ii) an amount equal to unpaid dividends, if any, thereon with respect to the current Dividend Period accrued on a daily basis through the date fixed for redemption, *plus* (iii) an amount equal to unpaid Definitive Dividends for any prior Dividend Period, without interest and without accumulation of unpaid Nondefinitive Dividends for any prior Dividend Period (the “Base Redemption Price”).

The Company will also have the right at any time prior to the Dividend Payment Date regularly scheduled to occur on 30 January, 2009, upon the occurrence of a Tax Event, an Investment Company Act Event or a Capital Disqualification Event, to redeem Company Preferred Securities, in whole (but not in part) at a redemption price per security equal to the greater of (i) the Base Redemption Price and (ii) the Make Whole Amount (as defined below).

In the event that fewer than all the outstanding Company Preferred Securities are to be redeemed, the securities to be redeemed shall be determined by lot or *pro rata* as may be determined by the Company, in its sole discretion, to be equitable, provided that such method satisfies any applicable requirements of any securities exchange on which the Company Preferred Securities may then be listed. The Company shall promptly notify the Registrar and Transfer Agent for the Company Preferred Securities in writing of the securities selected for redemption and, in the case of any partial redemption, the liquidation preference thereof to be redeemed.

Any redemption of the Company Preferred Securities is subject to the Company having given not less than 30 nor more than 60 days’ notice of its intent to redeem the Company Preferred Securities.

Any redemption of the Company Preferred Securities is subject to compliance with applicable regulatory requirements, including the prior approval of the *Secrétariat Général de la Commission bancaire*.

The Company Preferred Securities will not be subject to any sinking fund or mandatory redemption.

As used herein:

“*Adjusted Yield*” means (a) the Bond Yield *plus* (b) 1.5%.

“*Bond Yield*” means the rate per annum equal to the annual yield to maturity of the Comparable Bond Issue, assuming a price equal to the Comparable Bond Price for the Calculation Date.

“*Calculation Date*” means the third TARGET Settlement Day prior to the Special Event Redemption Date.

“*Capital Disqualification Event*” means the determination by the Bank after consultation with the *Secrétariat Général de la Commission bancaire* that the Company Preferred Securities cannot be included in calculating the Tier 1 capital of the Bank on a consolidated basis under Applicable Banking Regulations.

“*Comparable Bond Issue*” means, with respect to any Special Event Redemption Date, the bond selected by the Quotation Agent that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Company Preferred Securities from the Special Event Redemption Date to the First Call Date.

“*Comparable Bond Price*” means (a) the average of five Reference Bond Dealer Quotations, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Quotation Agent obtains fewer than five such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations.

“*First Call Date*” means the Dividend Payment Date occurring on 30 January, 2009.

“*Investment Company Act Event*” means the receipt by the Company of an opinion of a nationally recognised law firm in the United States experienced in such matters to the effect that there is more than an insubstantial risk that the Company or the Trust is or will be an “investment company” within the meaning of the 1940 Act.

“*Make Whole Amount*” means an amount, as determined by a Quotation Agent, equal to (i) the present value of 100% of the liquidation preference of the Company Preferred Securities (that is \$1,000 per Company Preferred Security) discounted from the First Call Date, *plus* (ii) the present values of scheduled annual noncumulative dividend payments from the Special Event Redemption Date to and including the First Call Date (assuming in each case that dividends are not restricted by delivery of a Dividend Limitation Notice or occurrence of a Bankruptcy Event at any relevant time), *plus* (iii) any unpaid Definitive Dividends with respect to prior Dividend Periods without interest and without accumulation of unpaid Nondefinitive Dividends for any prior Dividend Period. The present values calculated in (i) and (ii) above shall be calculated by discounting the relevant amounts to the Special Event Redemption Date on an annual basis at the Adjusted Yield. For purposes of determining the Make Whole Amount:

“*Primary Bond Dealer*” means any credit institution or financial services institution that regularly deals in bonds and other debt securities.

“*Quotation Agent*” means J.P. Morgan Securities Ltd. and its successors, provided, however, that if the foregoing shall cease to be a Primary Bond Dealer in London, the Company will be entitled to appoint another Quotation Agent that is a Primary Bond Dealer in London.

“*Reference Bond Dealer*” means either the Quotation Agent, or any other Primary Bond Dealer selected by the Quotation Agent after consultation with the Bank.

“*Reference Bond Dealer Quotations*” means the average, as determined by the Quotation Agent, of the bid and ask prices for the Comparable Bond Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Bond Dealer at 11:00 a.m. (New York time) on the Calculation Date.

“*Special Event Redemption Date*” means a redemption date for the Company Preferred Securities that occurs on or before the First Call Date in connection with the occurrence of a Tax Event, an Investment Company Act Event or a Capital Disqualification Event.

“*Tax Event*” means the receipt by the Company of an opinion of a nationally recognised law firm or other tax advisor (which may be an accounting firm) in France, the United States or the United Kingdom, as appropriate, experienced in such matters to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the United States, the United Kingdom or France or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any Administrative Action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to any Administrative Action that differs from the theretofore generally accepted position, in each case, by any regulatory body, irrespective of the manner in which such amendment, clarification, change, interpretation or pronouncement is made known, which amendment, clarification, change or Administrative Action is effective or which interpretation, pronouncement or decision is announced on or after the date of issuance of the Company Preferred Securities, there is more than an insubstantial risk that (A) the Company or the Trust is or will be subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges, (B) any items of deduction or charge in respect of interest on the Subordinated Notes are modified in a manner so as to increase the Bank’s net income that is subject to French corporate income tax or so as to increase the Branch’s net income that is subject to United Kingdom corporate income tax, or (C) the Company or the Trust is or will be required to pay any Additional Amounts.

### **Registrar and Transfer Agent**

CAI-NY or another entity that the Bank may designate from time to time, will act as Registrar and Transfer Agent for the Company Preferred Securities.

Registration of transfers of Company Preferred Securities will be effected without charge by or on behalf of the Company, but upon payment of any tax or other governmental charges that may be imposed in connection

with any transfer or exchange. The Company will not be required to register or cause to be registered the transfer of Company Preferred Securities after such Company Preferred Securities have been called for redemption.

See “Subscription and Sale” for certain restrictions on transfer.

### **Amendment and Termination of Company Agreement**

The Bank may, at any time and from time to time, enter into one or more agreements supplemental to the Company Agreement and the Support Agreement without the consent of the holders of the Company Preferred Securities: (i) to evidence the succession of another entity to the Bank and the assumption by any such successor of the covenants of the Bank in the Company Agreement; (ii) to add to the covenants of the Bank for the benefit of the holders of the Company Preferred Securities, or to surrender any right or power therein conferred upon the Bank; (iii) to correct or supplement any provision in the Company Agreement which may be defective or inconsistent with any other provision therein or to make any other provisions with respect to matters or questions arising under the Company Agreement, provided that any such action shall not materially adversely affect the interests of the holders of the Company Preferred Securities; or (iv) to cure any ambiguity or correct any manifest error. Any other amendment of the Company Agreement must be approved by holders of a majority of the Company Preferred Securities.

The Company Agreement will terminate upon the latest to occur of the redemption of all of the Company Preferred Securities and the Company Parity Preferred Securities, a final distribution in respect of the Company Preferred Securities and the Company Parity Preferred Securities and delivery of such distribution to the holders of the Company Preferred Securities and the Company Parity Preferred Securities, respectively, or dissolution of the Company.

### **Expenses of the Company**

All charges, expenses or taxes of the Company will be paid by the Company; provided that, if the Company incurs fees, charges, expenses or taxes, for which it is not otherwise liable under the Company Agreement, at the request of a holder of Company Preferred Securities or other person, such holder or other person will be liable for such fees, charges, expenses or taxes.

### **Notices**

Notices to holders of the Company Preferred Securities will be mailed by first-class mail, postage prepaid, to the holders’ addresses appearing in the Company’s records.

### **Governing Law**

The Company Agreement and the Company Preferred Securities are governed by, and shall be construed in accordance with, the laws of the State of Delaware.

## DESCRIPTION OF THE SUBORDINATED NOTES

The following is a summary of certain provisions relating to the Subordinated Notes and is qualified in its entirety by reference to the terms and provisions of the Subordinated Notes and the Company Agreement. A copy of the form of the Subordinated Notes is available to prospective investors upon request to the Bank.

### General

The Company will apply the proceeds of the Company Preferred Securities and the Company Common Securities to purchase newly-issued Subordinated Notes issued by the Bank through its head office and through the Branch. The Company will be prohibited by the Company Agreement from selling the Subordinated Notes except to the Bank. The Subordinated Notes will be unsecured, subordinated obligations of the Bank, and rank *pari passu* without any preference among themselves and *pari passu* with any other unsecured subordinated obligations of or issued by the Bank with the exception of any *prêts participatifs* granted to, or *titres participatifs* issued by, the Bank, which rank junior to the Subordinated Notes. The Subordinated Notes will be issued in an aggregate principal amount of \$1,598,544,084 and will mature on 30 January, 2033. The Branch will issue Subordinated Notes in an aggregate principal amount of \$50,000,000, and the Bank will issue the remainder through its head office.

### Redemption

The Subordinated Notes will be redeemable at the option of the Bank on the interest payment date on 30 January, 2009 or any interest payment date thereafter, in whole or in part, at a redemption price equal to 100% of their principal amount plus interest accrued but unpaid to the date fixed for redemption. The Subordinated Notes may also be redeemed prior to such dates upon the occurrence of certain tax events. Any redemption of the Subordinated Notes is subject to the prior approval of the *Secrétariat Général de la Commission bancaire*.

### Additional Amounts

If the Bank is required to withhold any taxes, duties or other governmental charges with respect to any payment in respect of the Subordinated Notes, the Bank will pay such additional amounts as shall be required so that the amount received by the Company thereunder shall not be reduced as a result of any such additional taxes, duties or other governmental charges. However, the Bank will not be required to pay such additional amounts if the taxing jurisdiction is France, the United Kingdom or the United States or a state thereof, (i) to the extent that the relevant tax is imposed or levied because the holder of the Subordinated Note (or the beneficial owner of such securities) has some connection with the taxing jurisdiction or a state thereof other than merely being a holder (or beneficial owner) of the Subordinated Notes or (ii) to the extent that the relevant tax is imposed or levied because that holder (or beneficial owner) has not made a declaration of non-residence in, or other lack of connection with, the taxing jurisdiction or any similar claim for exemption, if the Bank or its agent has given the beneficial owner or its nominee at least 60 days' prior written notice of and opportunity to make the declaration or claim, or (iii)

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive, or (iv) where the Subordinated Notes are presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the Subordinated Notes to another Paying Agent in a Member State of the European Union.

### **Subordination**

The Subordinated Notes will be unsecured obligations of the Bank ranking *pari passu* with any other present and future unsecured subordinated obligations of the Bank with the exception of any *prêts participatifs* granted to, or *titres participatifs* issued by, the Bank, which rank junior to the Subordinated Notes.

### **Failure of Payment**

If the Bank fails to pay an instalment of interest when due or to repay principal when due, the only remedies available to the Company will be to bring suit for the amount of interest and/or principal not paid when due.

### **Form; Transfer of the Subordinated Notes Prohibited**

The Subordinated Notes will be represented by one or more definitive notes in registered form. The LLC Agreement provides that the Subordinated Notes may not be sold or otherwise transferred except to the Bank.

### **Modification and Amendment of the Subordinated Notes**

The Subordinated Notes may be modified or amended only by the written agreement of the Bank and the Company. The Bank and the Company may agree to the substitution of any branch of the Bank as the issuer of all or part of the Subordinated Notes, so long as the Subordinated Notes remain an obligation of the Bank. Under the terms of the Company Agreement, the Bank may substitute another entity within the group as obligor on all or some of the Subordinated Notes, so long as such substitution does not give rise to a Capital Disqualification Event, a Tax Event or an Investment Company Act Event. Any such entity must first be approved by the *Secrétariat général de la Commission bancaire*.

### **Listing**

Application will be made to list the Subordinated Notes issued by the Branch on the Luxembourg Stock Exchange pursuant to listing particulars separate from this Offering Circular. The Subordinated Notes issued by the Branch will clear through Euroclear and Clearstream, Luxembourg.

### **Governing Law**

The Subordinated Notes will be governed by, and construed in accordance with, the laws of the State of New York, except that the provisions relating to subordination will be governed by, and construed in accordance with, French law.

## DESCRIPTION OF MEMBERS INTERESTS IN THE COMPANY

The following summary of the terms of the member interests in the Company is subject in all respects to the applicable provisions of the Delaware Limited Liability Company Act and the Company Agreement.

### Company Common Securities

#### *General*

Upon consummation of the Offering, the Company will have outstanding Company Common Securities with an aggregate stated amount of \$66,025,663, all of which will be held by the Branch. The Bank has agreed with the Company in the Support Agreement that, so long as any Company Preferred Securities are outstanding, it will maintain direct or indirect ownership of 100% of the outstanding Company Common Securities.

#### *Dividends*

The Company Common Securities ordinarily rank junior to the Company Preferred Securities, the Voting Preferred Securities and Company Parity Preferred Securities, if any, as to payment of dividends. Holders of Company Common Securities will only receive dividends out of interest payments received by the Company on the Subordinated Notes and/or any successor Replacement Securities not required to be applied to fund dividends with respect to the Company Preferred Securities, the Voting Preferred Securities, any Company Parity Preferred Securities or expenses or taxes of the Company. So long as the Company Preferred Securities, the Voting Preferred Securities or any Company Parity Preferred Securities are outstanding, no dividends or other distributions (including redemptions and purchases) may be made with respect to Company Common Securities unless full dividends on the Company Preferred Securities, the Voting Preferred Securities and Company Parity Preferred Securities, if any, have been paid (except as otherwise described under “Description of the Company Preferred Securities—Ranking—Liquidation Preference”). See “The Company—Business and Strategy of the Company—Dividends”.

However, to the extent that dividends are not paid on any Dividend Payment Date because a Dividend Limitation Notice has been given, the Company’s board of directors may at its option shift the dividend preference from the Company Preferred Securities to the Company Common Securities. However, the Company may only give a Dividend Limitation Notice with respect to a Dividend Payment Date that is not a Mandatory Dividend Payment Date.

If full dividends on the Company Preferred Securities and Voting Preferred Securities are paid on any Dividend Payment Date and, after giving effect to such payment, the Company has additional funds available for the payment of dividends, the Company, in its discretion, may apply such additional funds to pay dividends on the Company Common Securities.

#### *Voting Rights*

Subject to the limited rights of the holders of the Company Preferred Securities and the Company Parity Preferred Securities, if any, 67% of the voting rights are vested in the Company Common Securities, with the remaining 33% vested in the Voting Preferred Securities. The holders of Company Common Securities are entitled to vote in proportion to the stated amounts represented by their Company Common Securities.

#### *Rights Upon Liquidation*

In the event of the dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, after all debts and liabilities of the Company have been satisfied and there have been paid or set aside for the holders of the Company Preferred Securities the full preferential amounts to which such holders are entitled, the holders of Company Common Securities will be entitled to share equally and rateably in any assets remaining.

### Voting Preferred Securities

#### *General*

Upon consummation of the Offering, the Company will have outstanding Voting Preferred Securities with an aggregate liquidation preference of \$32,518,421, all of which will be held by CAI-NY.

### *Dividends*

The Voting Preferred Securities ordinarily rank junior to the Company Preferred Securities and Company Parity Preferred Securities, if any, and senior to the Company Common Securities, as to payment of dividends. Holders of Voting Preferred Securities will only receive dividends out of interest payments received by the Company on the Subordinated Notes and/or any successor Replacement Securities not required to be applied to fund dividends with respect to the Company Preferred Securities or any Company Parity Preferred Securities or expenses of the Company. After payment of full dividends on the Company Preferred Securities, on each Dividend Payment Date, the holder of the Voting Preferred Securities will be entitled to receive a distribution in respect of the Voting Preferred Securities before any distribution is made on the Company Common Securities. So long as the Company Preferred Securities or any Company Parity Preferred Securities are outstanding, no dividends or other distributions (including redemptions and purchases) may be made with respect to the Voting Preferred Securities unless full dividends on the Company Preferred Securities and Company Parity Preferred Securities, if any, have been paid (except as otherwise described under “Description of the Company Preferred Securities—Ranking—Liquidation Preference”).

However, if dividends are not paid on any Dividend Payment Date because a Dividend Limitation Notice has been given, and if the Company’s board of directors shifts the dividend preference from the Company Preferred Securities to the Company Common Securities, the Voting Preferred Securities will be entitled to their full distribution before any payment is made on the Company Preferred Securities (but after distributions are made on the Company Common Securities as a result of the preference shift). However, the Company may only give a Dividend Limitation Notice with respect to a Dividend Payment Date that is not a Mandatory Dividend Payment Date.

### *Voting Rights*

Subject to the limited rights of the holders of the Company Preferred Securities and the Company Parity Preferred Securities, if any, 67% of the voting rights are vested in the Company Common Securities, with the remaining 33% vested in the Voting Preferred Securities. The holders of Voting Preferred Securities are entitled to vote in proportion to the stated amounts represented by their Voting Preferred Securities.

### *Rights Upon Liquidation*

In the event of the dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, after all debts and liabilities of the Company have been satisfied and there have been paid or set aside for the holders of the Company Preferred Securities the full preferential amounts to which such holders are entitled, the holder of Voting Preferred Securities will be entitled to receive a liquidation distribution equal to the aggregate liquidation preference of the Voting Preferred Securities, plus accrued distributions for the then current Dividend Period, before any distribution is made on the Company Common Securities. This distribution to the Voting Preferred Securities will be the sole distribution in respect of the Voting Preferred Securities upon liquidation.

### *Purchase of Voting Preferred Securities*

In certain circumstances described in the Company Agreement, (a) the Bank will be obligated to purchase from CAI-NY all of the Voting Preferred Securities, or (b) CAI-NY will have the right, but not the obligation, to cause the Bank to purchase all of the Voting Preferred Securities, in each case for a price equal to the aggregate liquidation preference of the Voting Preferred Securities.

### **Company Parity Preferred Securities**

The Company will be precluded by the Company Agreement from issuing any equity interests in the Company in addition to the Company Common Securities, the Voting Preferred Securities and the Company Preferred Securities except that the Company may issue additional Voting Preferred Securities, Company Common Securities, or additional limited liability company interests (“Company Parity Preferred Securities”) that (i) rank on a parity with the Company Preferred Securities as to payment of dividends and rights upon dissolution, liquidation or winding up of the Company, and (ii) benefit from undertakings by the Bank substantially identical to its undertakings in the Support Agreement for the benefit of holders of the Company Preferred Securities. Accordingly, the Company may not issue any equity securities that rank senior to the Company Preferred Securities. The Company may issue Company Parity Preferred Securities which would rank *pari passu* with the Company Preferred Securities, whether as a new series or as additional shares of the Company Preferred Securities, without any requirement that the approval of the holders of the Company

Preferred Securities first be obtained, provided that the approval of a majority of the Independent Directors (or of the Independent Director if there is only one Independent Director) will be required for any issuance of Company Parity Preferred Securities.

Subject to certain obligations which may arise under the Delaware Limited Liability Company Act, no additional payments will be required pursuant to the Delaware Limited Liability Company Act for Company Preferred Securities to represent limited liability company interests in the Company upon issuance against full payment of the purchase price therefor. The specific terms of a particular series of Company Parity Preferred Securities will be described in the Certificate of Designation (as defined in the Company Agreement) to be incorporated into the Company Agreement relating to that series, except in the case of the Company Preferred Securities, the terms of which are being described in the Company Agreement.

Subject to limitations prescribed by Delaware law and the Company Agreement, the Board of Directors or, if then constituted, a duly authorized committee thereof is authorized to issue Company Parity Preferred Securities in such series as the Board of Directors may determine and to establish, from time to time, the number or amount by aggregate liquidation preference of limited liability company interests (if applicable) of securities to be included in any such series and to fix the designation and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption of the securities of any such series, and such other subjects or matters as may be fixed by resolution adopted by a majority of the Board of Directors and a majority of the Independent Directors (or the Independent Director if there is only one Independent Director).

A Certificate of Designation relating to each series of company parity preferred securities will set forth the preferences and other terms of such series, including without limitation the following: (i) the title and stated value of such series, (ii) the number or amount by aggregate liquidation preference of securities of such series offered and the liquidation preference per share of such series, (iii) the dividend rate(s), period(s), and/or payment date(s) or method(s) of calculation thereof applicable to such series, (iv) whether such class or series of company preferred securities is cumulative or not and, if cumulative, the date from which dividends on such series shall accumulate, (v) the provisions for a sinking fund, if any, for such series, (vi) the provisions for redemption, if applicable, of such series, (vii) any voting rights of such series, (viii) the relative ranking and preferences of such series as to dividend rights and rights upon dissolution, liquidation or winding up of the affairs of the Company, (ix) any limitations on issuance of any series of company preferred securities ranking senior to or on a parity with such series of company preferred securities as to dividend rights and rights upon dissolution, liquidation or winding up of the affairs of the Company, (x) whether company preferred securities of such series will be eligible for issuance in book entry form, and (xi) any other specific terms, preferences, rights, limitations or restrictions of such series.

## TAXATION

### Certain U.S. Federal Income Tax Consequences

The following is a summary of the principal United States federal income tax considerations to Non-United States Holders (as defined below) of the purchase, ownership and disposition of the Trust Preferred Securities and Company Preferred Securities. This summary addresses only the tax consequences to a person that, for United States federal tax purposes, is an individual who is not a citizen or resident of the United States, a foreign corporation, or any other person subject to U.S. federal income tax on a net income tax basis in respect of an investment in the Trust Preferred Securities or Company Preferred Securities (a “Non-United States Holder”) and that acquires Trust Preferred Securities pursuant to the Offering at the initial offering price. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations, Internal Revenue Service rulings and pronouncements and judicial decisions as of the date hereof, all of which are subject to change (possibly with retroactive effect).

**PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TRUST PREFERRED SECURITIES AND COMPANY PREFERRED SECURITIES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.**

#### *United States Federal Income Taxation*

The Bank intends to treat the Trust as a grantor trust for U.S. federal income tax purposes. Assuming compliance with the terms of the Trust Agreement, as a grantor trust, the Trust will not be an association taxable as a corporation for United States federal income tax purposes. As a result, the Trust will not be subject to tax and each beneficial owner of Trust Preferred Securities will be considered the beneficial owner of a corresponding amount of Company Preferred Securities held by the Trust. An exchange of Trust Preferred Securities for a corresponding amount of Company Preferred Securities represented by the Trust Preferred Securities, or of Company Preferred Securities for a corresponding amount of Trust Preferred Securities equal to the liquidation amount of such Trust Preferred Securities, will not be a taxable event.

In purchasing the Trust Preferred Securities, each holder of Trust Preferred Securities agrees with the Bank, the Company, and the Trustee that the Bank, the Company, the Trustee and the holders of Trust Preferred Securities will treat holders of Trust Preferred Securities for all purposes as holders of an undivided interest in Trust assets, including the Company Preferred Securities, and not as holders of a direct interest in the Bank or in any other person, and the following discussion is based on the assumption that such treatment will apply for United States federal income tax purposes. Assuming full compliance with the Company Agreement and Investment Policies, the Company will not be classified as an association or “publicly traded partnership” taxable as a corporation and will not itself be subject to United States federal income tax, but will be treated as a partnership for United States federal income tax purposes. Accordingly, the Company will not be subject to tax and each holder will be required to take into account its allocable share of items of income, gain, loss and deduction of the Company in computing its United States federal income tax liability (but only to the extent described in the following paragraph), regardless of whether distributions are made to the holder.

The Company intends to operate so that it will not be engaged in a trade or business within the United States for United States federal income tax purposes and to invest in securities the income from which will be exempt from United States federal withholding tax. Accordingly, a Non-United States Holder will not be subject to United States federal income tax, or withholding tax, on any income in respect of Trust Preferred Securities or Company Preferred Securities, unless such income or gain is effectively connected with the conduct by the Non-United States Holder of a trade or business in the United States. A Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on gain realized on the sale or exchange of the Trust Preferred Securities or Company Preferred Securities, unless (i) such gain is effectively connected with the conduct by the Non-United States Holder of a trade or business in the United States or (ii) the Non-United States Holder is an individual who was present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met as well.

#### *Information Returns and Holder Certification*

Prior to 31 March each year, the Company will furnish each beneficial owner of Company Preferred Securities that are not represented by Trust Preferred Securities (or, if such Company Preferred Securities are

held by a nominee or custodian that does not comply with the requirements described in the next paragraph, such nominee or custodian) with a copy of the relevant Schedule K-1 to the Company's annual tax return on Internal Revenue Service ("IRS") Form 1065, setting forth such beneficial owner's allocable share of the Company's income for the prior calendar years. Copies of each Schedule K-1 will be provided to the IRS. The Company will not furnish beneficial owners of Trust Preferred Securities with Schedules K-1. The Trust will, however, report to the IRS the amount of interest and/or dividend income allocated each year to each beneficial owner of Trust Preferred Securities, in accordance with applicable law.

Any person who holds Company Preferred Securities as a nominee for another person is required to disclose to the Company (a) the name, address and taxpayer identification number of the nominee and each person for whom it holds Company Preferred Securities; (b) whether each person for whom it holds Company Preferred Securities is (i) a person who is not a United States person (as defined in U.S. Treasury regulations), (ii) a foreign government, an international organisation or any wholly owned agency or instrumentality of either of the foregoing, or (iii) a tax-exempt entity; (c) the amount and description of Company Preferred Securities held, acquired or transferred each year for each person for whom it holds Company Preferred Securities and (d) unless the Company has given the nominee a written authorisation to omit such information, certain other information regarding Company Preferred Securities that it holds as nominee, including the methods of acquisition and costs thereof and net proceeds from transfers. Brokers and financial institutions that hold Company Preferred Securities may be required to furnish additional information about themselves and any Company Preferred Securities they may hold for their own accounts. Penalties may be imposed for failure to comply with these requirements. These requirements do not apply to nominee holders of Trust Preferred Securities.

In general, a Non-U.S. Holder who holds Trust Preferred Securities through a non-United States Bank or other non-United States financial institution that is a participant in Euroclear or Clearstream, Luxembourg that makes all payments on the Trust Preferred Securities through an office outside the United States will not be required to provide certification of non-U.S. status for withholding or back-up withholding purposes. In other contexts, however, including where a Non-U.S. Holder withdraws from the Trust and directly holds the Company Preferred Securities, a Non-U.S. Holder in order to eliminate U.S. information reporting requirements and backup withholding tax will be required to comply with applicable certification procedures to establish the holder's non-U.S. status (by providing a Form W-8BEN).

## **French Taxation**

The following is a summary of the principal French tax considerations to Non-French Holders (as defined below) for the purchase, ownership and disposition of the Trust Preferred Securities and Company Preferred Securities. This summary addresses only the tax consequences to a person that, for French tax purposes, is an individual who is not domiciled in France and who does not purchase, own or dispose of the Trust Preferred Securities or Company Preferred Securities from an enterprise, establishment, business or office situated in France, a corporation or any other person not subject to French corporate income tax on a net income basis (a "Non-French Holder") and that acquire as beneficial owners Trust Preferred Securities pursuant to the Offering at the initial offering price. This summary is based upon the French Income Tax Code (*Code général des impôts*), French tax administration pronouncements and French case law, all of which are subject to change (possibly with retroactive effect).

**THIS SUMMARY IS NOT EXHAUSTIVE, AND PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FRENCH TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF TRUST PREFERRED SECURITIES AND COMPANY PREFERRED SECURITIES, AS WELL AS THE EFFECT OF ANY FOREIGN TAX LAWS.**

Under current law, and assuming compliance with the Company Agreement and the Trust Agreement, neither the Company nor the Trust will be subject to French income tax. The Company and the Trust are not resident in France for French income tax purposes, and do not intend to carry on any business in France through a permanent establishment, a permanent representative, or a "complete business cycle" (*cycle commercial complet d'activités*) within the meaning of French case law. Consequently, dividend payments by the Company on the Company Preferred Securities and dividend payments by the Trust on the Trust Preferred Securities do not carry any rights to French tax credits (*avoir fiscal*) or repayments (*précompte*).

Non-French Holders who are not otherwise subject to French income tax will not become subject to French income tax solely as a result of holding Trust Preferred Securities or Company Preferred Securities.

The Company and the Bank believe that no French withholding tax is payable in respect of (i) interest payments by the Bank on the Subordinated Notes, (ii) dividend or redemption payments by the Company on the Company Preferred Securities, and (iii) dividend, redemption or distribution payments by the Trust on the Trust Preferred Securities.

Non-French Holders will not be subject to French taxes on income from or gains on the disposition of Trust Preferred Securities or Company Preferred Securities.

The sale of Trust Preferred Securities or Company Preferred Securities by a holder—whether French or foreign—may be subject to French transfer duties up to 4.80%, if the transfer is done in France through any instrument embodying the sale transaction (whether in written form or dematerialised).

## SUBSCRIPTION AND SALE

J.P. Morgan Securities Ltd., Morgan Stanley & Co. International Limited, Crédit Agricole Indosuez, Salomon Brothers International Limited, UBS AG, acting through its business group UBS Warburg, Crédit Suisse First Boston (Europe) Limited and Merrill Lynch International (the “Managers”) have, in a subscription agreement (the “Subscription Agreement”) dated 28 January, 2003, jointly and severally agreed to purchase from the Trust the Trust Preferred Securities, in an aggregate liquidation amount of \$1,500,000,000 for the Trust Preferred Securities, at their issue price on the cover page of this Offering Circular (the “Issue Price”). J.P. Morgan Securities Ltd., Morgan Stanley & Co. International Limited and Crédit Agricole Indosuez are the joint lead managers (the “Joint Lead Managers”). The Bank, the Company and the Trust have jointly and severally agreed to pay to the Managers a combined management and underwriting and selling commission of 2% of the aggregate purchase price of the Trust Preferred Securities. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the issue of the Trust Preferred Securities. The Bank, the Company and the Trust have agreed to indemnify the Managers against certain liabilities in connection with the issue of the Trust Preferred Securities.

Neither the Trust nor the Company has been registered under the 1940 Act. The Trust Preferred Securities and the Company Preferred Securities have not been and will not be registered under the Securities Act, and the Trust Preferred Securities may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person, unless the Trust Preferred Securities and the Company Preferred Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Trust Preferred Securities are being offered and sold pursuant to this Offering Circular only outside the United States in reliance on Regulation S. The Issue Price and other selling terms may from time to time be varied by the Managers.

### Selling Restrictions

#### *United States*

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Trust Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the Closing Date, and it will have sent to each dealer to which it sells Trust Preferred Securities during the 40-day restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Trust Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Trust Preferred Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### *France*

The Trust Preferred Securities may only be issued, offered or sold, directly or indirectly, in the Republic of France in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the French *Code monétaire et financier*. Where an issue, offer or sale of the Trust Preferred Securities is effected as an exception to the public offer rules (*appel public à l'épargne*) in the Republic of France by way of an offer or sale to (i) qualified investors (*investisseurs qualifiés*) and/or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) all as defined in, and in accordance with, Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October, 1998, such qualified investors or investors of a restricted circle must be informed that:

- (i) the issue, offer or sale of the Trust Preferred Securities does not require an information document to be submitted to the approval of the *Commission des Opérations de Bourse*;
- (ii) they can only invest in the Trust Preferred Securities for their own account;
- (iii) the direct or indirect offer or sale, to the public in the Republic of France, of the Trust Preferred Securities so purchased can only be made in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the French *Code monétaire et financier*; and
- (iv) if the offer or sale is made to a restricted circle of investors comprising 100 or more of such investors, the latter must provide a certification as to their personal relationship from a professional or family standpoint, with a member of the management of the Issuer.

Each Manager has represented and agreed in the Subscription Agreement that, in connection with the Offering, it has not offered or sold and will not offer or sell, directly or indirectly, the Trust Preferred Securities to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular or any other offering material relating to the Trust

Preferred Securities, and that such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) and/or (ii) a restricted group of investors (*cercle restreint d'investisseurs*), all as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October, 1998.

#### *Hong Kong*

Each Manager has represented and agreed that it will not, directly or indirectly, offer or sell and will not, directly or indirectly, offer or sell in Hong Kong, by means of any document, the Trust Preferred Securities other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. The Managers further represented and agreed that, unless they are persons who are permitted to do so under the securities laws of Hong Kong, they have not issued or had in their possession for the purposes of issue, and they will not issue or have in their possession for the purposes of issue, any advertisement, invitation or document relating to the Trust Preferred Securities, other than with respect to Trust Preferred Securities to be disposed of to persons outside Hong Kong or to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent.

#### *Luxembourg*

The Trust Preferred Securities 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.

#### *The Netherlands*

The Trust Preferred Securities and the Company Preferred Securities (including rights representing an interest in a Trust Preferred Security or a Company Preferred Security in global form) may only be offered or sold in The Netherlands, as part of their initial distribution or as part of any re-offering, and this Offering Circular may only be distributed and circulated, in The Netherlands, to individuals or legal entities who or which trade in securities in the conduct of a business or profession (which includes banks, securities firms, insurance companies, pension funds, investment institutions, central governments, large international and supranational institutions and other parties, including treasury departments of commercial enterprises, which are regularly active in the financial markets in a professional manner). Each of the Managers has undertaken with the Trust and the Company that it will be made clear upon making any such offers and from any and all documents or advertisements in which the forthcoming offering of these Trust Preferred Securities and the Company Preferred Securities is announced that the offer is exclusively made to the said individuals or legal entities in The Netherlands.

#### *Singapore*

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Trust Preferred Securities may not be circulated or distributed, nor may the Trust Preferred Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act 2001 of Singapore (“SFA”), (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

#### *United Kingdom*

Each Manager has represented and agreed in the Subscription Agreement that (i) it has not offered or sold, and, prior to the expiry of six months from the Issue Date of the Trust Preferred Securities will not offer or sell, any Trust Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments, whether as principal or agent, for purposes of their business 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) it has 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 (“FSMA”) received by it in connection with the issue or sale of any Trust Preferred Securities in circumstances in which section 21(1) of the FSMA does not apply to the Company or the

Trust, and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Trust Preferred Securities in, from or otherwise involving the United Kingdom.

Each Manager represents and agrees that it has not made, and will not make, any public offering of the Trust Preferred Securities in any jurisdiction where additional action is required by the Managers, the Company or the Trust under the laws of such jurisdiction in connection with a public offering of securities. Each Manager represents and agrees that it has not offered or sold, and will not offer or sell, any Trust Preferred Securities constituting part of its allotment to any purchaser, except in compliance with applicable laws and regulations. Each Manager represents and agrees that it will only sell the Trust Preferred Securities in compliance with the laws and regulations in any jurisdiction applicable to such sale.

The Trust Preferred Securities are a new issue of securities with no established trading market. Application has been made to list the Trust Preferred Securities on the Luxembourg Stock Exchange. However, no assurance can be given that an active trading market will develop or as to the liquidity of the Trust Preferred Securities. The CA Parties have been advised by the Joint Lead Managers that they currently intend to make a market in Trust Preferred Securities. However, the Joint Lead Managers are not obligated to do so and any such market making activity will be subject to the limits imposed by applicable law and may be interrupted or discontinued at any time without notice. Accordingly, no assurance can be given as to the liquidity of or the trading market for the Trust Preferred Securities. See “Certain Investment Considerations—No Prior Market for Trust Preferred Securities; Resale Restrictions”.

The CA Parties have agreed that, from the date of the Subscription Agreement and continuing for 30 days after the closing date, they will not, directly or indirectly, offer, sell, contract to sell or otherwise dispose of, any securities of the Bank or any of its subsidiaries or affiliates that have terms that are substantially similar to the Trust Preferred Securities or the Company Preferred Securities without the prior written consent of the Representative. Either J.P. Morgan Securities Ltd. or Morgan Stanley & Co. International Limited in its discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Purchasers of Trust Preferred Securities may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Issue Price.

In connection with the issue and distribution of the Trust Preferred Securities, J.P. Morgan Securities Ltd., or any person acting for it, may over-allot or effect transactions with a view to supporting the market price of the Trust Preferred Securities at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on J.P. Morgan Securities Ltd., or any agent of it, to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

## **VALIDITY OF SECURITIES**

Richards, Layton & Finger will pass upon the validity of the Company Preferred Securities and the Trust Preferred Securities, and Cleary, Gottlieb, Steen & Hamilton will pass upon the validity of the Subordinated Notes and the Support Agreement for the Bank, the Company and the Trust. Clifford Chance will pass upon the validity of the Support Agreement and the Subordinated Notes for the Managers. Clifford Chance will rely upon the opinion of Richards, Layton & Finger as to certain matters of Delaware law.

## GENERAL INFORMATION

### Listing

A notice relating to the issue of the Trust Preferred Securities (*Notice Légale*), the Trust Agreement, the Company Agreement and the Agency Agreement of the Company have been filed with the Chief Registrar of the District Court of Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*) where such documents are available for inspection and where copies of such documents will be obtainable upon request.

### Clearing Systems

The Trust Preferred Securities have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear. The Common Code and ISIN number for the Trust Preferred Securities are as follows:

Common Code .....	016144100
ISIN .....	XS0161441000

### Authorisation

The issue of the Trust Preferred Securities will be authorised by the Trust on the Issue Date, and the issue of the Company Preferred Securities was authorised by the Company on January 28, 2003. The issue of the Subordinated Notes was authorised pursuant to a resolution of the ordinary shareholders meeting of the Bank dated 22 May, 2002 and a decision of the *Chairman of the Board* of the Bank dated 28 January, 2003.

### Documents

Copies of the Company Agreement, the Trust Agreement and the Support Agreement will, so long as any Trust Preferred Securities and/or Company Preferred Securities are outstanding, be available for inspection during usual business hours at the specified office of the Paying Agent in Luxembourg.

Unless otherwise indicated in this offering circular, all of the agreements relating to this offering are dated as of the Issue Date.

A copy of the English translation of the By-laws (*statuts*) of the Bank will be available free of charge so long as any Trust Preferred Securities and/or Company Preferred Securities are outstanding at the specified offices of the Paying Agent in Luxembourg.

For so long as the Trust Preferred Securities are listed on the Luxembourg Stock Exchange, copies of the audited annual financial statements and the semi-annual interim financial statements of the Bank will be available in the English and French languages, free of charge, at the specified office of the Paying Agent in Luxembourg. In addition to its audited annual financial statements and semi-annual interim financial statements, the Bank also publishes a quarterly income statement and balance sheet data, although it is under no legal obligation to do so. The Company's annual financial statements will be available during usual business hours at the specified office of the Paying Agent in Luxembourg. The Company does not publish interim financial statements. The Trust does not and will not publish financial statements.

### No Material Adverse Change

Except as disclosed in this Offering Circular, there has been no adverse change in the financial position of the Bank since 31 December, 2001 or of the Trust or the Company since their respective dates of establishment (3 January, 2003 in the case of the Company and 6 January, 2003 in the case of the Trust), which is material in the context of the issue of the Trust Preferred Securities.

### Litigation

Neither the Trust nor the Company are involved in any litigation, arbitration or administrative proceeding relating to claims or amounts that are material in the context of the issues of the Trust Preferred Securities and the Company Preferred Securities to which the Trust or the Company is a party, nor, to the best of the knowledge and belief of the Trust or the Company, are there any threatened litigation, arbitration or administrative

proceedings relating to claims or amounts that are material in the context of the issues of the Trust Preferred Securities and the Company Preferred Securities that would in either case jeopardise their ability to discharge their respective obligations in respect of the present issues of the Trust Preferred Securities and the Company Preferred Securities.

Except as disclosed in this Offering Circular, there are no litigation, arbitration or administrative proceedings relating to claims or amounts that are material in the context of the issues of the Trust Preferred Securities and the Company Preferred Securities to which the Bank is a party, nor, to the best of the knowledge and belief of the Bank, are there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts that are material in the context of the issues of the Trust Preferred Securities and the Company Preferred Securities that would in either case jeopardise its ability to discharge its obligations under the present issues of the Trust Preferred Securities and the Company Preferred Securities.

### **Governing Law**

The Company Agreement, the Company Preferred Securities, the Trust Agreement and the Trust Preferred Securities will be governed by the laws of the State of Delaware, United States of America, without regard to any conflicts of laws principles thereof that would require the application of the laws of a jurisdiction other than the State of Delaware. The Support Agreement and the Subordinated Notes will be governed by the laws of the State of New York, United States of America, without regard to any conflicts of laws principles thereof that would require the application of the laws of a jurisdiction other than the State of New York.

## GLOSSARY

“*Additional Amounts*” has the meaning set forth under “Description of the Company Preferred Securities—Dividends—Additional Amounts”.

“*Adjusted Yield*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Administrative Action*” means any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) by any legislative body, court, governmental authority or regulatory body having appropriate jurisdiction.

“*Administration Agreement*” means the Administration Agreement between CAI-NY and the Company described under “The Company—Business and Strategy of the Company—Employees and Administration Agreement”.

“*Agency Agreement*” means the agency agreement entered into among the Trust, Crédit Agricole Indosuez Luxembourg, JPMorgan Chase Bank and JPMorgan Chase Bank, London.

“*Applicable Banking Regulations*” means the capital adequacy regulations then in effect of the French *Comité de la réglementation bancaire et financière* or other regulatory authority in France (or if the Bank becomes domiciled in a jurisdiction other than France, such other jurisdiction) having authority to adopt capital adequacy regulations with respect to the Bank.

“*Bank*” means Crédit Agricole S.A., a *société anonyme*, organised under the laws of the Republic of France.

“*Bank Ordinary Shares*” has the meaning set forth under “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*Bank Parity Guarantees*” has the meaning set forth under “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*Bank Parity Preferred Shares*” has the meaning set forth in “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*Bank Parity Securities*” has the meaning set forth in “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*Bankruptcy Event*” means the occurrence of either of the following events: (i) the entering of a judgment initiating bankruptcy proceedings (*redressement judiciaire* or *liquidation judiciaire*) in respect of the Bank under French law, or (ii) the notification by the *Commission bancaire*, in its sole discretion, to the Bank and the Company that it has determined, in view of the deteriorating financial condition of the Bank, that the foregoing clause (i) would apply in the near term.

“*Base Redemption Price*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Board of Directors*” means the board of directors of the Company.

“*Bond Yield*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*business day*” means a day (i) which is a TARGET Settlement Day and (ii) on which banks are open for business in New York, New York, U.S.A., Wilmington, Delaware, U.S.A., and in case of payments by the Luxembourg Paying Agent, Luxembourg.

“*Calculation Date*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Calculation Period*” means a Dividend Period.

“*Capital Deficiency Event*” means the occurrence of either of the following events: (i) a decline in the consolidated risk-based capital ratio of the Bank and its consolidated subsidiaries and affiliates, calculated in accordance with the Applicable Banking Regulations, to below the minimum percentage required in accordance with Applicable Banking Regulations, or (ii) the notification by the *Secrétariat Général de la Commission bancaire*, in its sole discretion, to the Bank and the Company that it has determined, in view of the deteriorating financial condition of the Bank, that the foregoing clause (i) would apply in the near term.

“*Capital Disqualification Event*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Clearstream, Luxembourg*” means Clearstream Banking, société anonyme or its successor.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commission bancaire*” means the French banking commission or any successor that administers the Applicable Banking Regulations.

“*Common Depository*” means the common depository for Euroclear and Clearstream, Luxembourg, which initially will be JPMorgan Chase Bank.

“*Common Nominee*” means the common nominee for Euroclear and Clearstream, Luxembourg, which initially will be Chase Nominees Limited.

“*Company*” means CA Preferred Capital 1, L.L.C., a Delaware limited liability company.

“*Company Agreement*” means the Amended and Restated Limited Liability Company Agreement of the Company, as amended and restated as of the Issue Date of the Company Preferred Securities.

“*Company Common Securities*” means the common limited liability company interests in the Company.

“*Company Parity Preferred Securities*” has the meaning set forth under “Description of Member Interests of the Company—Company Parity Preferred Securities”.

“*Company Preferred Securities*” means the 7.0% Noncumulative Company Preferred Securities, liquidation preference \$1,000 per security and aggregate liquidation preference \$1,500,000,000 offered by the Company.

“*Comparable Bond Issue*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Comparable Bond Price*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Crédit Agricole Group*” refers to Crédit Agricole S.A., the Caisses Régionales, the Caisses Locales and their respective subsidiaries, taken together.

“*Definitive Dividends*” means, as to a Dividend Payment Date and related Dividend Period, dividends that are due and payable because such dividends are with respect to a Mandatory Dividend Payment Amount or no Dividend Limitation Notice was delivered.

“*Delaware Limited Liability Company Act*” means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, *et seq.*, as amended from time to time.

“*Delaware Statutory Trust Act*” means the Delaware Statutory Trust Act, 12 Del. C. § 3801, *et seq.*, as amended from time to time.

“*Delaware Trustee*” means the Chase Manhattan Bank USA, National Association, or its successor as Delaware Trustee under the Trust Agreement.

“*Discretionary Dividend*” has the meaning set forth under “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*Dividend Limitation Notice*” has the meaning set forth under “Description of the Company Preferred Securities—Dividends—Dividend Limitation Notice”.

“*Dividend Payment Date*” has the meaning set forth in “Description of the Company Preferred Securities Dividends”.

“*Dividend Period*” means the period from and including a Dividend Payment Date (or the Issue Date) to but not including the next succeeding Dividend Payment Date.

“*dividends*” means, when used with respect to Company Preferred Securities, distributions on the Company Preferred Securities described under “Description of the Company Preferred Securities—Dividends” and includes, as to any Dividend Payment Date, Additional Amounts calculated as though full dividends were paid on the Company Preferred Securities.

“*euro*” and “€” mean the single currency introduced at the start of the third stage of the European Economic and Monetary Union on 1 January, 1999.

“*Euroclear*” means Euroclear Bank S.A./N.V. or its successor.

“*Euro-zone*” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“*Exchange Date*” has the meaning set forth under “Description of the Trust Preferred Securities—Denomination, Form and Exchange”.

“*First Call Date*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption.”

“*Fitch*” means Fitch Ratings.

“*Group*” means the Crédit Agricole S.A. and its consolidated subsidiaries, together with its 25% equity interest in each of the Caisses Régionales (with the exception of the Caisse Régionale of Corsica).

“*Independent Director*” has the meaning set forth under “The Company—Management of the Company—Independent Directors”.

“*Investment Company Act Event*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Investment Policies*” means the Company’s initial investment policies established pursuant to the Company Agreement.

“*IRS*” means the U.S. Internal Revenue Service.

“*Issue Date*” means the date of initial issuance of the Company Preferred Securities and the Trust Preferred Securities, expected to be on 30 January, 2003.

“*Issue Price*” means the initial purchase price of the Trust Preferred Securities as set forth on the cover page of this Offering Circular.

“*Joint Lead Managers*” means J.P. Morgan Securities Ltd., Morgan Stanley & Co. International Limited and Crédit Agricole Indosuez.

“*Liquidation Claim Amount*” has the meaning set forth under “Description of the Support Agreement Claim in Liquidation of the Bank”.

“*Managers*” has the meaning set forth under “Subscription and Sale”.

“*Make-Whole Amount*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Mandatory Dividend Payment Amount*” has the meaning set forth in “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*Mandatory Dividend Payment Date*” has the meaning set forth in “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*Moody’s*” means Moody’s Investors Service Inc.

“*1940 Act*” means the U.S. Investment Company Act of 1940, as amended.

“*Non-United States Holder*” means an individual who is not a citizen or resident of the United States, a foreign corporation, an estate that is not subject to United States federal income tax on its income without regard to the source thereof, or any person subject to U.S. federal income tax or a net income tax basis in respect of an investment in the Trust Preferred Securities or Company Preferred Securities.

“*Non-definitive Dividends*” means, as to a Dividend Payment Date and related Dividend Period, the portion of any such dividends that are not due and payable because a Dividend Limitation Notice was delivered.

“*Notional Dividend Amount*” has the meaning set forth under “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*Offering*” means the offering by the Trust of the Trust Preferred Securities and the related issuance to the Trust by the Company of its Company Preferred Securities.

“*Offering Circular*” means this Offering Circular, as the same may be supplemented or amended, including the documents incorporated by reference herein.

“*Paying Agent*” means the paying agent with respect to the Trust Preferred Securities, which will initially be Crédit Agricole Indosuez Luxembourg and JPMorgan Chase Bank, and with respect to the Company Preferred Securities, which will initially be CAI-NY.

“*Primary Bond Dealer*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Quotation Agent*” has the meaning set forth in “Description of the Company Preferred Securities Redemption”.

“*Reference Bond Dealer*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Reference Bond Dealer Quotations*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Registrar*” means the registrar with respect to the Trust Preferred Securities, which will initially be JPMorgan Chase Bank, and with respect to the Company Preferred Securities, which will initially be CAI-NY.

“*Regulation S*” means Regulation S under the Securities Act.

“*Relevant Jurisdiction*” has the meaning set forth under “Description of the Company Preferred Securities—Dividends—Additional Amounts”.

“*Relevant Tax*” has the meaning set forth under “Description of the Company Preferred Securities Dividends—Additional Amounts”.

“*Replacement Securities*” has the meaning set forth under “The Company—Business and Strategy of the Company—Investment Policies”.

“*Securities Act*” means the U.S. Securities Act of 1933, as amended.

“*Senior Indebtedness*” has the meaning set forth under “Description of the Support Agreement—Subordination of Bank’s Payment Obligations”.

“*Special Event Redemption Date*” has the meaning set forth under “Description of the Company Preferred Securities—Redemption”.

“*Standard & Poor’s*” means Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc.

“*Subordinated Notes*” means the Subordinated Notes issued by the Bank and the Branch as described under “Description of the Subordinated Notes”.

“*Subscription Agreement*” means the purchase agreement by and among the Company, the Trust, the Bank and the Managers.

“*Support Agreement*” means the Support Agreement between the Bank and the Company, to be entered into on the Issue Date, in which the Bank will make certain agreements in favour of the Company, including those described under “Description of the Support Agreement—Support of Dividends” and “Description of the Support Agreement—Other Provisions”.

“*Tax Event*” has the meaning set forth under “Description of the Company Preferred Securities Redemption”.

“*30/360 Basis*” means the number of days in the Interest Period in respect of which payment is being made 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 (i) the last day of the Interest Period is the 31<sup>st</sup> day of a month but the first day of the Interest Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> 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 (ii) the last day of the Interest 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)).

“*Transfer Agent*” means the transfer agent with respect to the Trust Preferred Securities, which will initially be JPMorgan Chase Bank and Crédit Agricole Indosuez Luxembourg, and with respect to the Company Preferred Securities, which will initially be CAI-NY.

“*Treasury Regulations*” means the income tax regulations promulgated under the Code.

“*Trust*” means CA Preferred Funding Trust, a Delaware statutory business trust.

“*Trust Agreement*” means the Amended and Restated Trust Agreement to be entered into between the Company, as grantor, the Bank and the Trustee, as amended and restated as of the date of issuance of Trust Preferred Securities.

“*Trust Preferred Securities*” means the 7.0% Trust Preferred Securities, liquidation amount \$1,000 per security and aggregate liquidation amount \$1,500,000,000, offered by the Trust, representing an equal amount of Non-cumulative Company Preferred Securities.

“*Trustee*” means JPMorgan Chase Bank, or its successor as trustee under the Trust Agreement together with the Delaware Trustee.

“*Underlying Security*” has the meaning assigned to such term under “Description of the Company Preferred Securities—Dividends—Mandatory Dividends”.

“*United States*” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

“*U.S. Person*” means, unless otherwise specified, (i) any natural person resident in the United States, (ii) any partnership or corporation organized or incorporated under the laws of the United States, (iii) any estate of which any executor or administrator is a U.S. person, (iv) any trust of which any trustee is a U.S. person, (v) any agency or branch of a foreign entity located in the United States, (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person, (vii)

any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States and (viii) any partnership or corporation if. (A) organised or incorporated under the laws of any foreign jurisdiction; and (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

“*Voting Preferred Securities*” means the voting preferred interests in the Company.

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**THE BANK**  
Crédit Agricole S.A.  
91-93 boulevard Pasteur  
75015 Paris, France

**THE COMPANY**  
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c/o Crédit Agricole Indosuez  
666 Third Avenue  
New York, NY 10017 USA

**THE TRUST**  
CA Preferred Funding Trust  
4 New York Plaza, 15th Floor  
New York, NY 10004 USA

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*As to Delaware law:*

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France

**TRANSFER AGENT AND REGISTRAR**

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**TRUSTEE**

JPMorgan Chase Bank  
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New York, NY 10004 USA

**DELAWARE TRUSTEE**

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Newark, Delaware 19713 USA

**LUXEMBOURG LISTING AGENT**

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39, allée Scheffer  
L-2520 Luxembourg

**LUXEMBOURG PAYING AND TRANSFER AGENT**

Crédit Agricole Indosuez Luxembourg  
39, allée Scheffer  
L-2520 Luxembourg

**ADDITIONAL PAYING AGENT**

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Trinity Tower  
9 Thomas More Street  
London, E1W 1YT  
United Kingdom