

## IMPORTANT NOTICE

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached offering circular. In accessing the attached offering circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** You have been sent the attached offering circular on the basis that you have confirmed to ABN AMRO Bank N.V., being the sender (the "Sender") of the attached that (i) you are not a "U.S. person" (within the meaning of Regulation S of the U.S. Securities Act of 1933) and you are outside the United States and (ii) that you consent to delivery by electronic transmission.

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently the Sender or any person who controls it or any director, officer, employee or agent of it, or affiliate of any such person does not accept any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from the Sender.

You are reminded that the attached offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this offering circular to any other person.

**Restrictions:** Nothing on this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued will not be registered under the Securities Act of 1933 and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the U.S. Securities Act of 1933) unless registered under the Securities Act or pursuant to an exemption from such registration or in any other jurisdiction where the offer or sale of such securities is not permitted.



**€550,000,000 6.0% Noncumulative Trust Preferred Securities**

of

**CA Preferred Funding Trust III**

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 Series III Trust Preferred Security**

This is an offering of €550,000,000 6.0% Noncumulative Trust Preferred Securities (the “Series III Trust Preferred Securities”) of CA Preferred Funding Trust III, a Delaware statutory trust (the “Series III Trust”). The Series III Trust Preferred Securities represent a corresponding amount of Company Preferred Securities (the “Series III Company Preferred Securities”) of CA Preferred Funding, L.L.C., a Delaware limited liability company (the “Company”). The Series III Trust Preferred Securities are perpetual securities.

The Series III Trust will pass through dividends received on the Series III Company Preferred Securities as distributions on the Series III Trust Preferred Securities. Dividends on the Series III Company Preferred Securities will be payable from the Issue Date (as defined herein) on a noncumulative basis, quarterly in arrear on 30 January, 30 April, 30 July and 30 October of each year, commencing on 30 January, 2004 at a rate of 6.0% per annum. See “Description of the Company Preferred Securities—Dividends”.

The Series III Trust will pass through redemption proceeds on the Series III Company Preferred Securities to redeem a corresponding amount of Series III Trust Preferred Securities. The Series III Company Preferred Securities are not redeemable prior to 30 July, 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 are held by Crédit Agricole S.A., a French bank (the “Bank”), acting through its London branch (the “Branch”). The Company has also issued a class of voting preferred securities that is 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 Series III 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 Series III Trust Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V.

**See “Certain Investment Considerations” beginning on page 19 for certain information relevant to an investment in the Series III Trust Preferred Securities.**

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

The Series III 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., “A1” by Moody’s Investor Service, Inc. and “AA-” by Fitch Ratings. 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 Series III Trust Preferred Securities will initially be represented by a temporary global certificate that will be deposited on or about 19 December, 2003 with the Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., the Dutch depository and settlement institute (“Euroclear Netherlands”), a subsidiary of Euroclear Bank S.A./N.V. (“Euroclear”), and will be exchangeable for interests in a permanent global certificate 40 days after the Issue Date of the Series III Trust Preferred Securities upon certification of non-U.S. beneficial ownership. Clearance of the Series III Trust Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V. will be effected through Clearnet S.A. The Series III Trust Preferred Securities have been accepted for delivery through Euroclear Netherlands, Euroclear and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”).

**ABN AMRO**

**Crédit Agricole Indosuez**

**Rabobank International**

17 December, 2003

The Bank's 2002 annual report (*document de référence*) filed with the French *Commission des opérations de bourse* on 23 May 2003 under number R03-0093, as updated on 28 May 2003 under number D03-0396/A01 and on 8 October 2003 under number D03-0396/A02 (the "2002 Annual Report") is incorporated by reference into this Offering Circular. Copies of the 2002 Annual Report in both French and English will be available free of charge at the specified office of the Paying Agent in The Netherlands and of the Bank.

The English language 2002 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 2002 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 2002 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 Series III Trust, the Company and the Bank, having made all reasonable inquiries, confirm that the information contained in this Offering Circular with regard to the Series III 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 Series III 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 Series III 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 Series III 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 SERIES III TRUST PREFERRED SECURITIES AND THE SERIES III COMPANY PREFERRED SECURITIES. PROSPECTIVE INVESTORS THAT HAVE ANY DOUBT WHATSOEVER AS TO THE RISKS INVOLVED IN INVESTING IN THE SERIES III TRUST PREFERRED SECURITIES AND THE SERIES III COMPANY PREFERRED SECURITIES SHOULD CONSULT THEIR PROFESSIONAL ADVISORS.**

This Offering Circular has been prepared by the Bank, the Series III Trust and the Company for use by the Managers in making offers and sales of the Series III 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 Series III Trust Preferred Securities offered hereby will be deemed to have represented and agreed that (i) such purchaser understands that the Series III Trust Preferred Securities and the Series III Company Preferred Securities have not been registered under the Securities Act, and the Series III 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 Series III Trust has been registered under the United States Investment Company Act of 1940, as amended.

**EACH PURCHASER OF THE SERIES III TRUST PREFERRED SECURITIES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE SERIES III 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 SERIES III 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 SERIES III 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 Series III Trust, the Managers or any affiliate of any of them to subscribe for or purchase, any Series III 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 Series III 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 Series III 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 Series III Trust Preferred Securities and on distribution of this Offering Circular and other offering material relating to the Series III Trust Preferred Securities, see "Subscription and Sale".

So long as the Series III Trust Preferred Securities have not been listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., or it is unlikely that the Series III Trust Preferred Securities will soon be admitted to listing, the Series III Trust Preferred Securities may only be offered, sold, or delivered in or from the Netherlands, as part of their initial distribution or as part of any re-offering, and this Offering Circular, and any other document in respect of the offering, may only be distributed or circulated in the Netherlands, to individuals or legal entities, which include, but are not limited to, banks, brokers, dealers, institutional investors and undertakings with a treasury department, who or which trade or invest in securities in the conduct of a business or profession (“Professional Investors”). This Offering Circular constitutes a “prospectus” with regards to sales of or offers to sell the Series III Trust Preferred Securities in the Netherlands.

**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; the ability of Crédit Agricole S.A. to integrate Crédit Lyonnais successfully 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 “US\$”, “USD” and “US dollars” are to the lawful currency of the United States.

**In connection with the issue and distribution of the Series III Trust Preferred Securities, ABN AMRO Bank N.V., or any person acting for it, may over-allot or effect transactions with a view to supporting the market price of the Series III Trust Preferred Securities at a level higher than that which might otherwise prevail for a maximum of 30 days after the issue date. However, there may be no obligation on ABN AMRO Bank N.V., 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 Series III Trust Preferred Securities. See “Glossary” commencing at page 118 for the definitions of certain terms used in this Offering Circular. The offering by CA Preferred Funding Trust III of its €550,000,000 6.0% Noncumulative Trust Preferred Securities, liquidation amount €1,000 per security, and the related issuance to CA Preferred Funding Trust III by CA Preferred Funding, L.L.C. of its 6.0% Noncumulative Company Preferred Securities, liquidation preference €1,000 per security, are referred to herein as the “Offering”.

### Introduction

The 6.0% Noncumulative Trust Preferred Securities (the “Series III Trust Preferred Securities”) are being issued by CA Preferred Funding Trust III, a Delaware statutory trust (the “Series III Trust”), in an aggregate liquidation amount of €550,000,000. The Series III Trust Preferred Securities represent a corresponding amount of 6.0% Noncumulative Company Preferred Securities (the “Series III 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 Series III Company Preferred Securities in a financing transaction that raises regulatory capital for Crédit Agricole S.A. (the “Bank”). The Bank intends to treat the Series III Company Preferred Securities as Tier 1 capital of the Bank on a consolidated basis under relevant French banking regulations.

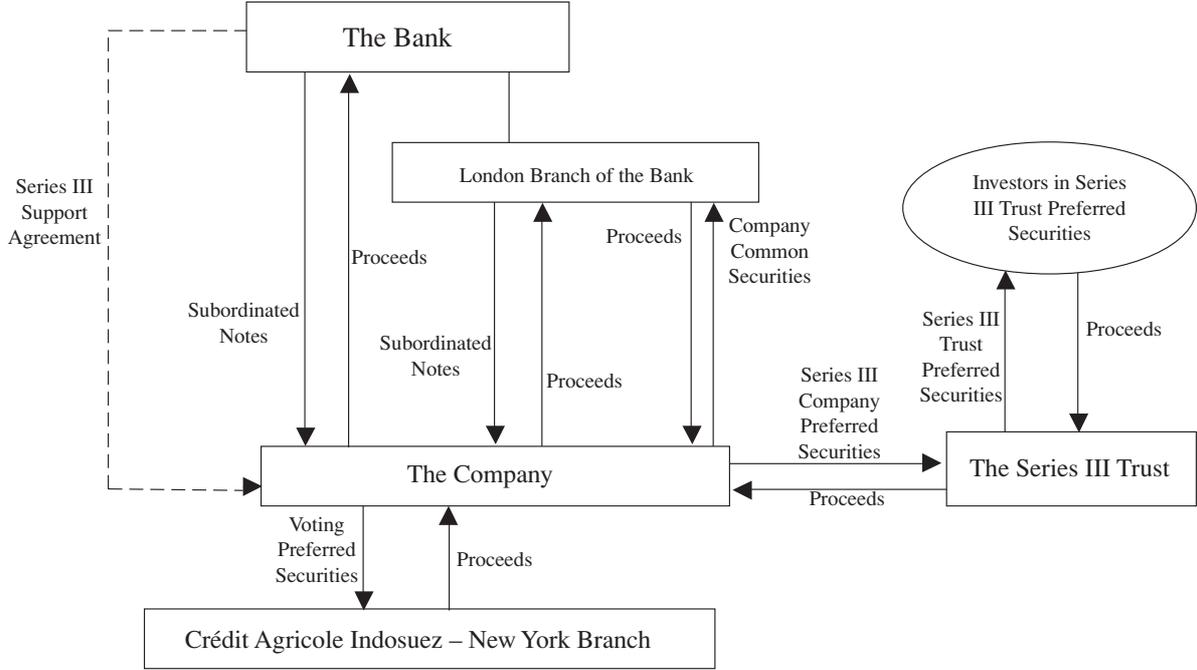
All of the Company’s common securities are held by the Bank, acting through its London branch (the “Branch”). The Company has also issued a single class of voting preferred securities, which ranks junior to the Company Preferred Securities, and which is held by Crédit Agricole Indosuez, a wholly-owned subsidiary of the Bank, acting through its New York Branch (“CAI-NY”). The Company’s principal assets 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”), dated 30 January, 2003, as amended on 8 August 2003 and as it will be amended on the Issue Date (as defined herein) in connection with the issuance of the Series III Trust Preferred Securities, 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 Series III Company Preferred Securities. Under a Support Agreement to be entered into on the Issue Date (as defined herein) 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 Series III 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 Series III Company Preferred Securities will rank *pari passu* among themselves and with the Company’s 7.0% Noncumulative Company Preferred Securities issued on 30 January, 2003 (the “Initial Company Preferred Securities”) and its Series II Company Preferred Securities issued on 8 August 2003 (the “Series II Company Preferred Securities”). The Initial Company Preferred Securities, the Series II Company Preferred Securities and the Series III Company Preferred Securities together constitute the “Company Preferred Securities”. In connection with the issuance of the Initial Company Preferred Securities and the Series II Company Preferred Securities, the Bank entered into support agreements (the “Initial Support Agreement” and the “Series II Support Agreement”, respectively) with terms substantially identical to those in the support agreement relating to the Series III Company Preferred Securities (the “Series III Support Agreement”). The Bank’s obligations under the Initial Support Agreement and the Series II Support Agreement are subordinated to the same extent as its obligations under the Series III Support Agreement. The Bank’s obligations under the Series III Support Agreement will rank *pari passu* with its obligations under the Initial Support Agreement and the Series II Support Agreement. The Initial Company Preferred Securities are held by a Delaware statutory trust (the “Initial Trust”), and the Series II Company Preferred Securities are held by a Delaware statutory trust (the “Series II Trust”). The

Initial Trust, the Series II Trust and the Series III Trust together constitute the “Trusts”. In connection with the issuance of the Initial Company Preferred Securities, the Initial Trust issued a series of trust preferred securities (the “Initial Trust Preferred Securities”), and in connection with the issuance of the Series II Company Preferred Securities, the Series II Trust issued a series of trust preferred securities (the “Series II Trust Preferred Securities”). The Initial Trust Preferred Securities, the Series II Trust Preferred Securities and the Series III Trust Preferred Securities together constitute the “Trust Preferred Securities”. Investors in the Series III Trust Preferred Securities will not have any interest in the Initial Trust, the Series II Trust, the Initial Trust Preferred Securities or the Series II Trust Preferred Securities.

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



**The Series III Trust**

The Series III Trust is a Delaware statutory trust formed on 19 November, 2003. The Series III Trust was formed for the sole purpose of (i) issuing the Series III Trust Preferred Securities representing a corresponding amount of Series III Company Preferred Securities held by the Series III Trust, (ii) acquiring and holding the Series III Company Preferred Securities and (iii) performing functions necessary or incidental thereto. The Series III Trust cannot issue other equity securities or any debt securities or engage in any other activities. The Series III Company Preferred Securities will be the only assets of the Series III Trust. See “The Series III Trust” below. See “Taxation – U.S. Federal Income Tax” for the United States federal income tax treatment of the Series III 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 Company Preferred Securities, Voting Preferred Securities and Company Common Securities (as defined below), (ii) acquiring and holding 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 Trusts as holders of the Company Preferred Securities (and consequently for pass through by the Trusts 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, holds all of the common limited liability company interests in the Company (together with the additional common limited liability company interests described below, the “Company

Common Securities”). In connection with the Offering, the Bank, through the Branch, will purchase additional Company Common Securities. The Company Common Securities represent, and will represent, 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 additional Company Common Securities are being purchased for an aggregate purchase price of €30,074,873.

The Company has also issued a class of voting preferred securities (the “Voting Preferred Securities”) that is held by CAI-NY. In connection with this Offering, the Company will issue additional Voting Preferred Securities to CAI-NY. The Voting Preferred Securities represent, and will represent, 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 rank junior to the Company Preferred Securities and entitle their holder to certain rights and privileges. The additional Voting Preferred Securities are being purchased for an aggregate purchase price of €14,813,982.

The Company is and will be managed by a Board of Directors having four members, one of whom is 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, 2003, Crédit Agricole S.A. had total assets of €822.4 billion, €276.2 billion in funds under management and €23.0 billion in shareholders’ equity and fund for general banking risks.

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 44 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.

In June 2003, the Bank and SACAM Développement acquired approximately 97.45% of the capital and voting rights of Crédit Lyonnais, a leading banking and financial services group in France, in a friendly public tender offer. Upon settlement of the offer, which occurred on 19 June, 2003, Crédit Agricole S.A. and SACAM Développement paid approximately €10.5 billion in cash and issued 353,285,738 new shares to former holders of Crédit Lyonnais shares. Following a public buy-out offer and a subsequent squeeze-out in July and August 2003, Crédit Agricole obtained all of the remaining Crédit Lyonnais shares, with the exception of certain shares that have been, or will be, issued in respect of stock option plans. As a result, Crédit Agricole currently holds 99.86% (including 5.04% held by SACAM Développement) of the capital and voting rights of Crédit Lyonnais.

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. The Group organises its business in six segments. Since the acquisition of Crédit Lyonnais, the Group operates two French retail banking segments. The first consists of the Caisses Régionales, which are 25% owned by the Group, and offer consumer credit, leasing, payment and factoring services. The second consists of the Crédit Lyonnais retail banking network, including Crédit Lyonnais’ private banking activities in France. The Group’s specialist financial services segment combines all businesses providing banking products and services to individual and professional customers, to business customers and local authorities in France and elsewhere in the world, and includes consumer credit and specialised financing to businesses in the form of factoring and lease finance. The Group’s financing 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 and Chile. In addition to its six business segments, 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 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.

### **Solvency Ratios**

Crédit Agricole S.A.'s international solvency ratio as of 31 December, 2002 was 9.0%, including a Tier 1 ratio of 8.8%. As of 30 September, 2003, Crédit Agricole S.A.'s international solvency ratio was 8.4%, including a Tier 1 ratio of 7.5%. After giving effect to the Offering of the Series III Trust Preferred Securities, as if it had occurred on 30 September, 2003, Crédit Agricole S.A.'s international solvency ratio would have been 8.7%, including a Tier 1 ratio of 7.6%.

## THE OFFERING

*For a more complete description of the Series III Trust Preferred Securities, the Series III Company Preferred Securities, the Series III 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 Series III Trust Preferred Securities, CA Preferred Funding Trust III (the “Series III Trust”). The Series III Trust was formed on 19 November, 2003 under the laws of Delaware for the sole purpose of (i) issuing the Series III Trust Preferred Securities representing a corresponding amount of Series III Company Preferred Securities to be held by the Series III Trust, (ii) acquiring and holding the Series III Company Preferred Securities and (iii) performing functions necessary or incidental thereto.

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

The Company’s Company Common Securities are held by Crédit Agricole S.A. (the “Bank”), acting through its London branch (the “Branch”).

The Company has also issued a class of voting preferred securities (the “Voting Preferred Securities”) that is held by Crédit Agricole Indosuez, acting through its New York branch (“CAI-NY”).

### Securities Offered

50,000 Trust Preferred Securities (the “Series III Trust Preferred Securities”) will be issued with an aggregate liquidation amount equal to €550,000,000. The liquidation amount of each Series III Trust Preferred Security is €1,000. Each Series III Trust Preferred Security will represent a corresponding amount of newly issued Company Preferred Securities (the “Series III Company Preferred Securities”) issued by the Company. The liquidation preference of each Series III Company Preferred Security is €1,000.

On 30 January, 2003, CA Preferred Funding Trust, a Delaware statutory trust (the “Initial Trust”), issued 7.0% Noncumulative Trust Preferred Securities (the “Initial Trust Preferred Securities”) in an aggregate liquidation amount of US\$1,500,000,000. The Initial Trust Preferred Securities represent a corresponding amount of 7.0% Noncumulative Company Preferred Securities (the “Initial Company Preferred Securities”), which were issued by the Company. On 8 August, 2003, CA Preferred Funding Trust II, a Delaware statutory trust (the “Series II Trust” and, together with the Initial Trust and the Series III Trust, the “Trusts”), issued 7.0% Noncumulative Trust Preferred Securities (the “Series II Trust Preferred Securities” and, together with the Initial Trust Preferred Securities and the Series III Trust Preferred Securities, the “Trust Preferred Securities”) in an aggregate liquidation amount of US\$550,000,000. The Series II Trust Preferred Securities represent a corresponding amount of 7.0% Noncumulative Company Preferred Securities (the “Series II Company Preferred Securities” and, together with the Initial Company Preferred Securities and the Series III Company Preferred Securities, the “Company Preferred Securities”), which were issued by the Company.

The Series III Trust Preferred Securities will rank *pari passu* among themselves. The Series III Company Preferred Securities will rank *pari passu*

among themselves and with the Initial Company Preferred Securities and the Series II Company 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 and any other holder of the Series III Trust Preferred Securities, each holder of the Series III Trust Preferred Securities shall be entitled to enforce in the name of the Series III Trust the Series III Trust's rights in respect of the Series III Company Preferred Securities held on behalf of such holder. Each holder of Series III Trust Preferred Securities may at any time following the expiration of the 40-day period beginning on 19 December, 2003, the date of initial issuance of the Series III Company Preferred Securities and the Series III Trust Preferred Securities (the "Issue Date"), upon written notice, withdraw from the Series III Trust and hold directly a corresponding amount of underlying Series III Company Preferred Securities. Series III 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 Series III Company Preferred Securities received by the Series III Trust will be passed through by the Series III Trust as distributions on the Series III Trust Preferred Securities upon (and subject to) their receipt by the Series III Trust.

Dividends on the Series III Company Preferred Securities will be payable from the Issue Date 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 6.0% commencing 30 January, 2004 (calculated on a 30/360 Basis).

Each date of payment in respect of the Series III Company Preferred Securities 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.

Because the Issue Date in respect of the Series III Company Preferred Securities will occur after 30 October, 2003, the Dividend Period from and including the Issue Date and the first Dividend Payment Date will contain fewer days than any subsequent Dividend Period (the "First Dividend Period"). Consequently, holders of the Series III Company Preferred Securities will receive a reduced dividend payment for the First Dividend Period.

Dividends on the Series III 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 Series III 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 Series III 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 Series III 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 also be required to pay dividends on the Series III Company Preferred Securities on each Dividend Payment Date occurring during the one-year period beginning on and including the date on which the Bank (or the issuer of such Bank Parity Securities) declares or pays Discretionary Dividends (it being understood that, if a Discretionary Dividend is paid on the Series III Company Preferred Securities on a Dividend Payment Date, the Company shall not as a consequence be required to pay an additional dividend on the Series III Company Preferred Securities on the same Dividend Payment Date). There is no similar requirement to pay dividends on the Series III 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 Series III 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 Series III 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 Series III Support Agreement (defined below). The Initial Support Agreement (as defined below) entered into by the Company and the Bank on 30 January, 2003 in connection with the Initial Company Preferred Securities and the Series II Support Agreement (as defined below) entered into by the Company and the Bank on 8 August, 2003 in connection with the Series II Company Preferred Securities are each a “Bank Parity Guarantee.”

“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. For the avoidance of doubt, the Initial Company Preferred Securities and the Series II Company Preferred Securities are “Bank Parity Securities”.

“Discretionary Dividend” means any dividend paid on the Series III 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 Series III Company Preferred Securities, any other class of Bank Parity Securities or any Bank Ordinary Shares. Dividends paid on a dividend payment date for the Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 (as defined under “Subordinated Notes” below) or Replacement Securities.

The terms of the Initial Company Preferred Securities and of the Series II Company Preferred Securities include provisions for mandatory and discretionary dividends that are identical to those in respect of the Series III Company Preferred 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 Series III Company Preferred Securities and Series III 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 Series III Trust Preferred Securities clear through the facilities of Euroclear and/or Clearstream, Luxembourg. In the case of the Series III Company Preferred Securities, such Dividend Limitation Notice shall be given in writing by mail to each registered holder of the Series III Company Preferred Securities (initially only the Trustee on behalf of the Series III Trust), and in the case of the Series III Trust Preferred Securities, such Dividend Limitation Notice shall be given to the Trustee on behalf of the Series III Trust and by mail and facsimile on behalf of the Series III Trust to Euroclear and Clearstream, Luxembourg for so long as the Series III Trust Preferred Securities clear through Euroclear and Clearstream, Luxembourg. Such Dividend Limitation Notice shall be published, so long as the Series III Trust Preferred Securities are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V. and the rules of such exchange so require, in a daily newspaper of general circulation in the Netherlands (which is expected to be the *Het Financieele Dagblad*), with notice thereof given to Euronext Amsterdam N.V., and in the Daily Official List (*Officiële Prijscourant*).

**Series III Support Agreement  
– Undertakings as to  
Dividends, Third Party  
Beneficiaries, Redemption  
Price and Liquidation**

Under the support agreement in respect of the Series III Company Preferred Securities (the “Series III 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 Series III 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 that are not otherwise provided for.

The Series III 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 Series III Company Preferred Securities and the Series III Trust Preferred Securities will be third party beneficiaries of the Series III Support Agreement, with the holders of a majority (by liquidation preference) of the Series III Company Preferred Securities (or the Series III Trust Preferred Securities that represent such Series III Company Preferred Securities) having the right to bring suit and take other action at their discretion to enforce the Series III 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 Series III Support Agreement to pay to the Company for each €1,000 of Series III Company Preferred Securities then outstanding the Liquidation Claim Amount (as defined herein).

Under a support agreement dated 30 January, 2003 (the “Initial Support Agreement”), the Bank (directly and through the Branch) has made the same undertakings with respect to the Initial Company Preferred Securities, and under a support agreement dated 8 August, 2003 (the “Series II Support Agreement”), the Bank (directly and through the Branch) has made the same undertakings with respect to the Series II Company Preferred Securities. Those undertakings are subordinated to the same extent as the Bank’s obligations under the Series III Support Agreement relating to the Series III Company Preferred Securities, and as a result the Bank’s obligations under the Series III Support Agreement will rank *pari passu* with its obligations under the Initial Support Agreement and the Series II Support Agreement. The Initial Support Agreement, the Series II Support Agreement and the Series III Support Agreement are herein referred to as the “Support Agreements.”

**Other Covenants of the Bank  
in the Series III Support  
Agreement**

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

- (a) if the Company or the Series III 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 Series III Company Preferred Securities are outstanding, the Bank will not issue any preferred or preference shares (or similar equity instruments) that qualify as Tier 1 capital ranking senior to its obligations under the Series III 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 Series III 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 or 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, as amended (the “1940 Act”);
- (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 Series III 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 Series III Support Agreement.

Under the Initial Support Agreement, the Bank (directly and through the Branch) has made the same undertakings with respect to the Initial Company Preferred Securities, and under the Series II Support Agreement, the Bank

(directly and through the Branch) has made the same undertakings with respect to the Series II Company Preferred Securities.

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

All payment obligations of the Bank (directly or through the Branch) under the Series III 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 Series III 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 Series III Support Agreement (including the Bank's obligations under the Initial Support Agreement and the Series II Support Agreement).

**Additional Amounts**

If at any time the Company or the Series III Trust is required to withhold any taxes, duties or other governmental charges with respect to payment of dividends, distributions or redemption payments on the Series III Company Preferred Securities or on the Series III 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 Series III Company Preferred Securities and Series III 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 Series III Trust Preferred Securities or Series III Company Preferred Securities (or the beneficial owner of such securities), in each case other than the Series III Trust in the case of the Series III 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 (including that adopted on 3 June, 2003) or any law implementing or complying with, or introduced in order to conform to, such Directive, or (iv) where the Series III Trust Preferred Securities or Series III 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 Series III Trust Preferred Securities or Series III 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 Series III Company Preferred Securities or Series III Trust Preferred Securities or liquidation of the Company or the Series III Trust include all applicable Additional Amounts.

## Redemption

Redemption proceeds received by the Series III Trust on the Series III Company Preferred Securities will be contemporaneously passed through to redeem a corresponding amount of Series III Trust Preferred Securities. The Series III Company Preferred Securities are not redeemable at the option of the holders at any time. The Series III Company Preferred Securities are not redeemable at the option of the Company prior to the Dividend Payment Date regularly scheduled to occur on 30 July, 2009. Notwithstanding the foregoing, the Series III 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 July, 2009, the Series III Company Preferred Securities may be redeemed for cash at the option of the Company, in whole or in part, on any Dividend Payment Date.

Pursuant to the Company Agreement, and subject to the limitations on redemption set forth above, the Company may redeem (i) Series III Company Preferred Securities prior to or without redeeming the Initial Company Preferred Securities or the Series II Company Preferred Securities, (ii) Initial Company Preferred Securities prior to or without redeeming the Series II Company Preferred Securities or the Series III Company Preferred Securities and (iii) Series II Company Preferred Securities prior to or without redeeming the Initial Company Preferred Securities or the Series III Company Preferred Securities; in any such case, provided, however, that if dividends on any Company Preferred Securities are unpaid, no Company Preferred Securities shall be redeemed unless all outstanding Company Preferred Securities are redeemed. Any such redemption is subject to the prior approval of the *Secrétariat Général de la Commission bancaire*, and compliance with applicable regulatory requirements.

The redemption price for such redemptions will be (i) 100% of the liquidation preference of the Series III 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 July, 2009, the Company will have the right, at any time before such date, to redeem the Series III Company Preferred Securities in whole (but not in part). The redemption price per Series III 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 Series III Company Preferred Securities is subject to the prior approval of the *Secrétariat Général de la Commission bancaire*, and compliance with applicable regulatory requirements.

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

**Ranking – Dividends,  
Liquidation and Related  
Matters**

*Dividends.* The Series III Company Preferred Securities will rank *pari passu* with the Initial Company Preferred Securities and the Series II Company Preferred Securities. The Series III Company Preferred Securities ordinarily will rank senior to the Voting Preferred Securities (as defined below) and the Company Common Securities as to payment of dividends. However, the dividend preference of the Series III 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 Series III 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 Series III 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 Series III Company Preferred Securities for the then current Dividend Period will be distributed to the holders of the Company Common Securities before any distribution is made on the additional Voting Preferred Securities. After such distribution is made, the additional Voting Preferred Securities will be entitled to their full distribution before any payment is made on the Series III Company Preferred Securities. The Company will have discretion as to whether full dividends, partial dividends or no dividends are paid on the Series III Company Preferred Securities on each Dividend Payment Date that is not a Mandatory Dividend Payment Date. Any preference shift will be applied to the Initial Company Preferred Securities, the Series II Company Preferred Securities and the Series III Company Preferred Securities on a pro rata basis.

*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 agree in the Company Agreement that, for so long as any 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 Series III Trust Preferred Securities or Series III 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 (holders of Initial Trust Preferred Securities, Series II Trust Preferred Securities, Initial Company Preferred Securities, and Series II Company Preferred Securities are subject to similar limitations). The Company is 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 Series III Trust will be dissolved and will distribute to the holders of Series III Trust Preferred Securities, after satisfaction of claims of creditors of the Series III Trust, if any, as required by law, the Series III Company Preferred Securities held by the Series III Trust. Accordingly, it is expected that holders of Series III 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 Series III 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, on a pro rata basis with the Initial Company Preferred Securities and the Series II Company Preferred Securities, liquidating distributions in respect of Series III Company Preferred Securities equal to the “Liquidation Claim Amount” applicable to the Series III Company Preferred Securities. That amount, for each €1,000 liquidation preference of Series III 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 is 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 Agreements 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**

On 30 January, 2003 and on 8 August, 2003, the Company issued Company Common Securities to the Branch and Voting Preferred Securities to CAI-NY.

In connection with the Offering, the Company will issue additional Company Common Securities to the Branch and additional Voting Preferred Securities to CAI-NY. On the Issue Date, the Branch will make a contribution of €30,074,873 to the Company in respect of the additional Company Common Securities, and CAI-NY will make a contribution of €14,813,982 to the Company in respect of the additional Voting Preferred Securities. The contribution of CAI-NY will be the amount of the liquidation preference of the additional Voting Preferred Securities.

The Company Common Securities represent, and 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 represent, and will represent, in the aggregate 33% of such voting rights.

#### **Terms of Voting Preferred Securities**

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

- On each dividend payment date in respect of any series of Company Preferred Securities, 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 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 Series III Company Preferred Securities (and liquidation claim amounts in respect of the Initial Company Preferred Securities and the Series II 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 1940 Act, to purchase the Voting Preferred Securities in its place. Except as described above, CAI-NY is prohibited from selling the Voting Preferred Securities without the prior consent of the Bank.

#### **Subordinated Notes**

The Company will apply the proceeds of the Series III Company Preferred Securities, the additional Voting Preferred Securities and the additional Company Common Securities to purchase newly-issued Subordinated Notes issued by the Bank through its head office and through the Branch (the “Series III Subordinated Notes”).

On 30 January, 2003, the Bank, through its head office and through the Branch, issued Subordinated Notes in an aggregate principal amount of US\$1,598,544,084 (the “Initial Subordinated Notes”), and on 8 August, 2003, the Bank, through its head office and through the Branch, issued Subordinated Notes in an aggregate principal amount of US\$586,118,965 (the “Series II Subordinated Notes” and, together with the Initial Subordinated Notes and the Series III Subordinated Notes, the “Subordinated Notes”).

The Company is prohibited by the Company Agreement from selling the Subordinated Notes except to the Bank.

Application will be made to list the Series III Subordinated Notes issued by the Branch on the Official Segment of the Stock Market of Euronext Amsterdam N.V. pursuant to a listing circular separate from this Offering Circular.

The Series III Subordinated Notes will be unsecured subordinated obligations of the Bank, ranking *pari passu* without preference among themselves, the Initial Subordinated Notes and the Series II Subordinated Notes, 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 Series III Subordinated Notes. The Series III Subordinated Notes will mature on 30 July, 2034 and will be issued in an aggregate principal amount of €594,738,855. The Branch will issue Series III Subordinated Notes in an aggregate principal amount of €18,608,331, and the Bank will issue the remainder through its head office.

The Series III Subordinated Notes will be redeemable at the option of the Bank on 30 July, 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. Series III Subordinated Notes may also be redeemed prior to such date upon the occurrence of certain tax events. Any redemption of the Series III 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 Series III 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*.

Payments on the Series III Subordinated Notes, the Series II Subordinated Notes and the Initial Subordinated Notes will, when made to the Company, be considered general assets of the Company, and will not be allocable specifically to the Series III Company Preferred Securities, the Series II Subordinated Notes or the Initial Company Preferred Securities, as the case may be.

**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 provides 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 and any payments received thereon. 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 Series III Subordinated Notes are redeemed prior to 30 July, 2024 but the Series III Company Preferred Securities are not redeemed at the same time and remain outstanding, then any Replacement Securities will bear interest, beginning on 30 July, 2024, at a rate per annum that is at least equal to the interest rate that the Series III Subordinated Notes would have borne beginning on 30 July, 2024.

The Company's Investment Policies require that the Company maintain its assets in a manner that does 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 is prohibited by the Company Agreement from incurring indebtedness for borrowed money.

## **Directors**

The Company currently has four directors. The Company Agreement provides that one director shall be appointed by the Bank (acting through its head office) so long as the Bank (acting through the Branch or otherwise) holds a majority of the Company Common Securities, one director shall be appointed by the Branch so long as the Branch holds a majority of the Company Common Securities, and one director shall be appointed by CAI-NY so long as CAI-NY is the sole holder of the Voting Preferred Securities. The fourth director is an Independent Director. The director appointed by the Bank (acting through its head office) is the chairman and has the deciding vote in case of a deadlock. In the circumstances described below under “Voting Rights,” the holders of the Company Preferred Securities have the right to elect an additional Independent Director.

## **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 Series III 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 Agreements and, in connection with decisions involving enforcement of the Series III Support Agreement, shall be required to consider only the interest of holders of the Series III Company Preferred Securities.

## **Voting Rights**

If full dividends are not paid on any dividend payment date in respect of the Initial Company Preferred Securities, the Series II Company Preferred Securities, or the Series III Company Preferred Securities, the holders of the Company Preferred Securities (voting as a single class) 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 provides 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.

<b>Form and Denomination</b>	The Series III Trust Preferred Securities will be issued in denominations of €1,000 liquidation amount and integral multiples thereof. The Series III Trust Preferred Securities will be initially evidenced by a temporary global certificate, in fully registered form, deposited with Euroclear Netherlands 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 Series III Trust Preferred Securities only if (i) the Series III Trust Preferred Securities become ineligible for clearance and settlement through Euroclear Netherlands, Euroclear and Clearstream, Luxembourg and (ii) the Company and the Series III Trust are not able, after using reasonable efforts, to arrange for clearance and settlement of the Series III Trust Preferred Securities through a successor clearing system. The Series III Company Preferred Securities will be issued in individually certificated definitive form only.
<b>Use of Proceeds</b>	The Series III Trust will apply the proceeds of the Offering to acquire the Series III Company Preferred Securities from the Company. The Company will use the proceeds from the issuance of the Series III Company Preferred Securities to the Series III Trust, together with proceeds received from the sale of the additional Company Common Securities to the Branch and the additional Voting Preferred Securities to CAI-NY, to purchase the Series III Subordinated Notes and pay certain expenses relating to the Offering. The Bank will use the proceeds of issuance of the Series III Subordinated Notes to finance its acquisition of an additional stake in Finaref and for general corporate purposes.
<b>Selling Restrictions</b>	Neither the Series III Trust nor the Company has been registered under the 1940 Act. Neither the Series III Company Preferred Securities nor the Series III Trust Preferred Securities have been registered under the United States Securities Act of 1933, and the Series III Trust Preferred Securities may not be offered or sold in the United States or to, or for the account or benefit of, US persons. The Series III 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 Series III Trust Preferred Securities are expected to be assigned on issue a rating of “A” by Standard & Poor Rating Services, a division of the McGraw Hill Companies, Inc., “A1” by Moody’s Investors Service Inc. and “AA-” by Fitch Ratings.
<b>Listing</b>	Application has been made to list the Series III Trust Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V.
<b>Governing Law</b>	The Company Agreement is, and the Trust Agreement, the Series III Company Preferred Securities and the Series III Trust Preferred Securities will be, governed by Delaware law. The Series III 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 Series III 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 Series III Trust to make payments on the Series III 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 Series III Support Agreement. The Bank's obligations under the Series III 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 Series III 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 Series III 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 Series III Trust Preferred Securities could suffer direct and materially adverse consequences, including suspension of noncumulative dividends on the Series III Company Preferred Securities (and consequently the suspension of such dividends on the Series III 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 Series III 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 Series III 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 Series III Company Preferred Securities. Dividends on the Series III Trust Preferred Securities and the Series III Company Preferred Securities are not cumulative. If no dividends or less than full dividends on the Series III Company Preferred Securities are paid on any Dividend Payment Date that is not a Mandatory Dividend Payment Date, the Series III Trust as holder of the Series III Company Preferred Securities (and, accordingly, investors in the Series III 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 provides that the dividend preferences of the Series III 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 Series III 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 Series III 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 realised by the Company pursuant to the undertakings and covenants of the Bank in the Support Agreements. All payment obligations of the Bank under the Support Agreements 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 Series III Trust Preferred Security.

### **Risks relating to the acquisition of Crédit Lyonnais**

In June 2003, the Bank acquired Crédit Lyonnais, a leading banking and financial services group in France. While the Bank believes that the acquisition is likely to produce substantial benefits and to strengthen its position in the market, the acquisition also carries 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 has the right, upon the occurrence of a Tax Event, Investment Company Act Event or Capital Disqualification Event, to redeem the outstanding Series III Company Preferred Securities prior to the Dividend Payment Date on 30 July, 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 Series III Trust Preferred Securities will be redeemed if the Series III 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 Series III 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 Series III Company Preferred Securities.

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

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

- investors will receive reports of their income in respect of the Series III Company Preferred Securities on Schedule K-1;
- the Series III 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 Series III Company Preferred Securities that investors receive may be lower than the trading value of the Series III Trust Preferred Securities and, as a result, investors may receive a lower return upon the sale of the Series III Company Preferred Securities.

### **Short Operating History**

The Company was formed on 3 January, 2003 and has a short operating history with limited revenues to date. The Series III Trust is a newly-formed entity with no operating history and no revenues to date.

### **No Voting Rights**

The Company Preferred Securities are 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, is 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, is 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 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 is 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 has the right to prohibit or limit the payment of dividends on the Series III 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 Series III Trust Preferred Securities**

Neither the Series III Trust nor the Company has been registered under the 1940 Act, and the offer and sale of the Series III Trust Preferred Securities and the Series III Company Preferred Securities have not been registered under the Securities Act. See "Subscription and Sale". There is currently no existing market for the Series III Trust Preferred Securities, and there can be no assurance that any market will develop for the Series III Trust Preferred Securities or that holders of the Series III Trust Preferred Securities will be able to sell their Series III Trust Preferred Securities in the secondary market. Although the Joint Lead Managers have informed the Series III Trust, the Company and the Bank that they intend to make a market in the Series III 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. Application has been made to list the Series III Trust Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V.

## 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 Company Preferred Securities, Voting Preferred Securities and Company Common Securities (ii) acquiring and holding 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 has been continued pursuant to an Amended and Restated Limited Liability Company Agreement of the Company, dated 30 January, 2003, which was amended on 8 August, 2003 in connection with the issuance of the Series II Company Preferred Securities, and which will be amended on the Issue Date in connection with the issuance of the Series III Company Preferred Securities (as so amended, the “Company Agreement”). See “Taxation—U.S. Federal Income Tax” for the United States federal income tax treatment of the Company.

The Bank intends to treat the Series III 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). On 30 January, 2003, the Bank, acting through the Branch, purchased Company Common Securities for an aggregate purchase price of US\$66,025,663, and on 8 August, 2003, the Bank, acting through the Branch, purchased Company Common Securities for an aggregate purchase price of US\$24,201,334. On the Issue Date, the Bank, acting through the Branch, will purchase additional Company Common Securities for an aggregate purchase price of €30,074,873.

The Company has also issued a class of Voting Preferred Securities that are 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 rank junior to the Company Preferred Securities and entitle their holder to certain rights and privileges. See “Description of Members Interests in the Company—Voting Preferred Securities”. On 30 January, 2003, CAI-NY purchased Voting Preferred Securities for an aggregate purchase price of US\$32,518,421, and on 8 August, 2003, CAI-NY purchased Voting Preferred Securities for an aggregate purchase price of US\$11,917,632. On the Issue Date, CAI-NY will purchase additional Voting Preferred Securities for an aggregate purchase price of €14,813,982.

The Company has covenanted 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 Initial Trust, the Series II Trust, and the Series III Trust as holders of the Company Preferred Securities (and consequently for pass through by the Trusts 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 Series III Subordinated Notes from the Bank in part and from the Branch in part. 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. Other than the Series III Company Preferred Securities, which are being issued as Company Parity Preferred Securities under the Company Agreement, the Company has no present intention to issue Company Parity Preferred Securities.

#### *Dividends*

The Company Agreement provides that dividends with respect to Series III 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 Series III 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 currently have or anticipate having any material liabilities.

The Company generally has no obligation to pay dividends on the Series III 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") have been 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 Series III Subordinated Notes are redeemed prior to 30 July, 2024 but the Series III Company Preferred Securities are not redeemed at the same time and remain outstanding, then any Replacement Securities will bear interest, beginning on 30 July, 2024, at a rate per annum that is at least equal to the interest rate that the Series III Subordinated Notes would have borne beginning on 30 July, 2024.

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 is 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 is prohibited by the Company Agreement from incurring indebtedness for borrowed money.

#### *Employees and Administration Agreement*

In connection with the issuance of the Initial Company Preferred Securities, the Company and CAI-NY entered into an Administration Agreement on 30 January, 2003, which was amended on 8 August, 2003 in connection with the issuance of the Series II Company Preferred Securities, and which will be amended on the Issue Date in connection with the issuance of the Series III Company Preferred Securities. Pursuant to the Administration Agreement, CAI-NY has agreed 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 has agreed 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 maintains 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 has or 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. The Company's Board of Directors is currently composed of 4 members, one of whom is the Independent Director. The Company Agreement provides that one director shall be appointed by the Bank (acting through its head office) so long as the Bank (acting through the Branch or otherwise) holds a majority of the Company Common Securities, one director shall be appointed by the Branch so long as the Branch holds a majority of the Company Common Securities, and one director shall be appointed by CAI-NY so long as CAI-NY is the sole holder of the Voting Preferred Securities. The fourth director is an independent director. The directors are 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 has three officers, all of whom are also officers or employees of the Bank or its affiliates.

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

<i>Names of Directors</i>	<i>Position held</i>
Claude Rosenfeld	Director
Claude Shukang Chen	Director
Dennis Buchert	Director
Donald J. Puglisi	Independent Director

<i>Names of Officers</i>	<i>Offices held</i>
Dennis Buchert	President
John Langley	Treasurer
Francine Marx	Secretary

Each of the 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 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 US\$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 Series III Support Agreement, will consider only the interests of the holders of the Series III 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 provides 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", has the right on behalf of the Company to enforce the Series III Support Agreement.

If full dividends are not paid on any Dividend Payment Date, the holders of the Company Preferred Securities (voting as a single class) 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 provides 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 has agreed to pay the initial Independent Director a fee for his or her services as a director of the Company equal to US\$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 provides 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 provides 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 provides that the right to indemnification is a contract right and sets forth certain procedural and evidentiary standards applicable to the enforcement of a claim. The Company Agreement provides 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 SERIES III TRUST

CA Preferred Funding Trust III is a statutory 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 19 November, 2003. The Series III Trust will continue its existence pursuant to the Amended and Restated Trust Agreement, dated 19 December, 2003 (as so amended, the “Trust Agreement”), 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 Series III Trust in accordance with the provisions of the Trust Agreement.

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

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

All expenses (including taxes) and liabilities of the Series III 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 Series III Trust Preferred Securities or other person for which the Series III 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 Series III Trust are located at 4 New York Plaza, 15th Floor, New York, New York 10004.

## USE OF PROCEEDS

The Series III Trust will apply the proceeds of the Offering to acquire the Series III Company Preferred Securities issued by the Company. The Company will use the net proceeds from the issuance of the Series III Company Preferred Securities, estimated to be €539,000,000 (after deducting estimated commissions and expenses of €11,000,000), together with proceeds received from the sale of the additional Company Common Securities to the Bank and the sale of the additional Voting Preferred Securities to CAI-NY, to purchase the Series III 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 Series III Subordinated Notes, estimated to be €583,738,855, to finance its acquisition of an additional stake in Finaref and for general corporate purposes, including to pay certain expenses relating to the Offering.

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

The Series III Trust will use the gross proceeds of this Offering (€550,000,000) to purchase the Series III Company Preferred Securities with a total liquidation amount of €550,000,000. Upon consummation of the Offering, the authorised and issued equity securities of the Series III Trust will consist of 550,000 Series III 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 €2,383,398,215 (based on a conversion rate of €0.818666=US\$1, the Noon Buying Rate on 10 December, 2003). 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 €103,940,648 (based on a conversion rate of €0.818666=US\$1) (including €30,074,873 for the additional Company Common Securities); Voting Preferred Securities with an aggregate liquidation preference of €51,192,268 (based on a conversion rate of €0.818666=US\$1) (including €14,813,982 for the additional Voting Preferred Securities); 1,500,000 Initial Company Preferred Securities, liquidation preference US\$1,000 per security; 550,000 Series II Company Preferred Securities, liquidation preference US\$1,000 per security; 550,000 Series III Company Preferred Securities, liquidation preference €1,000, and no outstanding debt.

The following table sets forth the consolidated capitalisation of the Bank as at 30 September, 2003 and as adjusted to give effect to the offering of the Series III Trust Preferred Securities and the issuance of the Series III Company Preferred Securities and the Series III 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, 2003 other than as set forth below.

### CAPITALISATION OF CREDIT AGRICOLE S.A. GROUP (CONSOLIDATED) as derived from the unaudited consolidated financial statements of Crédit Agricole S.A. as at and for the period ended 30 September, 2003 (in millions of euro)

	30 September, 2003	As adjusted
Long and medium-term debt (including current portion) .....	23,625	23,625
Subordinated debt .....	20,823	20,823
<b>Total debt</b> .....	<b>44,448</b>	<b>44,448</b>
<b>Minority interests<sup>(1)</sup></b> .....	<b>3,890</b>	<b>4,440</b>
<b>Shareholders' equity</b> .....		
Capital stock <sup>(2)</sup> .....	3,923	3,923
Premiums linked to capital .....	10,962	10,962
Retained earnings (after minority interests) .....	5,086	5,086
Net income for the period (after minority interests) .....	1,002	1,002
<b>Total shareholders' equity</b> .....	<b>20,973</b>	<b>20,973</b>
Subsidies to grant.....	118	118
Reserves .....	5,136	5,136
Fund for General Banking Risks .....	2,026	2,026
<b>Total reserves</b> .....	<b>7,280</b>	<b>7,280</b>
<b>TOTAL CAPITALISATION</b> .....	<b>76,591</b>	<b>77,141</b>

(1) As at 30 September, 2003, an affiliate of Crédit Agricole S.A. issued U.S \$2.1 billion liquidation amount of preferred securities, which will be accounted for as "minority interests" in the consolidated balance sheet of Crédit Agricole S.A., which are added to those booked with the consolidation of Finaref Group (61%) and Crédit Lyonnais Group (94.82%).

(2) Following the two rights issues realised after 30 September, 2003 relating to a capital increase and capital increase reserved to employees, 148,026,800 new shares have been issued, and as a result, Crédit Agricole's capital stock has increased by €444 million and €1,874 million, respectively. See "Description of the Bank—Recent Developments" for more information about these rights issues.

Between 30 September, 2003 and the date of this Offering Circular, Crédit Agricole S.A. directly issued €505 million perpetual subordinated notes.

## 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 Crédit 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 more than 7,000 branches, without taking into account Crédit Lyonnais.

The Crédit Agricole Group’s French retail banking network has traditionally been centred around the Caisses Régionales de Crédit Agricole Mutuel (the “Caisses Régionales” or “Regional Banks”), 44 regional banks that operate an extensive French retail network, and has recently expanded with the acquisition of Crédit Lyonnais. 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.

### Acquisition of Crédit Lyonnais

In June 2003, the Bank and SACAM Développement acquired approximately 97.45% of the capital and voting rights of Crédit Lyonnais, a leading banking and financial services group in France, in a friendly public tender offer. Upon settlement of the offer, which occurred on 19 June, 2003, Crédit Agricole S.A. and SACAM Développement paid approximately €10.5 billion in cash and issued 353,285,738 new shares to former holders of Crédit Lyonnais shares. Following a public buy-out offer and a subsequent squeeze-out in July and August 2003, Crédit Agricole obtained all of the remaining Crédit Lyonnais shares, with the exception of certain shares that have been, or will be, issued in respect of stock option plans. As a result, Crédit Agricole currently holds 99.86% (including 5.04% held by SACAM Développement) of the capital and voting rights of Crédit Lyonnais.

### Newly Organised Business Segments

Following its acquisition of Crédit Lyonnais, the Group currently operates through six business segments:

- **French retail banking – Crédit Agricole Regional Banks.** This segment comprises the Caisses Régionales and their subsidiaries. The Caisses Régionales are 25%-owned by Crédit Agricole S.A. and accounted for by the equity method.
- **French retail banking – Crédit Lyonnais network:** This segment covers the Crédit Lyonnais network in France, including Crédit Lyonnais’ private banking activities in France.
- **Specialist financial services:** This segment combines all businesses providing banking products and services to individual and professional customers, to business customers and local authorities in France and elsewhere in the world. The Group is the French leader in consumer credit via Sofinco, Finaref and Finalion in France, with access to approximately 25 million customers. In addition, the Group ranks second in personal property leasing in terms of leasing (*dossiers*) and volume in France, via Lixxbail and Ucabail and the French leader in factoring via Transact and Eurofactor.
- **Financing 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 French securities research and a position among the leaders in primary and secondary equity offerings in France.
- **Asset management, insurance and private banking.** In this segment, the Group is France’s second largest mutual fund manager and second largest life insurance provider (the largest affiliated with a banking

group), in each case based on assets under management, and among France's top ten largest bank-affiliated providers 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 Espírito 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.

In addition to its six business segments, the Group records separately its proprietary asset management and other activities, including its role as the lead bank of the Crédit Agricole Group. It comprises the earnings of various other Crédit Agricole S.A. Group companies, together with dividends or other revenues and expenses of Crédit Agricole S.A. relating to equity investments and other unconsolidated subsidiaries and affiliates.

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

Credit 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, 2002, 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 26% was held by the public, present or former employees of the Crédit Agricole Group and Directors of the Caisses Régionales.

Under the French Monetary and Financial Code, Crédit Agricole is responsible for maintaining the solvency and liquidity of each of the Caisses Régionales. 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 savings deposits collected on its behalf by the Caisses Régionales, and issues long-term bonds. These centralized 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 branch networks of the Caisses Régionales in order to distribute the products and services of the subsidiaries.

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 dividends received by the Caisses Régionales 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 to optimise 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 pro rata 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. GROUP FINANCIAL REVIEW

### CONSOLIDATION CHANGES

The scope of consolidation at 31 December 2002 comprised 310 subsidiaries compared with 286 one year previously.

The main changes recorded in 2002 are detailed below:

- **deconsolidation, with effect from 1 January 2002, of Banco Bisel group** (Banco Bisel, Bersa and Suquía), following suspension of the group's banking licence in Argentina and transfer by the Central Bank of Argentina of operational control of Banco Bisel to Banco Nacion.

Banco Bisel group was previously fully-consolidated in the financial statements of Crédit Agricole S.A. The shares having been fully provisioned, deconsolidation has had no effect on 2002 earnings, bearing in mind that the deconsolidation also entails the transfer to income of foreign exchange translation adjustments already recognised in shareholders' equity;

- **the addition of six new companies to the Crédit Agricole Asset Management sub-group**, i.e. CA AIPG Holding, CA AIPG SAS and CA AIPG Inc, following the acquisition of AIP AIM (in the field of alternative asset management), and through the creation of new units: CA AM Securities Japan in Japan, CA AM España Holding in Spain, Sim Spa Selezione e Distribuzione in Italy, and in London.

Further, Crédit Agricole S.A. raised its shareholding in the Polish EFL group from 44.3% in 2001 to 71.2% in 2002.

**Other changes in the scope of consolidation** had no material impact on the financial statements. These concerned newly-formed companies following the reorganisation of various Group activities.

In particular, following the creation of the "financial services" segment, institutional custody, corporate trust and share transfer activities, together with fund administration and issuer services have been combined within two subsidiaries, Crédit Agricole Investor Services Bank (CA-IS Bank) and Crédit Agricole Investor Services Corporate Trust (CA-IS CT). These activities were previously conducted by Crédit Agricole S.A., Crédit Agricole Indosuez and Crédit Agricole Asset Management.

In addition, 16 subsidiaries previously consolidated within the CPR (*Compagnie Parisienne de Réescompte*) sub-group, and 12 previously consolidated within the Carr Indosuez Asia sub-group are now consolidated directly.

Also, a number of business units have been combined. Three further mergers between Regional Banks took place in 2002, namely: the Loire Atlantique Regional Bank merged with the Vendée Regional Bank to form the Caisse Régionale Atlantique Vendée; the Regional Banks of Nord and Pas-de-Calais have merged to form the Caisse Régionale Nord de France; and the Regional Banks of Côte-d'Or and Champagne-Bourgogne have merged to form the Caisse Régionale de Champagne- Bourgogne.

### CHANGES IN PRINCIPLES AND METHODS OF CONSOLIDATION

Crédit Agricole records liabilities in accordance with Regulation 2000-06 of the Comité de la Réglementation Comptable. This regulation, which came into force on 1 January 2002, lays down new rules concerning the principles governing the constitution and evaluation of general contingency reserves. It does not apply to banking transactions. However, given the Group's previous provisioning policy, initial application of this regulation has had no material impact on the financial statements for 2002 (see notes 2.1 and 2.1.6).

### PREPARATION OF PRO FORMA FINANCIAL STATEMENTS FOR PREVIOUS YEARS

#### *Changes in Group structure associated with the stock market flotation of Crédit Agricole S.A*

The structure of the Crédit Agricole Group was modified at the end of 2001, with the flotation of Crédit Agricole S.A. on the Paris Euronext Premier Marché on 14 December 2001. A series of transactions carried out at the end of 2001 in connection with this stock market flotation significantly altered its scope of consolidation.

As a result of this reorganisation, the Crédit Agricole S.A. Group now holds the entire share capital of the specialised subsidiaries (Predica, Pacifica, Crédit Agricole Asset Management, CAI Chevreux, Crédit Agricole Bourse, Sofinco and BFT), previously held jointly with the Regional Banks, together with a 25% shareholding in the Regional Banks.

Consequently, since the end of 2001 the Crédit Agricole S.A. Group houses the activities of Crédit Agricole S.A., together with those of its subsidiaries and the Regional Banks' retail banking activities in France resulting from Crédit Agricole S.A.'s 25% shareholdings in the capital of each of the Regional Banks (with the exception of the Regional Bank of Corsica). Since that date, the results of the Regional Banks are accounted for by the equity method in the Crédit Agricole S.A. Group's financial statements on the basis of this 25% interest.

### ***Pro forma financial statements***

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

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

For the sake of comparability over time, pro forma consolidated financial statements have been prepared for the 2001 and 2000 financial years. The pro forma accounts reflect the impact of the Group's reorganisation dating back to 1 January 2000. They therefore include over a full year the earnings of its specialised subsidiaries, at the ownership percentage resulting from the Regional Banks' transfers, as well as the earnings of the Regional Banks accounted for by the equity method (25%).

The analysis of the 2002 financial statements presented in this offering circular therefore refers to the pro forma data for 2001 and 2000 provided herein. Balance sheet data at 31 December 2002 are therefore compared with actual balance sheet data at 31 December 2001 and with the pro forma balance sheet at 31 December 2000.

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

The purpose of preparing pro forma consolidated financial statements for 2000 and 2001 is to reflect the state of the assets and the components of earnings as if the restructuring transactions connected with Crédit Agricole S.A.'s flotation effectively had taken place prior to 1 January 2000.

The pro forma consolidated financial statements assume that the transfer to Crédit Agricole S.A. of the Regional Banks' interest in the seven "transferred" subsidiaries (i.e. BFT, Crédit Agricole Asset Management, CAI Chevreux, Pacifica, Predica, Crédit Agricole Bourse and Sofinco), and the acquisition by Crédit Agricole S.A. of equity interests in the Regional Banks had all taken place prior to 1 January 2000. The shares of the transferred subsidiaries held jointly by Crédit Agricole S.A. and the Regional Banks were transferred on the basis of their shareholders' equity as recorded in the consolidated financial statements of the Crédit Agricole Group.

The Regional Banks and their direct subsidiaries and specialised subsidiaries are consolidated according to the actual interest held in them by Crédit Agricole S.A. at 31 December 2001.

Other companies consolidated for the first time since 1 January 2000 are included in the pro forma consolidated financial statements as from the respective dates of first-time consolidation in the published consolidated financial statements of Crédit Agricole S.A. Group.

Companies disposed of by the Crédit Agricole S.A. Group or deconsolidated in 2000 have been excluded from the scope of consolidation in the pro forma consolidated financial statements with effect from 1 January 2000.

As a general rule, the accounting principles and methods used to prepare the pro forma consolidated financial statements are the same as those used to prepare the consolidated financial statements of Crédit Agricole S.A. at 31 December 2002.

## CRÉDIT AGRICOLE INTERNAL FINANCIAL MECHANISM

### *Change in the decentralisation rate*

Internal financial relations within the Group have been reformed on four occasions, with a view to involving the Regional Banks more closely in the management of savings funds and optimising yields on medium- and long-term lending. These have resulted in returning to the Regional Banks a specific percentage (first 15%, then 25%, 33.33% and, with effect from 31 December 2001, 50%) of the funds collected by them, via “mirror advances” (with durations and interest rates precisely matching those of the savings deposits received). These advances are recorded in the balance sheet of Crédit Agricole S.A. in accordance with the Group’s “savings-advance” mechanism.

The full effects of the increase in this percentage of savings returned to the Regional Banks (known as the “decentralisation rate”) to 50% were felt in 2002.

## PRESENTATION OF GROUP BUSINESS SEGMENTS AND ALLOCATION OF CAPITAL

**Crédit Agricole S.A. Group spans four main business segments<sup>1</sup>, namely:**

- French retail banking,
- Asset management, insurance and private banking,
- Corporate and investment banking,
- International retail banking,

and a “Proprietary asset management and other activities” sector.

### **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, corporate and local governments in France (i.e. Sofinco for consumer credit, Ucabail for lease finance, Transfact for factoring, and loan guarantees provided by Foncaris for lending via the retail banking sector). The Regional Banks 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, CPR AM 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). Crédit Agricole Investor Services Bank has been part of this segment since its formation.

### **Corporate and investment banking**

This segment embraces two broad types of activity. First, capital markets and investment banking, comprising primary and secondary equity activities (CAI Cheuvreux), foreign exchange and debt markets instruments trading (money and bond markets, derivatives and structured products), corporate financial services (CA-IS CT), mergers and acquisitions and the private equity activities run by the UI Group (UI, IDIA Participations and Sofipar), and Crédit Agricole Indosuez’s “work out” business. And second, financing business, comprising CAI’s asset financing and banking activities, and the structured financing activities managed by CAL FP.

### **International retail banking**

This segment comprises foreign fully-consolidated subsidiaries and those accounted for by the equity method whose main business is retail banking outside France—chiefly Banca Intesa in Italy, Banco Espírito Santo in Portugal, the Lukas and EFL groups in Poland, the foreign subsidiaries of Sofinco and Ucabail—together with

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<sup>1</sup> Prior to the acquisition of Crédit Lyonnais.

the earnings of Crédit Agricole S.A.'s unconsolidated banking affiliates engaged in this business (e.g. Commercial Bank of Greece, etc.). It also records the direct and indirect consequences of the deconsolidation of Banco Bisel.

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

This segment mainly comprises Crédit Agricole S.A.'s role as the Group's central body, and assets and liabilities management (in particular Crédit Agricole S.A.'s margin on interest-rate risk matching).

It also comprises the earnings of various other Crédit Agricole S.A. Group companies, including Uni-Editions, logistics units and the real estate companies responsible for managing buildings occupied 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 (net allowances/provisions and capital gains or losses on disposals of equity investments) are allocated to this item, together with general provisions not allocated to any specific activity within a given business segment.

Accordingly, the consequences of the divestment of the minority, non-strategic interest in Bradesco are allocated to this segment. It also comprises the net impact of tax consolidation of the Crédit Agricole S.A. Group.

Until the financial year ended 31 December 2001, this segment also included the results of the CPR group, with the exception of CPR Online, which is part of Corporate and investment banking.

Following their integration into the Group's various business lines, CPR group's activities have been split as follows in 2002: CPR AM is now part of the Asset management, insurance and private banking segment; CPR Private Equity and CPR A2M (alternative asset management) are now part of Investment banking, within the Corporate and investment banking segment; while CPR Or et Billets (bullion and notes) remains within the Proprietary asset management and other activities segment.

Similarly, institutional custody, fund administration and issuer services were formerly combined within Proprietary asset management and other activities. Following the creation of the "financial services" subsidiaries, CA-IS Bank is now part of the Asset management, insurance and private banking segment, while CA-IS Corporate Trust has been assigned to Corporate and investment banking.

The results of the various segments consist of all revenues and costs generated by the economic activities of their component units. In particular:

- each segment's net banking income consists in the return on real capital of each unit,
- and the tax charge for each corresponds to the book charge recorded.

### **Change in the presentation of Crédit Agricole S.A. results by business segment**

A certain number of activities have been transferred between business segments, notably following restructuring of some activities (e.g. CPR group and financial services), in order to provide a clearer presentation of results by Crédit Agricole S.A. Group business segment.

Moreover, certain logistics and closed property subsidiaries previously assigned to operating business segments, have been reclassified in the Proprietary asset management and other activities segment in order to eliminate intra-group transactions.

These reclassifications, which took effect on 1 January 2002, have also been carried out retroactively in the breakdown of 2001 net income by business segment, for both pro forma and actual figures.

Consequently, the breakdown of net income for 2001 presented below differs from the previously-published presentation.

The changes mainly concern net banking income and operating expenses.

**Analysis of 2001 pro forma results by business segment  
Comparison with previously published results**

<b>(in millions of euros)</b>		<b>Net banking income</b>	<b>Operating expenses and depreciation</b>	<b>Gross operating income</b>
French retail banking	Published pro forma figures .....	813	(495)	318
	Restated pro forma figures .....	760	(448)	312
	Transfers .....	(53)	47	(6)
Asset management, insurance and private banking	Published pro forma figures .....	1,532	(802)	730
	Restated pro forma figures .....	1,520	(804)	716
	Transfers .....	(12)	(2)	(14)
International retail banking	Published pro forma figures .....	884	(647)	237
	Restated pro forma figures .....	866	(632)	234
	Transfers .....	(18)	15	(3)
Corporate and investment banking	Published pro forma figures .....	2,712	(2,013)	699
	Restated pro forma figures .....	2,712	(2,012)	700
	Transfers .....	0	1	1
Proprietary asset management and other activities	Published pro forma figures .....	373	(394)	(21)
	Restated pro forma figures .....	456	(455)	1
	Transfers .....	83	(61)	22

**ALLOCATION OF CAPITAL BY BUSINESS SEGMENT**

Crédit Agricole S.A. Group 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 Regional Banks, 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.

### **French retail banking**

Capital allocated represents 5% of weighted risks (including 25% of the Regional Banks' 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 investments in French banking affiliates.

## Change in weighted risks applied for capital allocation purposes

Weighted risks (in billions of euros)	31/12/2002	31/12/2001	31/12/2000
<b>French retail banking</b> .....	<b>63.2</b>	<b>59.2</b>	<b>56.0</b>
Regional Banks .....	46.7	42.6	
Subsidiaries .....	16.5	16.6	
<b>Corporate and investment banking</b> .....	<b>59.7</b>	<b>64.3</b>	<b>63.4</b>
Capital markets and investment banking .....	25.5	16.6	15.4
Financing business .....	34.1	47.7	48.0
<b>Asset management, insurance and private banking</b> .....	<b>8.5</b>	<b>7.5</b>	<b>6.3</b>
<b>International retail banking</b> .....	<b>4.2</b>	<b>7.8</b>	<b>5.6</b>
<b>Proprietary asset management and other activities</b> .....	<b>12.3</b>	<b>10.4</b>	<b>10.1</b>

Capital allocated by business segment, before net income and before goodwill amortisation are as follows:

Capital allocations (in billions of euros)	31/12/2002	31/12/2001	31/12/2000
<b>French retail banking</b> .....	<b>3.2</b>	<b>3.2</b>	<b>3.3</b>
<b>Corporate and investment banking</b> .....	<b>4.4</b>	<b>4.6</b>	<b>4.5</b>
Capital markets and investment banking .....	1.9	1.5	1.3
Financing business .....	2.5	3.1	3.2
<b>Asset management, insurance and private banking</b> .....	<b>3.5</b>	<b>3.0</b>	<b>2.7</b>
<b>International retail banking</b> .....	<b>2.9</b>	<b>2.8</b>	<b>2.2</b>
<b>Proprietary asset management and other activities</b> .....	<b>1.8</b>	<b>1.0</b>	<b>0.8</b>
<b>Total allocated capital</b> .....	<b>15.8</b>	<b>14.5</b>	<b>13.4</b>

## SUMMARISED CONSOLIDATED STATEMENTS OF INCOME

(in millions of euros)	31/12/2002	31/12/2001 pro forma	31/12/2001 published	31/12/2000 pro forma	2002/2001 % change pro forma
<b>Net banking income</b> .....	<b>5,329</b>	<b>6,314</b>	<b>6,598</b>	<b>5,724</b>	<b>-15.6</b>
Operating expenses, depreciation and amortisation.....	(3,929)	(4,351)	(4,350)	(3,897)	-9.7
<b>Gross operating income</b> .....	<b>1,400</b>	<b>1,963</b>	<b>2,248</b>	<b>1,827</b>	<b>-28.7</b>
Risk-related costs .....	(207)	(371)	(366)	(692)	-44.2
Share of net income (losses) of equity affiliates.....	476	704	305	503	-32.4
Net income (loss) on fixed assets .....	(74)	31	34	309	n.s.
<b>Net ordinary income (before tax)</b> .....	<b>1,595</b>	<b>2,327</b>	<b>2,221</b>	<b>1,947</b>	<b>-31.5</b>
Net extraordinary items .....	(134)	333	333	(219)	n.s.
Corporate income tax .....	(212)	(761)	(861)	52	-72.1
Net allocation to/reversal from Fund for General Banking Risks .....	98	(44)	(44)	(143)	n.s.
Amortisation of goodwill .....	(286)	(297)	(296)	(205)	-3.7
<b>Net income before minority interests</b> ....	<b>1,061</b>	<b>1,558</b>	<b>1,353</b>	<b>1,432</b>	<b>-31.9</b>
Minority interests .....	(3)	90	286	41	n.s.
<b>Consolidated net income</b> .....	<b>1,064</b>	<b>1,468</b>	<b>1,067</b>	<b>1,391</b>	<b>-27.5</b>
<b>Consolidated net income before goodwill amortisation</b> .....	<b>1,350</b>	<b>1,765</b>	<b>1,363</b>	<b>1,596</b>	<b>-23.5</b>

## CRÉDIT AGRICOLE S.A. GROUP REVIEW OF RESULTS

### RESULTS BY BUSINESS SEGMENT

In 2002, in a hostile economic and market environment, Crédit Agricole S.A. reported a consolidated net income of EUR 1,064 million, down 27.5% from the previous year's figure. Before goodwill amortisation, the figure works out to EUR 1,350 million.

Vigorous growth in retail banking and healthy resilience in insurance and asset management significantly boosted the contribution to Group income of activities producing recurring earnings. Moreover, active risk management policy helped keep a tight grip on risk-related costs in all businesses.

#### French retail banking

All components of French retail banking registered strong gains. Both Regional Banks and specialised subsidiaries recorded hefty growth in business volumes, steadily improving management ratios and maintaining tight control over risk-related costs. This business segment's net income before goodwill amortisation rose 24.1% in 2002. Its contribution to Crédit Agricole S.A. Group earnings grew sharply, to almost 45%.

It is important to bear in mind that Crédit Agricole S.A.'s earnings include only 25% of the Regional Banks results. These Regional Banks are accounted for by the equity method, which means that their impact on consolidated figures is visible solely in "Share of net income (losses) of equity affiliates."

#### French retail banking

(in millions of euros)	2002	2001 pro forma*	2002/2001 % change
<b>Net banking income</b> .....	<b>791</b>	<b>760</b>	<b>+4.1</b>
Operating expenses and depreciation.....	(466)	(448)	+4.0
<b>Gross operating income</b> .....	<b>325</b>	<b>312</b>	<b>+4.2</b>
Risk-related costs .....	(103)	(100)	+3.0
Share of net income (losses) of equity affiliates .....	464	348	+33.3
<b>Net ordinary income (before tax)</b> .....	<b>686</b>	<b>560</b>	<b>+22.5</b>
Net extraordinary items + corporate income tax + FGBR .....	(83)	(74)	+12.2
<b>Net income before goodwill amortisation</b> .....	<b>603</b>	<b>486</b>	<b>+24.1</b>
<b>Net income</b> .....	<b>479</b>	<b>362</b>	<b>+32.3</b>
<b>ROE (as % of capital allocated)</b> .....	<b>16.4%</b>	<b>13.5%</b>	

\* The 2001 pro forma financial statements have been modified following reclassification of the logistics subsidiaries in the Proprietary asset management and other activities segment. The main changes concern net banking income (-EUR 53 million) and expenses (-EUR 47 million).

**Business** volumes were especially buoyant in both lending and deposit-taking.

**Balance sheet and off-balance sheet deposits outstanding** (excluding equities and bonds) in French retail banking rose 3.1% relative to December 2001, to EUR 330.4 billion. They have grown by nearly EUR 10 billion over 12 months despite the powerful negative impact of the markets on mutual funds.

Households continued to shy away from financial investments, accumulating liquid and short-term savings (e.g. tax-advantaged passbook accounts and money market funds, etc.) at the expense of riskier long-term savings instruments.

**New deposits** were driven mainly by passbook savings accounts, which increased by 11.3% (with classic savings accounts rising 19.4%), and to a lesser extent by home purchase savings schemes (up 6.7%).

After rising steeply at the end of 2001 with the changeover to the euro, demand deposits remained at a high level (EUR 58.1 billion). As a result of this underlying effect, year-end outstandings actually appear to have slipped -0.3% year on year.

In average terms, however, they grew by 8.5% in 2002, compared with 4.7% the previous year. Meanwhile, unattractively low interest rates depressed volumes on term accounts and certificates (down 16.8%), and outstandings on "popular savings plans" continued to decline (-10.7%) as many contracts matured.

**Off-balance sheet inflows** were up 4.5% overall over the year. In a climate favouring the build-up of precautionary savings, insurance products remained attractive, and life insurance policies outstanding, marketed by the Regional Banks, rose by 8.2% to EUR 83.4 billion. Amounts outstanding in mutual funds invested by the Regional Banks proved highly resilient given stock market conditions, falling by only 1% over the year to EUR 33.6 billion.

**Lending activity** was especially vigorous in 2002, with exceptionally high levels of new lending. The Regional Banks granted EUR 35.9 billion in medium- and long-term loans, 13.7% above the record established in 2001.

**Loans outstanding** (net of loan loss reserves) for the segment as a whole total EUR 217 billion, up 6% over the 2001 figure.

Household demand for credit in particular was again robust, for home purchase finance notably. Mortgage loans outstanding increased by 6.6% and now represent 43% of total French retail banking outstandings. As with new lending, outstandings rose in all other lending categories as well, with +7.6% in corporate lending, +3.5% in lending to professionals, +2.5% for the farming sector, +3.4% for consumption, +4.7% for local government, and +18.1% for lease financing and other loans.

**The Regional Banks** thus registered healthy growth in business, and the penetration rate for products and services to customers continued to advance, with an average of 7.4 products placed per demand account at the end of 2002, versus 7.0 at the end of 2001. Despite weaker share dealing activity, customer commissions increased by 7.3% year-on-year, especially commissions and fees on services, insurance, account management and means of payment. These represented 35.1% of net banking income in 2002, a 0.2 percentage point rise.

**Risk-related costs** remain well under control in the Regional Banks, at EUR 535 million, falling 5 basis points to 28 basis points between 2001 and 2002. Doubtful loans represent 4.1% of total loans outstanding, compared with 4.6% in 2001, and doubtful loan cover has risen to 68.8%, versus 67% a year earlier.

**The cost-income ratio** of Regional Banks accounted for by the equity method (excluding dividends received from Crédit Agricole S.A.) has been improving regularly, falling to 62.7% in 2002, down from 65.7% in 2001. Their net banking income rose 4.8% to EUR 10.3 billion, while operating costs have been kept in check, with a rise of 1.8% to EUR 6.2 billion despite inclusion of charges relating to branch modernisation and migration to fewer, more efficient information systems.

The sharp growth in the **contribution of Regional Banks accounted for by the equity method** to Crédit Agricole S.A. consolidated income (from EUR 348 million in 2001 to EUR 464 million in 2002, a rise of 33.3%), stems largely from the growth in their net banking income. That in turn was driven by a combination of robust business activity and additional revenues released by the re-investment of the proceeds of rights issues linked to Crédit Agricole S.A.'s stock market flotation.

**The specialised subsidiaries** also registered strong activity growth driven by demand from individual customers and partnerships.

In the consumer credit sector, new lending by **Sofinco France** grew by 31.2% to EUR 7.9 billion, of which EUR 4.5 billion (+2.7%) originated outside the Regional Banks and Crédit Lyonnais.

Outstandings managed by Sofinco rose 23.5% relative to 2001 to EUR 13.2 billion (including EUR 1.9 billion on behalf of the Regional Banks, and EUR 4.2 billion in outstandings managed for third parties or shared). These figures reflect the continuing expansion of Crédit Agricole's co-operative ventures with the Regional Banks and its partnership activities in 2002. The partnership with Crédit Lyonnais in particular is gathering momentum, with new bank loans rising to EUR 1.9 billion in 2002. In addition, Sofinco took over Crédit Lyonnais' revolving credit book (EUR 166 million for 2002) at the end of the year. The partnership with Fiat was renewed until the end of 2005, and a new convention was signed with BMW. Meanwhile, a new partnership agreement covering banking loan products was signed in February 2002 with the Auchan supermarket group's Banque Accord. As a result of these moves Sofinco France's net banking income rose 8.1% over the year. Its cost-income ratio improved by 1 percentage point over the year to 61%. Risk-related costs have risen, but they are still low, representing just 1.01% of average outstandings overall. Sofinco France significantly increased its contribution to Group earnings, by 6.1%.

**Ucabail**, the Group's lease finance arm, originates EUR 1.6 billion in new business annually in France. Aggregate new lending was down 9% relative to 2001, under the combined impact of weak corporate investment, deliberate efforts to refocus on high value added business, and increased attention to risks.

Lease finance outstandings on the French market amounted to EUR 5.9 billion at the end of 2002, up 1.6% over the previous year. Net banking income fell by 9.3% relative to 2001.

The factoring market suffered a downturn in activity in 2002, but Transfact turned in a strong business performance nevertheless. Revenues (invoices purchased) were virtually unchanged (down 0.6%) relative to 2001, at EUR 4.3 billion. Even so, gross outstandings rose 24.3% to EUR 966 million. However, thinner margins kept net banking income stable.

**Aggregate net banking income for the French retail banking segment** rose 4.1% relative to 2001, to EUR 791 million. Operating costs grew at the same pace (+4% to EUR 466 million), while the cost-income ratio stabilised at 58.9%.

**Gross operating income** for the segment thus increased by 4.2%, from EUR 312 million in 2001 to EUR 325 million in 2002.

**Risk-related costs** were virtually unchanged at EUR 103 million. This figure comprises a slight increase in Sofinco's risk-related costs, and lower provisions at Ucabail, following a major effort by that subsidiary in 2001.

After including the results of the Regional Banks accounted for by the equity method, **net ordinary income** (before tax) for French retail banking works out to EUR 686 million, a rise of 22.5% over the previous year.

After corporate income tax (up 7.7%), **net income** before goodwill amortisation amounted to EUR 603 million, up 24.1% relative to 2001, while **return on equity** (ROE) on allocated capital works out to 16.4% in 2002, compared with 13.5% in 2001.

#### Asset management, insurance and private banking

Activity in Asset management, insurance and private banking held up well overall in the face of plunging stock markets, which drove customers to turn to less volatile products. This segment limited the fall in net income before goodwill amortisation to 5.9% relative to 2001, to EUR 466 million.

#### Asset management, insurance and private banking

(in millions of euros)	2002	2001 pro forma*	2002/2001 % change
<b>Net banking income</b> .....	<b>1,520</b>	<b>1,520</b>	<b>0</b>
Operating expenses and depreciation.....	(839)	(804)	+4.4
<b>Gross operating income</b> .....	<b>681</b>	<b>716</b>	<b>-4.9</b>
Risk-related costs .....	(11)	(1)	n.s.
Share of net income (losses) of equity affiliates .....	3	3	0
<b>Net ordinary income (before tax)</b> .....	<b>673</b>	<b>718</b>	<b>-6.3</b>
Net extraordinary items + corporate income tax + FGFR .....	(207)	(223)	-7.2
<b>Net income before goodwill amortisation</b> .....	<b>466</b>	<b>495</b>	<b>-5.9</b>
<b>Net income</b> .....	<b>439</b>	<b>483</b>	<b>-9.1</b>
<b>ROE (as % of capital allocated)</b> .....	<b>13.4%</b>	<b>17.0%</b>	

\* The 2001 pro forma financial statements have been modified following reclassification of the logistics subsidiaries in the Proprietary asset management and other activities segment. The main changes concern net banking income (-EUR 12 million) and expenses (+EUR 2 million).

Assets under management edged up 0.1% despite adverse market trends to EUR 232.5 billion (excluding double accounts), versus EUR 232.3 billion at the end of 2001.

- **In life insurance, Predica** achieved robust growth in a sluggish market hit by falling financial markets. Total premium income was up 3% relative to 2001 at EUR 9.7 billion; the product mix shifted considerably in favour of euro-denominated contracts (which grew by 8%), compared with a 21% decline in individual unit-linked products. Whole-life and disability activity also enjoyed robust growth, with an 11.7% increase

in its aggregate portfolio to EUR 2.7 million. Product diversification continued with, among others, the market launch of Floriane, a new life insurance product aimed at high net worth customers.

Aggregate outstandings managed by Predica totalled EUR 83.4 billion, a rise of 8.2% over the year (compared with 5% for the market as a whole). Despite hostile market conditions, Predica continued to bolster its financial reserves in 2002. These now stand at EUR 3.2 billion (+3.5%) and represent 4.2% of technical reserves. In addition, unrealised capital gains on assets under management totalled EUR 4.7 billion (compared with EUR 5 billion in 2001), and the rise in unrealised capital gains on bond holdings more than offset unrealised losses on equities and mutual funds. Investment policy has sought to combine security with diversification, with equities representing 8%, real estate 3.4%, fixed and variable-rate instruments respectively 76.9% and 3.9%, and treasury instruments 7.8%.

Predica is also expanding outside France through its international affiliates, i.e. Bancassurance SAL in Lebanon, PREDICAI Europe in Luxembourg. In Greece, Emporiki Life, a bank-life insurance company founded in 2001 and held equally by Predica and Commercial Bank of Greece, has opened for business.

- **In property & casualty insurance, Pacifica** enjoyed another year of vigorous growth, with premium income rising 14.1% relative to 2001. Farm insurance in particular has ramped up its offering satisfactorily, while new motor and homeowner's insurance products geared to the youth market were developed in 2002. At the end of 2002, Pacifica managed an overall portfolio (motor, homeowner's comprehensive, "Life's Accidents", health, natural disasters, legal protection insurance, etc.) of almost 3.2 millions contracts, up 13.7% over the previous year.

Loss experience declined significantly over the same period. The claims/premiums ratio (all products combined and excluding administrative costs) improved distinctly, from 73.8% in 2001 to 70.4% in 2002 despite the cost of flood claims in the Gard department of France.

- **In the field of asset management, total funds managed** by the Crédit Agricole S.A. Group (managed by Crédit Agricole Asset Management, BFT and CPR AM) amounted to EUR 188.6 billion at the end of 2002. They were up 1.5% over the year despite the powerful negative impact of the markets. Healthy new inflows (+EUR 12.5 billion), focused mainly on money market and bond funds, more than offset the impact of the stock market slump (the CAC 40 index shed 33.7% in 2002). Portfolio weightings shifted in consequence, with equities now down to 24% compared with more than 30% a year ago.

The segment continued to rationalise its organisation and management activities, via CA AIPG\* for alternative asset management, CPR AM\* for quantitative management, CA-IS Bank\* for the custody function and Uniger\* for real estate management.

Growth in funds under management also stemmed from steady inflows outside France, and from the expanded consolidation base, with continuing selective developments in Europe (including the integration of CA-AM España Holding\*, the strengthening of CA-AM in Italy with SIM Spa Selezione e Distribuzione\*), in Asia (CA-AM Securities Japan\*) and in the Middle East. Funds under management were up 5.7% outside France thanks to an expanding international network, and 1.1% in France.

In addition, following the market launch by CAES of Corporate Savings Plans and Voluntary Employee Partnership Savings Plans, long-term employee savings outstandings amounted to EUR 4.8 billion, up 11.6% over the year.

Crédit Agricole Asset Management group's earnings proved resilient in adverse conditions. Revenues net of retrocessions rose 12% relative to 2001, to EUR 370 million. Operating expenses were up 16.7% at EUR 233 million, reflecting costs relating to the expansion of operations outside France and growth in the workforce (+7.2%).

- **Private banking** bore the full impact of the stock market crisis. Private wealth under management shrank under the combined effects of depressed global stock markets and a 17% slide in the USD/CHF exchange rate. In addition to the negative impact of the markets, though, inflows were further squeezed as this business continued to re-centre in geographical terms, closing down some units, restructuring in Spain, and setting up dedicated units in Luxembourg and Italy, among others. As a result, funds under management in the various private banking centres fell by 11.1% over the year to EUR 38.2 billion.

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\* Subsidiaries newly-consolidated in this segment.

This business line registered a 14.1% fall in net banking income in consequence. At the same time, however, operating expenses were trimmed by 4% relative to 2001 thanks to a cost-adjustment programme. This was achieved despite the introduction of reinforced control systems, including specialised computer software.

The segment's net banking income amounted to EUR 1,520 million in 2002, unchanged from 2001. Significantly increased net banking income in insurance and, to a lesser extent, in asset management, thus offset reduced private banking revenues.

Without adjusting for the widening of the asset management perimeter, net banking income was down 5.9%.

The 4.4% rise in operating expenses in Asset management, insurance and private banking, to EUR 839 million, reflects perimeter changes of this segment.

Consequently, gross operating income in this segment was down 4.9% (down 6.2% on a like-for-like basis), falling from EUR 716 million in 2001 to EUR 681 million in 2002.

The cost-income ratio, meanwhile, deteriorated from 52.9% to 55.2% between 2001 and 2002. On a like-for-like basis, on the other hand, it improved to 51.5% in 2002.

Risk-related costs totalled 11 million in 2002, under the impact of provisions made by private banking units in Switzerland and Luxembourg.

After an 8.7% reduction in the corporate income tax charge, net income before goodwill amortisation amounted to EUR 466 million, down 5.9% relative to 2001. ROE on allocated capital works out to 13.4%, compared with 17% in 2001.

### Corporate and investment banking

Corporate and investment banking turned in a strong performance, thanks in particular to debt market, foreign exchange, asset financing and private equity activities. Equity and credit activities, on the other hand, suffered the effects of the financial crisis. The corporate and investment banking continued to re-centre geographically in 2002.

The reduction in the segment's operating expenses reflects the impact of measures taken in 2001.

### Corporate and investment banking

(in millions of euros)	2002	2001 pro forma*	2002/2001 % change
Net banking income .....	2,422	2,712	-10.7
Operating expenses and depreciation.....	(1,858)	(2,012)	-7.7
<b>Gross operating income</b> .....	<b>564</b>	<b>700</b>	<b>-19.4</b>
Risk-related costs .....	(171)	(161)	+6.2
Share of net income (losses) of equity affiliates .....	52	56	-7.1
Net income (loss) on fixed assets .....	32	0	n.s.
<b>Net ordinary income (before tax)</b> .....	<b>477</b>	<b>595</b>	<b>-19.8</b>
Net extraordinary items + corporate income tax + FGFR .....	(140)	(166)	-15.7
<b>Net income before goodwill amortisation</b> .....	<b>337</b>	<b>429</b>	<b>-21.4</b>
<b>Net income</b> .....	<b>301</b>	<b>370</b>	<b>-18.6</b>
<b>ROE (as % of capital allocated)</b> .....	<b>8.2%</b>	<b>8.0%</b>	

Gross operating income in Corporate and investment banking was down 19.4% relative to 2001, at EUR 564 million. It results from a 10.7% drop in net banking income to EUR 2,422 million and a 7.7% reduction in operating expenses for 2002 at EUR 1,858 million. The latter had already started falling in the second half of 2001.

Revenues trends varied considerably from one business line to another.

## Capital markets and investment banking

(in millions of euros)	2002	2001 pro forma*	2002/2001 % change
<b>Net banking income</b> .....	<b>1,564</b>	<b>1,817</b>	<b>-13.9</b>
Operating expenses and depreciation.....	(1,263)	(1,387)	-8.9
<b>Gross operating income</b> .....	<b>301</b>	<b>430</b>	<b>-30.0</b>
Risk-related costs .....	25	27	-7.4
Share of net income (losses) of equity affiliates .....	6	6	0
Net income (loss) on fixed assets .....	32	0	n.s.
<b>Net ordinary income (before tax)</b> .....	<b>364</b>	<b>463</b>	<b>-21.4</b>
Other (extraordinary items and corporate income tax) .....	(102)	(157)	-35.0
<b>Net income before goodwill amortisation</b> .....	<b>262</b>	<b>306</b>	<b>-14.4</b>

\* The 2001 pro forma financial statements have been modified by inclusion in this business segment of the cash management activities of Crédit Agricole S.A. parent company, previously included in the Financing business. The main changes concern net banking income (+EUR 56 million) and expenses (+EUR 20 million).

**Capital markets and investment banking** moved swiftly to adjust to deteriorating stock market conditions. Revenues from fixed income (debt markets and foreign exchange) activities were unchanged from last year. High value added activities such as complex derivatives and credit products increased their share of net banking income. Similarly, Crédit Agricole's brokerage subsidiary Carr Futures performed extremely well in the financial futures markets.

Conversely, equity activities were penalised by the worsening crisis, especially in the third quarter, registering a sharp fall in net banking income in 2002, under the combined impact of a dearth of high-profile primary market operations and dwindling advisory mandates for much of the year.

CAI Cheuvreux reported lower brokerage and trading revenues, with fewer arbitrage opportunities and losses on the convertible bond portfolio.

Equity capital activities, on the other hand, significantly increased their contribution to earnings. As a result, Crédit Agricole S.A.'s investment arm, **UI (Union d'Etudes et d'Investissements) group**, generated a steep rise in income. It invested EUR 158 million in around forty deals designed to assist businesses expand or to finance buyouts. The UI segment generated EUR 122 million in capital gains despite the surrounding economic climate. Net income for UI totalled EUR 75.6 million, and EUR 6.9 million for IDIA Participations. The stock of unrealised capital gains amounted to around EUR 290 million at 31 December 2002.

Overall, net banking income from capital markets and investment banking activities was down 13.9% relative to 2001. A combination of cost-cutting, sharply-reduced variable compensation, and continuing rationalisation of equity operations in Asia helped cut costs significantly, down 8.9% over the year. Gross operating income was down 30% as a result of the foregoing.

## Financing business

(in millions of euros)	2002	2001 pro forma*	2002/2001 % change
<b>Net banking income</b> .....	<b>858</b>	<b>895</b>	<b>-4.1</b>
Operating expenses .....	(595)	(625)	-4.8
<b>Gross operating income</b> .....	<b>263</b>	<b>270</b>	<b>-2.6</b>
Risk-related costs .....	(196)	(188)	+4.3
Share of net income (losses) of equity affiliates .....	46	50	-8.0
<b>Net ordinary income (before tax)</b> .....	<b>113</b>	<b>132</b>	<b>-14.4</b>
Other (extraordinary items, corporate income tax + FGFR).....	(38)	(9)	n.s.
<b>Net income before goodwill amortisation</b> .....	<b>75</b>	<b>123</b>	<b>-39.0</b>

\* The 2001 pro forma financial statements have been modified following transfer of the cash management activities of Crédit Agricole S.A. parent company in Capital markets and investment banking. The main changes concern net banking income (-EUR 56 million) and expenses (-EUR 20 million).

**Financing business** held up well in Europe especially, with gross operating income down by only 2.6% in 2002 relative to 2001. Ongoing geographical redeployment of assets entailed a 4.1% drop in net banking income.

Similarly, CAL FP's contribution was impacted by the poor performance of structured financing in 2002, due to adverse business conditions.

This drop in net banking income overshadowed a significant fall in revenues from asset financing, and especially in project and acquisition finance, and shipping finance.

Crédit Agricole's capital reallocation strategy and rationalisation of its commercial banking activities has also entailed a steady decrease in operating expenses (down 4.8%). This was especially pronounced in Asia and the United States. Risk-related costs were kept under control (with a rise of 4.3%) despite the worsening credit environment. However, net income before goodwill amortisation was squeezed by exceptional charges relating to the restructuring of Banque Française de l'Orient and certain Asian centres, falling 39% relative to 2001.

Overall, Corporate and investment banking managed to hold the rise in **risk-related costs** to EUR 10 million in 2002, to a total of EUR 171 million. These costs notably arose in respect of asset financing.

After including the Group's share of net income of equity affiliates (down by EUR 4 million to EUR 52 million), together with net income on fixed assets (EUR 32 million) resulting mainly from the sale of CPR's head office, exceptional charges (down 17.6% at EUR 28 million), and corporate income tax, **net income** before goodwill amortisation works out to EUR 337 million, down 21.4% relative to 2001. **ROE** on Corporate and investment banking improved slightly, from 8% in 2001 to 8.2% in 2002, in view of the larger decline (-4.8%) in capital allocated.

### International retail banking

This segment's 2002 financial statements register the combined effects of the Group's withdrawal from Latin America, the strategic plan being implemented at Banca Intesa (formerly IntesaBci until 2003), and growth in the other European subsidiaries.

International retail banking generated a net loss, before amortisation of goodwill, of EUR 97 million in 2002, versus a net profit of EUR 80 million in 2001.

### International retail banking

(in millions of euros)	2002	2001 pro forma*	2002/2001 % change
<b>Net banking income</b> .....	<b>503</b>	<b>866</b>	<b>-41.9</b>
Operating expenses and depreciation.....	(353)	(632)	-44.1
<b>Gross operating income</b> .....	<b>150</b>	<b>234</b>	<b>-35.9</b>
Risk-related costs .....	(133)	(272)	-51.1
Share of net income (losses) of equity affiliates .....	(17)	229	n.s.
Net income (loss) on fixed assets .....	(33)	0	n.s.
<b>Net ordinary income (before tax)</b> .....	<b>(33)</b>	<b>191</b>	<b>n.s.</b>
Net extraordinary items + corporate income tax + FGFR .....	(64)	(111)	n.s.
<b>Net income before goodwill amortisation</b> .....	<b>(97)</b>	<b>80</b>	<b>n.s.</b>
<b>Net income</b> .....	<b>(174)</b>	<b>24</b>	<b>n.s.</b>
<b>ROE (as % of capital allocated)</b> .....	<b>-2.9%</b>	<b>5.3%</b>	

\* The 2001 pro forma financial statements have been modified to adjust for the change in the consolidation method applied to Banco Acac, from full consolidation to the equity method, in the 4th quarter of 2001. The changes concern net banking income (-EUR 18 million) and expenses (-EUR 15 million).

- **The withdrawal from Argentina** (and the resulting deconsolidation of Banco Bisel and its subsidiaries with effect from 1 January 2002) has entailed a foreign exchange related charge to shareholders' equity in December 2001, together with an additional provision in the accounts of Crédit Agricole S.A. at 31 March 2002. Directly and indirectly, Banco Bisel made a negative contribution of EUR 106 million to Group net income in 2002.
- Crédit Agricole S.A. has restructured its business in Uruguay. In response to the liquidity crisis in the Uruguayan banking system, Crédit Agricole S.A. stepped up its support for its subsidiary, Banco Acac, which has adjusted its structure and resources accordingly.
- **Banca Intesa's contribution** was down by EUR 240 million relative to the previous year. Its 2002 earnings were affected by the initial impact of the strategic plan announced on 9 September 2002. This plan

contains energetic measures to restore its balance sheet and refocus its strategy on firmer foundations (in Latin America especially), while strengthening provisions.

However, its recurring activities have held up well, and partnerships with Crédit Agricole S.A. in consumer credit (through their joint-subsiary Agos Itafinco) and private banking (with the announcement of the acquisition of IntesaBci Bank Suisse) are progressing well.

- **Majority-held European subsidiaries** registered strong growth. Lukas, Poland's consumer credit market leader, reported especially steep gains. Consumer credit activities elsewhere also performed well. In April 2002, Sofinco and Commercial Bank of Greece signed an agreement to create a 50-50 subsidiary to develop a consumer credit business in Greece. The new company, Emporiki Credicom Bank, will distribute credit through third-party provider networks and direct sales starting in 2003.

European subsidiaries have EUR 3.7 billion in credit outstandings (excluding managed funds); on a like-for-like basis, this figure is unchanged from the previous year.

**Net banking income** for this segment fell by 41.9% relative to 2001 as a result of the deconsolidation of Banco Bisel (which contributed EUR 557 million in 2001). On a like-for-like basis, net banking income rose 62.8%. The main reasons for this sharp increase were: expanding operations at its Polish subsidiaries, the activities of Sofinco's foreign subsidiaries, and revenues from unconsolidated banking affiliates and partnerships (e.g. Sofinco's partnerships outside France, and Commercial Bank of Greece notably). At the same time, the International retail banking segment's **operating expenses** were down 44.1% to EUR 353 million due to the deconsolidation of Banco Bisel. After correcting for this impact, they actually rose steeply (+65.7%) due to Group organic and external growth (the Polish subsidiaries and Sofinco in particular).

The segment's **gross operating income** worked out to EUR 150 million in 2002, an apparent decline of 35.9% relative to 2001, though up 56.3% excluding Bisel.

**Risk-related costs** in International retail banking fell by 51.1%, to EUR 133 million in 2002 (down 19.4% after adjusting for the impact of Banco Bisel in 2001).

**The Group's share** of net income of equity affiliates dropped from EUR 229 million in 2001 to -EUR 17 million in 2002, due to the negative contribution of Banca Intesa to Group earnings. After recording a **net loss on fixed assets and an exceptional charge** to cover the losses on Banco Bisel, International retail banking reported a **net loss** before goodwill amortisation of EUR 97 million, compared with a profit of EUR 80 million in 2001. **ROE** on allocated capital works out to -2.9% in 2002, compared with +5.3% in 2001.

### Proprietary asset management and other activities

Despite the impact of the stock market slump on equity portfolios, Proprietary asset management and other activities generated a net income before goodwill amortisation of EUR 38 million in 2002. Comparisons with 2001 should allow for exceptional charges relating to the stock market flotation of Crédit Agricole S.A. (representing an impact of +EUR 94 million in 2001). Consequently, net income before goodwill amortisation for 2002 was down EUR 233 million relative to 2001 after restatement for the impact of the flotation.

In 2002, the impact of the stock market crisis on this segment's equity portfolios represents a charge to net ordinary income (before tax) of EUR 159 million, comprising EUR 103 million (relating to net banking income) for securities available for sale and equity portfolio activities, and EUR 165 million for non-strategic equity investments. Equity portfolios generated EUR 301 million in net ordinary income (before tax) in 2001. This charge was offset by recoveries from prior-year provisions (including a EUR 92 million drawdown from prudential provisions set aside in the first half of 2002 in respect of Bradesco).

Given the sharp slide in financial markets and their extreme volatility over the year, a multi-criterion approach was adopted in order to establish fair value for equity portfolio securities, i.e. average price over the last three months, expected price movements over the next six months, and discounted future dividend streams.

For securities available for sale and non-strategic equity investments, valuation allowances were calculated on the basis of market prices at 31 December 2002.

Consequently, this segment registered a decline in **net banking income** from EUR 456 million in 2001 to EUR 93 million, under the combined impact of the crisis on equity portfolios and a reduced contribution from fixed-interest portfolios; the change in the centralisation rate of savings collected by the Regional Banks, from 66.67% to 50% with effect from 1 January 2002, having been offset by positive trends in margins.

**Operating expenses** were down 9.2% under the twin impact of the cost-cutting programme in the central functions and restructuring of CPR's non-strategic activities.

The segment's **risk-related costs**, net of provisions, work out to EUR 211 million in 2002. They notably include a recovery from prudential provisions on Bradesco (EUR 92 million), mechanical recoveries from the home purchase savings scheme provision (EUR 38 million), and net recoveries stemming from the reduction in Group risk exposure (US and other country risks).

**Group share in the results of equity affiliates** (-EUR 26 million) was impacted by the negative contribution of Portuguese holding and life insurance companies (Partran, Tranquilidade and Tranquilidade Vida), which suffered from local equity market trends. The Group recorded a **net loss** of EUR 73 million **on fixed assets** in 2002, resulting from losses (-EUR 165 million) sustained on the disposal of the Bradesco shareholding. Overall, after corporate income tax and recoveries from prudential provisions and foreign exchange hedging, the aggregate loss on Bradesco works out to less than EUR 25 million.

Extraordinary income consists primarily in capital gains on the disposal of Coface and non-operating buildings, together with a capital gain on the sale to Banca Intesa of part (19%) of the share capital of Agos-Itafinco, within the framework of the consumer credit partnership with Intesa in Italy. The planned ownership of this partnership will be as follows: Crédit Agricole S.A. 0%, Sofinco 51% and Banca Intesa 49%.

**Extraordinary items** comprise a EUR 47 million charge to cover the cost of restructuring CPR's non-strategic activities.

A net mechanical recovery of EUR 100 million was made from the **Fund for General Banking Risks** relating to home purchase savings schemes, in connection with the difference between expectations with regard to trends in market rates four years ago (for savings accounts) and six years ago (for savings plans) and current funding rates for home purchase lending.

A tax gain of EUR 193 million is recorded under **corporate income tax**, resulting from the tax loss recorded by this segment, from activation of deferred taxation on subsidiaries reporting taxable profits, and from first-time tax-consolidation of the CPR group and national subsidiaries previously held by the Regional Banks.

Overall, Proprietary asset management and other activities generated a **net income** before goodwill amortisation of EUR 38 million in 2002. Adjusted for exceptional items relating to the stock market flotation in 2001, this item was down by EUR 233 million in 2002.

## CRÉDIT AGRICOLE S.A. CONSOLIDATED FINANCIAL RESULTS

**Consolidated net income** for 2002 amounted to EUR 1,064 million, down 27.5% from the 2001 pro forma figure of EUR 1,468 million. Net income before goodwill amortisation amounted to EUR 1,350 million. Business segments contributed EUR 1,309 million before minority interests, down 12.1% relative to the previous year.

Consolidated financial results				2002/2001 % change excluding Bisel
(in millions of euros)	2002	2001 pro forma	2002/2001 % change	
<b>Net banking income</b> .....	<b>5,329</b>	<b>6,314</b>	<b>-15.6</b>	<b>-7.4</b>
Operating expenses and depreciation .....	(3,929)	(4,351)	-9.7	-0.1
<b>Gross operating income</b> .....	<b>1,400</b>	<b>1,963</b>	<b>-28.7</b>	<b>-23.3</b>
Risk-related costs.....	(207)	(371)	-44.2	+8.4
Share of net income (losses) of equity affiliates.....	476	704	-32.4	
Net income (loss) on fixed assets .....	(74)	31	n.s.	
<b>Net ordinary income (before tax)</b> .....	<b>1,595</b>	<b>2,327</b>	<b>-31.5</b>	
Extraordinary items .....	(134)	333	n.s.	
Corporate income tax .....	(212)	(761)	n.s.	
Net allocation to the Fund for General Banking Risks....	98	(44)	n.s.	
Amortisation of goodwill .....	(286)	(297)	-3.7	
<b>Net income</b> .....	<b>1,061</b>	<b>1,558</b>	<b>-31.9</b>	
<b>Consolidated net income</b> .....	<b>1,064</b>	<b>1,468</b>	<b>-27.5</b>	
<b>Net income before goodwill amortisation</b> .....	<b>1,350</b>	<b>1,765</b>	<b>-23.5</b>	
<b>ROE (as % of capital allocated)</b> .....	<b>9.3%</b>	<b>13.0%</b>		

The deconsolidation of Banco Bisel at 1 January 2002 has impacted changes in the intermediate operating totals between 2001 and 2002. Consequently, restatement of these totals excludes this impact.

**Group net banking income** for 2002 fell by 15.6% relative to 2001, to EUR 5.3 billion. Net banking income fell by 7.4% on a like-for-like basis, i.e. excluding Banco Bisel. The Group has recognised losses or valuation allowances of EUR 167 million on its equity portfolios. As a result of which the impact on net banking income for 2002 amounted to –EUR 103 million, compared with +EUR 301 million in 2001. Excluding this impact, net banking income would have been virtually unchanged at EUR 5.4 billion (-0.4%).

Revenues from securities held to maturity were down and, given the state of the stock markets, the Group also reported lower net capital gains on securities available for sale and equity portfolio securities. French retail banking registered significant growth, as did margins on insurance activities, while partnerships outside France continue to gain ground. On the other hand, ongoing reallocation and geographical redeployment of assets and equity market trends squeezed revenues in Corporate and investment banking.

**Operating expenses**, meanwhile, fell significantly—by 9.7%—over the year, to EUR 3,929 million, due to the deconsolidation of Banco Bisel.

Adjusting for this impact, this item was unchanged overall (falling 0.1%). Charges relating to organic and external growth of operations in France and abroad were offset by lower costs in Corporate and investment banking.

As a result of the above, **gross operating income** amounted to EUR 1,400 million, down 28.7% relative to the previous year. Excluding Bisel, the decline works out to 23.3%.

The **cost-income ratio** worked out to 73.7% of net banking income in 2002, compared with 68.9% in 2001. The cost-income ratio for the business segments (excluding Proprietary asset management and other activities) increased from 66.5% in 2001 to 67.2% in 2002.

**Risk-related costs** totalled EUR 207 million. Excluding Banco Bisel, the increase works out to 8.4%, i.e. just +EUR 13 million relative to 2001.

Doubtful loans, totalling EUR 4 billion, are down EUR 680 million since the end of 2001. This change stems partly from the deconsolidation of Banco Bisel. Doubtful loans and loans in litigation represent 5.5% of

gross customer loans outstanding, compared with 5.9% in 2001. Coverage of these loans by provisions stands at 65.7%, compared with 65.6% at 31 December 2001.

Moreover, prudential provisions and the Fund for General Banking Risks totalled EUR 2.4 billion at the end of 2002. These comprise: EUR 446 million in provisions under liabilities to cover sector risks and other loan loss provisions, EUR 371 million in country-risk provisions, EUR 836 million for the Fund for General Banking Risks (home purchase savings schemes), and EUR 782 million for other Fund for General Banking Risks items (including EUR 610 million for the Fund for Liquidity and Solvency Banking Risks).

**The contribution of equity affiliates** declined from EUR 704 million in 2001 to EUR 476 million in 2002. This steep decline (-32.4%) flows from the reduced contribution by Banca Intesa (see above). Group share in the results of the Regional Banks increased by 33.3% to EUR 464 million.

The net loss on fixed assets works out to EUR 74 million in 2002, notably due to the withdrawal from Brazil (with the complete disposal of the Group's equity interest in Bradesco).

As a result, net **ordinary income** (before tax) amounted to EUR 1,595 million in 2002, down 31.5% relative to 2001.

The Group recorded a **net extraordinary loss** of EUR 134 million in 2002. These extraordinary charges cover restructuring costs (EUR 72 million) and the foreign exchange loss on Banco Bisel.

The **corporate income tax** charge was down sharply in 2002, at EUR 212 million, compared with EUR 761 million in 2001 and EUR 275 million excluding transactions connected with the stock market flotation. This reduction in the tax charge stemmed primarily from tax gains resulting from the broadening of the tax-consolidation base.

The **Fund for General Banking Risks** registered a net recovery of EUR 98 million from the home purchase savings provision.

**Goodwill amortisation** was down slightly (-3.7%) to EUR 286 million following the write down in full, in 2001, of goodwill on Banco Bisel and its subsidiaries, and despite additional investments in the Polish subsidiaries.

**Consolidated net income** works out to EUR 1,064 million. Before goodwill amortisation, net income totalled EUR 1,350 million in 2002, down 23.5% relative to 2001.

**ROE**, i.e. the ratio of consolidated net income before goodwill amortisation to average shareholders' equity after appropriation of income for the year, amounted to 9.3% in 2002, versus 13.0% in 2001.

## SUMMARISED CONSOLIDATED BALANCE SHEETS

<b>Assets</b> (in millions of euros)	<b>31/12/2002</b>	<b>% of total</b>	<b>31/12/2001</b>	<b>31/12/2000</b>	<b>2002/2001</b> <b>% change</b>
Cash, money market and interbank items	107,799	21.3	92,874	99,511	+16.1
Crédit Agricole internal transactions .....	149,901	29.6	141,630	146,973	+5.8
Customer-related items .....	62,541	12.4	69,765	63,208	-10.4
Lease financing .....	6,663	1.3	6,485	5,929	+2.7
Securities.....	48,014	9.5	58,629	54,259	-18.1
Insurance companies' investments .....	84,905	16.8	79,390	71,671	+6.9
Re-insurers' share in technical reserves ....	144	0.0	101	55	+42.6
Investments, bank premises and equipment	17,311	3.4	16,102	8,983	+7.5
Goodwill .....	1,652	0.3	1,895	1,305	-12.8
Other assets and sundry accounts .....	26,788	5.3	28,196	28,599	-5.0
<b>Total assets.....</b>	<b>505,718</b>	<b>100</b>	<b>495,067</b>	<b>480,493</b>	<b>+2.2</b>
<b>Liabilities and shareholders' equity</b> (in millions of euros)	<b>31/12/2002</b>	<b>% of total</b>	<b>31/12/2001</b>	<b>31/12/2000</b>	<b>2002/2001</b> <b>% change</b>
Cash, money market and interbank items	70,477	13.9	70,305	73,228	+0.2
Crédit Agricole internal transactions .....	18,943	3.7	24,053	27,050	-21.2
Customer-related items .....	205,087	40.6	200,681	191,536	+2.2
Debts represented by a security .....	58,257	11.5	57,562	55,642	+1.2
Insurance companies' technical reserves ..	84,154	16.6	77,687	70,386	+8.3
Other liabilities and sundry accounts .....	39,232	7.8	34,542	36,100	+13.6
Reserves and subordinated debt .....	12,136	2.4	12,837	9,023	-5.5
Fund for General Banking Risks .....	1,618	0.3	1,716	2,583	-5.7
Minority interests .....	383	0.1	690	3,200	-44.5
Consolidated shareholders' equity (not incl. FGBR).....	15,431	3.1	14,994	11,745	+2.9
<b>Total liabilities and shareholders' equity</b>	<b>505,718</b>	<b>100</b>	<b>495,067</b>	<b>480,493</b>	<b>+2.2</b>

### CRÉDIT AGRICOLE S.A. CONSOLIDATED BALANCE SHEET

Total assets amounted to EUR 505.7 billion in 2002, an increase of EUR 10.7 billion or 2.2% relative to the previous year. Growth in total assets was limited by consolidation changes (with the deconsolidation of Banco Bixel on 1 January 2002), and by the appreciation of the euro against the other main currencies (+19% against the US dollar and correlated currencies) between end-2001 and end-2002. Total assets increased by 5% after adjustment for consolidation and currency changes.

#### Customer transactions

**Customer loans outstanding** (including lease finance operations) net of provisions fell by 9.2% year-on-year to EUR 69.2 billion at 31 December 2002. After adjusting for the impact of deconsolidation of Banco Bixel, which had more than EUR 2 billion in loans outstanding at 31 December 2001, and at constant exchange rates, customer loans outstanding fell by only 4.1%. This decline mainly concerned securities pledged by customers. These were down 31.9% or EUR 2.2 billion as a result of the ongoing refocusing of corporate banking in the United States, where outstandings on the books declined by 28%.

As a result of the Group's strategy of geographically recentring its assets, nearly 62% of customer loans are now concentrated in the EEA countries, and 43% in France. North America now accounts for only 4%, versus 6% in 2001, and the "Asia-Oceania" region for 15% versus 18%.

**Crédit Agricole internal transactions**, which comprise time accounts and advances to the Regional Banks, increased by 5.8% to EUR 150 billion. The components of this item reflect the impact of the additional decentralisation of savings funds in favour of the Regional Banks. Out of this total, the portion of advances that serves to fund 50% of the Regional Banks' medium- and long-term lending (against 66.67% in 2001) was down sharply (-23.5% year-on-year). Conversely, "mirror advances," representing 50% (versus 33.33% in 2001) of Crédit Agricole S.A.'s savings funds collected by the Regional Banks, increased by almost 53% on the previous year. On the liabilities side, **customer deposits** increased by 2.2% to EUR 205.1 billion. After adjusting for

consolidation and currency changes, they were up 4.3% over the year, notably reflecting the upturn in bank savings collected by the Regional Banks.

Savings funds collected by the Regional Banks, which are centralised in the balance sheet of Crédit Agricole S.A., account for nearly three-quarters (EUR 148.6 billion) of the latter and rose 3.2% over the year, versus 0.4% in 2001.

### **Debts represented by a security**

**Debts represented by a security** grew by 1.2% relative to 2001. In view of interest rate levels over the year, the Crédit Agricole S.A. Group resorted increasingly to the capital markets by issuing negotiable debt securities, and to the money market raising an additional EUR 2 billion since 2001 (+EUR 4.6 billion at constant exchange rates). Conversely, bond borrowings fell by EUR 1.2 billion to EUR 22.1 billion.

Debts represented by a security grew by 5.9% relative to 2001 at constant exchange rates.

### **Securities transactions**

**Investments** in the form of bonds and variable-income securities in trading, available-for-sale and held-to-maturity securities, and in the equity investments portfolio, fell by EUR 10.6 billion (-18%) to EUR 48 billion. These portfolios were reorganised in 2002, with a reduction in commercial paper, credit institutions' negotiable medium-term notes and Eurobonds, and the reclassification of some securities under Government and public body issues, for technical reasons.

Conversely, the insurance companies' investments increased by 6.9% to EUR 84.9 billion driven by growth at Pacifica and Predica, where funds under management advanced 8.2%. The insurance companies' technical reserves, on the liabilities side, totalled EUR 84.2 billion (comprising EUR 83.1 billion for Predica and EUR 1.1 billion for Pacifica).

### **Crédit Agricole S.A. Group enhances its financial strength.**

Capital funds of Crédit Agricole S.A. (consolidated shareholders' equity + Fund for General Banking Risks + subordinated debt) increased by 1.9% over the year to EUR 26.8 billion at the end of 2002.

Crédit Agricole S.A. consolidated shareholders' equity (including net income for the year) increased by 2.9% to EUR 15.4 billion. The increase in this item since the previous year results from a combination of changes chiefly concerning net income for the year (EUR 1,064 million), payment in cash of dividends as from 3 June 2002 (-EUR 535 million), the change in the Group's share of Regional Banks' reserves (+EUR 89 million), and the negative change in foreign exchange translation reserves (-EUR 161 million) resulting from currency movements.

Total capital funds (shareholders' equity + Fund for General Banking Risks + subordinated debt) rose by EUR 201 million to EUR 27.2 billion. Apart from the change in shareholders' equity, this change flows from the issuance of EUR 171 million in redeemable subordinated notes, a EUR 98 million reduction in the Fund for General Banking Risks to EUR 1.6 billion as a mechanical result of recoveries from provisions from the home savings scheme compartment of the Fund for General Banking Risks, and the EUR 307 million reduction in minority interests resulting from the deconsolidation of Banco Bisel.

Tier one capital, i.e. shareholders' equity plus the Fund for General Banking Risks, represents nearly 63% (62.7%) of this total.

At the same time, **long-term assets** (i.e. subsidiaries and affiliates not fully consolidated and other fixed assets) increased by EUR 1.2 billion, from EUR 16.1 billion at 31 December 2001 to EUR 17.3 billion at 31 December 2002. The main changes concern the disposal of the Group's interest in its Brazilian subsidiary Bradesco, the acquisition by Crédit Agricole Asset Management of an equity interest in Resona Trust and Banking Company, the raising of Crédit Agricole S.A.'s interest in Commercial Bank of Greece (+2.3%), and above all the increase in its equity interest in Crédit Lyonnais from 10.3% at end-2001 to 17.8% at end-2002 (+EUR 1.4 billion).

## PRUDENTIAL RATIOS

### *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 US) 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 Community 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 firms 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 31 December 2002, Crédit Agricole S.A.’s European CAD/ESR ratio stood at 118.7% (compared with 122.4% at 31 December 2001), a decline of less than 4 percentage points, capital required on the denominator side having fallen by slightly less than the reduction in available capital on the numerator side.

<b>Crédit Agricole S.A. Group CAD ratio</b> <b>(in millions of euros)</b>	<b>31/12/2002</b>	<b>31/12/2001</b>	<b>31/12/2000</b>
<b>Risks</b>			
<b>Credit risk</b> .....	<b>87,575</b>	<b>94,211</b>	<b>88,683</b>
<b>Total market risk</b> .....	<b>11,847</b>	<b>12,408</b>	<b>12,457</b>
Interest rate risk .....	7,608	7,776	7,394
Equity risk .....	2,816	3,135	3,876
Counterparty risk .....	134	185	173
Exchange rate risk .....	1,185	1,203	875
Commodity risk .....	104	109	139
<b>Total weighted risks</b> .....	<b>99,422</b>	<b>106,619</b>	<b>101,140</b>
<b>Capital requirement (= weighted risk x 8%)</b> .....	<b>7,954</b>	<b>8,530</b>	<b>8,091</b>
<b>Available capital</b>			
Tier 1 .....	15,126	14,770	12,996
Tier 2 .....	8,616	9,244	5,403
Tier 3 .....	210	611	611
Deductions .....	14,513	14,180	6,940
<b>Total available capital</b> .....	<b>9,439</b>	<b>10,445</b>	<b>12,070</b>
<b>Ratios (capital/requirement &gt;100%)</b>			
<b>Solvency ratio (Tier 1/requirement)</b> .....	<b>116.0%</b>	<b>115.3%</b>	<b>141.6%</b>
<b>Total solvency ratio (available capital/requirement)</b> .....	<b>118.7%</b>	<b>122.4%</b>	<b>149.2%</b>

The Regional Banks 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 Regional Banks. 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 Regional Banks.

#### ***The Regional Banks' European Solvency Ratio (ESR)***

As credit institutions, the Regional Banks must comply with the European Solvency Ratio in accordance with the standards laid down in the European Capital Adequacy Directive. The ESR, 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 Regional Banks, which are thus not subject to the CAD Regulations.

The table below shows the range of European Solvency Ratios of the Regional Banks (excluding the Regional Bank of Corsica) at the dates indicated.

<b>(in %)</b>	<b>31/12/2002</b>	<b>31/12/2001</b>	<b>31/12/2000</b>	<b>31/12/1999</b>
Highest.....	19.44	20.90	16.05	17.39
Average* .....	14.52	14.90	10.50	10.52
Lowest .....	11.13	10.40	8.70	8.73

\* Arithmetical mean of individual European Solvency Ratios

#### ***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, since its flotation on 14 December 2001, the Crédit Agricole S.A. Group has been calculating 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 was calculated for the first time on 31 December 2001. Calculation of this ratio has been retroplated to 31 December 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.

(in millions of euros)	ISR		
	31/12/2002	31/12/2001	retropolated 31/12/2000
<b>Risks</b>			
<b>Credit risk</b> .....	<b>86,787</b>	<b>94,020</b>	<b>88,683</b>
<b>Total market risk</b> .....	<b>14,405</b>	<b>15,091</b>	<b>12,457</b>
Interest rate risk .....	9,966	10,395	7,394
Equity risk .....	3,149	3,643	3,876
Counterparty risk .....			173
Exchange rate risk .....	1,184	943	875
Commodity risk .....	105	109	139
<b>Total weighted risks (denominator)</b> .....	<b>101,192</b>	<b>109,111</b>	<b>101,140</b>
<b>Available capital</b>			
Tier 1 .....	15,126	14,770	12,996
Tier 2 .....	8,708	9,375	5,403
Tier 3 .....	210	611	611
Deductions .....	14,938	14,885(*)	7,837
<b>Total available capital</b> .....	<b>9,106</b>	<b>9,871</b>	<b>11,173</b>
<b>Tier 1 solvency ratio</b> .....	<b>8.8%</b>	<b>8.5%</b>	<b>10.4%</b>
<b>Total solvency ratio</b> .....	<b>9.0%</b>	<b>9.1%</b>	<b>11.0%</b>

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

The aggregate Tier one ratio increased by 0.3 percentage points to 8.8%, versus 8.5% on 31 December 2001: the 4% decline in Tier one capital net of deductions in respect of equity investments is more than offset by the sharper fall in weighted risks (-7%). The overall ratio is unchanged at 9%, compared with 9.05% at 31 December 2001. Changes in the various components of the ratio are analysed below:

- there was no change in core capital. Tier two and Tier three capital have declined following the disposal of Radian to the Regional Banks, partially offset by issues of redeemable subordinated notes in 2002;
- there was no change in equity investments. The acquisition of an additional equity interest in Crédit Lyonnais in 2002 and the rise in earnings of equity affiliates were offset by the disposal of Radian;
- weighted risks were down 7.3% relative to 31 December 2001, chiefly due to reduced credit risks - 8%:
  - Crédit Agricole S.A. (parent company) credit risks were down EUR 4.9 billion due to the contraction of interbank transactions and the reduction in lending by the London branch in respect of Crédit Agricole Lazard Financial Products (CALFP) business. Market risks have also declined (-EUR 1.4 billion);
  - International retail banking outstandings fell by EUR 3 billion following deconsolidation of Bisel and the securitisation of Agos Itafinco loans;

- Credit risks relating to asset management activities increased by 17% due to the development of guaranteed products;
- CAI weighted risks were unchanged.

### Crédit Agricole Group International Solvency Ratio

In accordance with BIS recommendations, the total International Solvency Ratio of the Crédit Agricole Group at 31 December 2000 and 31 December 2001, was 10.2% and 11.8% respectively, and its Tier 1 ratio was 9.6% at 31 December 2000, and 10.8% at 31 December 2001.

The total ratio works out to 11.7% at 31 December 2002, and the Tier one ratio to 10.8%.

The table below shows the Crédit Agricole 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 euros)

	31/12/2002	31/12/2001	31/12/2000
<b>Risks</b>			
<b>Credit risk</b> .....	<b>265,437</b>	<b>256,140</b>	<b>244,491</b>
<b>Total market risk</b> .....	<b>26,767</b>	<b>24,450</b>	<b>24,234</b>
Interest rate risk .....	20,421	18,193	16,534
Equity risk .....	5,096	5,198	6,742
Foreign exchange risk .....	1,145	949	870
Commodity risk .....	105	109	88
<b>Total weighted risks (denominator)</b> .....	<b>292,204</b>	<b>280,590</b>	<b>268,725</b>
<b>Available capital</b>			
Tier 1 .....	31,584	30,170	25,851
Tier 2 .....	9,937	8,750	6,424
Tier 3 .....	499	601	942
Deductions .....	7,878	6,310	5,855
<b>Total available capital</b> .....	<b>34,142</b>	<b>33,211</b>	<b>27,362</b>
<b>Tier 1 solvency ratio</b> .....	<b>10.8%</b>	<b>10.8%</b>	<b>9.6%</b>
<b>Total solvency ratio</b> .....	<b>11.7%</b>	<b>11.8%</b>	<b>10.2%</b>

### Crédit Agricole Indosuez Solvency Ratio

The Tier one International Solvency Ratio of Credit Agricole Indosuez was 7% at end-2002, compared with 6.8% at end-2001. The total ratio works out to 8.7% for 2002, compared with 10.6% the previous year.

### 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 arranged for its staff to participate in the impact study launched by the Basle Committee on 20 December 2002. The results were as expected:

- using the standard system:
  - an increase in weighted risks in respect of “sovereign” balance sheet and off-balance sheet, “interbank”, “specialised financings” and “equity” risks;
  - savings achieved on corporates and retail banking do not offset the inclusion of operational risk;
- using the “internal scoring system”: the favourable results obtained need to be validated beyond the perimeter used in the survey, using broader historical data.

Work is continuing on the measurement of impacts and will contribute to the third and final financial community consultation scheduled for the end of the second quarter of 2003.

Crédit Agricole’s own internal scoring system will render its risk management and capital allocation systems more competitive and more profitable.

## CRÉDIT AGRICOLE S.A. FINANCIAL STATEMENTS

(parent company)

Crédit Agricole S.A.’s **net banking income** fell by 15.9% between 2001 and 2002, to EUR 934 million, due to the impact of the stock market crisis, which reduced portfolio revenues by EUR 290 million. In the first place, capital gains on securities available for sale and equity portfolio securities were down sharply (EUR 375 million) in 2002 relative to the previous year (EUR 678 million net of the EUR 50 million charge relating to the unwinding of macro-hedging swaps). Second, valuation allowances and losses on disposals of securities on these portfolios amounted to EUR 195 million in 2002.

Dividends and similar revenues, meanwhile, increased by 39.3% to EUR 960 million, versus EUR 689 million in 2001, under the combined effects of growth in earnings at French subsidiaries and affiliates, and above all the transfer of Regional Banks’ equity interests to the seven “national” subsidiaries, namely Predica, Pacifica, Crédit Agricole Asset Management, CAI Cheuvreux, BFT, CA Bourse and Sofinco, which took place at the end of 2001 on the occasion of the Group’s reorganisation. On the other hand, having regard to the eligibility date of the Certificats Coopératifs d’Associés (CCAs which are non-voting equity interests) purchased on 17 December 2001 within the framework of the acquisition by Crédit Agricole S.A. of a 25% interest in the capital of the Regional Banks, dividends received under this heading amounted to only EUR 20 million. As against this, the cost of funding this EUR 6,567 million investment has entailed an additional interest charge of EUR 283 million. Moreover, the additional decentralisation of the “savings-advance” compartment with effect from 1 January 2002 has reduced net banking income by approximately EUR 50 million, all other things being equal. However, the total cost of savings funds (including commissions on investment services) has fallen faster than the interest rate on advances, together with improved revenues on macro-hedging transactions, more than offsetting the impact of the additional decentralisation, for the first part of the year at least.

**Operating expenses** increased by EUR 17 million between 2001 and 2002 to EUR 350 million, mainly due to a EUR 10 million (55.6%) increase in taxes and related charges. Personnel expenses (including employee incentives and profit-sharing) remain well under control, down 1.9%. The average workforce, meanwhile, declined by 3.7% to 3,130 employees, including 1,311 on secondment to subsidiaries.

**Risk-related costs** were up significantly, at EUR 173 million in 2002. They comprise:

- a net additional provision of EUR 41 million on direct and indirect funding provided to Banco Bixel and costs relating to the withdrawal from Argentina;
- net recoveries of EUR 109 million from prudential and specific provisions on Bradesco to cover EUR 165 million in losses recognised in the intermediate operating item “Net income (loss) on fixed assets”;

- a net recovery of EUR 38 million on internal risks relating to the home purchase savings mechanism, as announced in October 2001. Loss rates assumed at the time of making these provisions during the savings phase 4 and 6 years ago substantially exceeded the actual rates observed during the lending phase;
- the remainder is due partly to recoveries flowing from the reduction in risks carried by Crédit Agricole S.A., and partly to provisions for depreciation of the zloty, covered by translation gains recorded in net banking income.

A net loss of EUR 202 million was recorded **on fixed assets** in 2002, chiefly due to EUR 225 million in losses and provisions on affiliates in Latin America. This item is made up as follows: EUR 165 million relating to the disposal of Bradesco (in economic terms, this impact was partly diminished by the aforementioned EUR 109 million in recoveries, and by translation gains; the aggregate loss net of tax works out to less than EUR 25 million), and EUR 33 million on Banco Biesel, provided for in risk-related costs in respect of Argentina-related country risks in 2001. Also, capital gains have been booked on the shareholdings in Coface (following a public cash offer) and Agos Itafinco (following the change in ownership percentages of this Italian consumer credit company between Banca Intesa, Sofinco and Crédit Agricole S.A.).

A net recovery of EUR 99 million from the **home purchase savings compartment of the Fund for General Banking Risks** was booked, for reasons similar to those described above concerning recoveries from provisions for internal risks relating to the home purchase savings mechanisms. This phenomenon is expected to continue over the coming semesters.

Crédit Agricole S.A. recorded a gain **on corporate income tax** of EUR 362 million despite a pre-tax income of EUR 555 million. This stems partly from the fact that a large proportion of dividends are eligible for “parent-daughter” tax treatment, and partly from the fact that recoveries from prudential provisions are tax-exempt insofar as the provisions themselves were not deductible. Finally, as the tax-consolidation group’s lead company, Crédit Agricole S.A. is eligible for the tax gains flowing from widening of the tax-consolidation base to include the “national” subsidiaries following reorganisation of the Group, and from recoveries from deferred tax provisions set aside on economic interest groupings formed for tax purposes and on tax-consolidated subsidiaries. **Net income** for 2002 was down 3.5% relative to 2001, to EUR 1,008 million.

Long-term investments totalled EUR 23,788 million, EUR 1,782 million more than at 31 December 2001, mainly due to the purchase of over 7% of the capital of Crédit Lyonnais on the open market, at a cost of EUR 1.4 billion.

**Crédit Agricole S.A. shareholders’ equity** increased by EUR 474 million to EUR 12,245 million at 31 December 2002. This increase flowed from: net income for the year (EUR 1,008 million), less the dividend declared in respect of 2001 (EUR 534.7 million), paid in cash as from 3 June 2002.

## **DIRECTORS’ AND OFFICERS’ COMPENSATION**

### ***General management***

The components of compensation paid to the Chief Executive Officer and to the Deputy Chief Executive Officer are the same components as for Crédit Agricole S.A. senior executives, namely:

- a fixed portion determined with reference to market conditions,
- a variable portion dependent on attainment of objectives,
- in addition, these executives receive additional retirement benefits paid by the Company.

The following total compensation was paid to the CEO and Deputy CEO:

### **Fixed compensation paid in 2002**

Gross annual compensation paid to the CEO totalled EUR 460,000. The Deputy CEO was appointed by the Board of Directors on 11 September 2002, and his gross annual compensation was set at EUR 310,000 with effect from 1 November 2002.

## **Variable compensation paid in 2002**

Variable compensation depends on the fulfilment of objectives and criteria set by the Board of Directors, as proposed by the Compensation Committee.

Variable compensation paid to the CEO in 2002 in respect of 2001 was set at EUR 303,000.

No variable compensation was paid to the Deputy CEO in 2002 in respect to that position. He did, however, receive variable compensation in respect to his previous position as Senior General Manager. The Chairman, Chief Executive Officer and Deputy Chief Executive Officer each have the use of a company residence.

### ***Board of Directors***

A total of EUR 457,350 was approved by the Annual General Meeting of Crédit Agricole S.A. for the payment of Directors' fees in respect of 2002. Directors' fees are allocated to the directors (with the exception of the Chairman) on the basis of their effective attendance at Board meetings (no fees are paid for attendance at special meetings). Directors' fees were distributed as follows in 2002:

- EUR 59,400 were distributed among the Vice-Chairmen,
- EUR 294,500 were distributed among the other directors on the basis of EUR 3,100 per meeting, and the non-voting directors on the basis of EUR 2,500 per meeting. The Chairman does not receive a director's fee,
- additional fees are paid to the chairmen of the Audit and Risks Committee and the Compensation Committee (EUR 3,400 per committee meeting) in accordance with their effective attendance at meetings. No additional fees are paid to the members of these committees in respect of their attendance at meetings of the said committees.

Total gross annual compensation paid to the Chairman<sup>2</sup> for 2002 was set at EUR 244,139.

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<sup>2</sup> Mr. René Carron succeeded Mr. Marc Bué as Chairman on 2 December 2002.

## FIVE-YEAR FINANCIAL SUMMARY

	2002	2001	2000	1999	1998
<b>Capital at year-end</b> .....	2,916,629,697	2,916,629,697	2,240,801,070	1,998,736,740	1,797,766,195
Number of shares issued .....	972,209,899	972,209,899	74,693,369	66,624,558	58,962,866
<b>Operation and results for the financial year</b> (in million of euros)					
Gross revenues .....	9,424 <sup>(1)</sup>	24,293	24,101	25,116	20,250
Income before tax, employee profit-sharing, allowances, depreciation and amortisation ..	599	333	578	817	1,321
Employee profit-sharing .....	3	16	17	9	2
Corporate income tax .....	(362)	16	24	153	302
Net income after tax, employee profit-sharing, allowances, depreciation and amortisation ..	1,008	1,045	512	553	519
Dividend paid .....	535 <sup>(2)</sup>	535	411	366	283
<b>Earnings per share (in euros)</b>					
Net income after tax and employee profit-sharing, but before allowances, depreciation and amortisation .....	0.985	0.311	7.196	9.827	17.245
Net income after tax, employee profit-sharing allowances, depreciation and amortisation ..	1.037	1.075	6.857	8.294	8.807
Dividend per share .....	0.55 <sup>(3)</sup>	0.55	5.50	5.50	4.80
<b>Personnel</b>					
Average number of Employees <sup>(4)</sup> .....	3,125	3,245	3,304	3,278	3,161
Wages and salaries paid (in millions of euros)	160	159	157	148	137
Employee benefits and social charges (in millions of euros) .....	79	75	78	72	67

<sup>1</sup> 2002 revenues include income from macro-hedging transactions, net of related charges. Applying this principle to earlier years, revenues would have been EUR 14,946 million in 1998, EUR 15,954 million in 1999, EUR 15,007 million in 2000 and EUR 15,810 million in 2001.

<sup>2</sup> This distributed income is calculated on the basis of the number of shares outstanding at 31 December 2002, i.e., 972,209,899. Assuming that, at the date of the Annual General Meeting on 21 May 2003, the Board of Directors has issued the maximum number of securities eligible to be exchanged for Crédit Lyonnais shares within the framework of the public offer initiated by Crédit Agricole S.A., payment of this dividend would represent a maximum of EUR 737 million. If, at the time of payment of the dividend, Crédit Agricole S.A. holds a certain number of its own shares, the profit available for distribution corresponding to the dividend not paid by reason of the holding of the said shares, will be transferred to retained earnings.

<sup>3</sup> Net dividend proposed to the AGM of 21 May 2003.

<sup>4</sup> Refers to head office staff numbers.

## RECENT DEVELOPMENTS

### Executive Life Litigation

Crédit Lyonnais is one of several defendants in an action in the US District Court for the Central District of California relating to the rehabilitation plan of Executive Life Insurance Company (“Executive Life”), a California insurance company, during the period 1991 to 1993. Among the other named defendants are Altus Finance S.A. (“Altus”), a former subsidiary of Crédit Lyonnais that was transferred as part of the transfer of assets to Consortium de Réalisation (“CDR”) as part of an agreement dated 5 April, 1995, between the French State and Crédit Lyonnais in respect of the restructuring and deconsolidation of Crédit Lyonnais (the “CDR Protocol”). As part of an auction made in connection with the rehabilitation of Executive Life, Altus purchased for US\$3.25 billion a portfolio of high yield bonds from Executive Life, and a consortium led by Mutuelle Assurance Artisanale de France (“Maaf”) established a holding company (“New California”) that purchased all of the equity interests in the successor to Executive Life. The conservator, liquidator and rehabilitator of Executive Life, as plaintiff, has alleged that the defendants concealed the involvement of Altus in the ownership of New California and the right of Altus to participate in the management of the successor insurance company in violation of US federal and California state law. A related class action lawsuit against Crédit Lyonnais, among others, has also been initiated by an annuity holder in which the plaintiffs seek treble damages in an unspecified amount. That lawsuit has been dismissed by the trial court, but the plaintiffs appealed from that dismissal order. The dismissal was appealed to the US Supreme Court and has been dismissed. A related lawsuit has also been initiated against Crédit Lyonnais, among others, by a bidder that competed with Altus in the Executive Life auction, and which alleges that it has been injured by the same wrongdoing alleged by the conservator, liquidator and rehabilitator of Executive Life in his lawsuit. Finally, a related lawsuit has also been initiated against Crédit Lyonnais, among others, by the Attorney General of the State of California. This lawsuit was dismissed, although the dismissal has been appealed.

Crédit Lyonnais has notified the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York and the New York State Banking Department of this matter, and these authorities have commenced investigations. The California Department of Insurance has also commenced an investigation to determine whether disciplinary action is appropriate. The US Department of Justice has commenced a criminal investigation into this matter, which is being conducted by the United States Attorney’s Office in Los Angeles. On 24 April, 2001, the United States Attorney’s Office informed Crédit Lyonnais and CDR that it had decided to seek their indictment on criminal charges stemming from the matter and that decision was the subject of discussions between Crédit Lyonnais and CDR and the United States Attorney’s Office. On 11 December, 2003, Crédit Lyonnais, CDR and certain others announced that they had reached an agreement in principle to settle the matter with the United States Attorney’s office, and on 15 December, 2003, Crédit Lyonnais, CDR and certain others signed a definitive agreement with the United States Attorney’s office. The terms of the definitive agreement are confidential, and are expected to be made public in the near future.

As part of the CDR Protocol, CDR has indemnified Crédit Lyonnais against administrative and civil liabilities that it may incur in connection with the Executive Life matter. Criminal liabilities, if any, would be for the account of Altus or Crédit Lyonnais, as the case may be, and are not covered by this indemnification. In light of CDR’s eventual indemnification, Crédit Lyonnais has recorded no provisions in respect of this matter.

The US bank regulatory authorities investigating the matter also have broad discretion in imposing penalties in this type of matter, including the right to limit or suspend a bank’s activities in the United States. Crédit Lyonnais is co-operating fully with the pending bank regulatory investigations.

Crédit Lyonnais cannot predict the timing or terms of any final determination with respect to any of the pending actions, proceedings or investigations.

### Resignation of Mr Dominique Ferrero *(press release dated 15 December, 2003)*

René Carron, Chairman of the Board of Crédit Agricole S.A., informed the Board of Directors on 15 December, 2003 that Dominique Ferrero wished to resign his mandates within the Crédit Agricole S.A. group.

The Board of Directors has taken note of and has accepted his resignation. The Board expressed its gratitude for the key role Mr. Ferrero has played in the integration between Crédit Agricole and Crédit Lyonnais as well as for his work at Crédit Lyonnais since 1999, turning the bank around and redeveloping it.

The Board of Directors of Crédit Agricole S.A. has approved the proposal by Jean Laurent that the people listed below be proposed to the relevant Boards within the Group for the following appoints (subject to approval by the *Comité des établissements de crédit et des entreprises d'investissement*):

- Georges Pauget as Chief Executive Officer of Crédit Lyonnais;
- Jacques Baudouin as Deputy Chief Executive Officer of Crédit Lyonnais;
- Edouard Esparbes as Chief Executive Officer of Crédit Agricole Indosuez. As proposed by the Chief Executive Officer of Crédit Agricole S.A., to the Board of Directors, Edouard Esparbes will become Deputy Chief Executive Officer of Crédit Agricole S.A. effective 1 January 2004.

The Board of Directors was also advised by Jean Laurent that Marc Antoine Autheman has decided to resign. The Board of Directors thanked him for the work done as head of Crédit Agricole Indosuez as well as senior manager of Crédit Agricole S.A.

Jean Laurent told the Board of Directors of the forthcoming appointment of Jean-Frédéric de Leusse, managing director of the Fédération nationale du Crédit Agricole, as head of the international retail banking division.

The Chief Executive Officer of Crédit Agricole S.A. also said that the integration process between Crédit Agricole S.A. and Crédit Lyonnais which started in June will continue as planned and that all appointments announced to date are confirmed.

#### **Acquisition of a second tranche in Finaref** (*press release dated 1 December, 2003*)

Crédit Agricole S.A. and Pinault Printemps-Redoute (“PPR”) have settled on a definitive timetable for Crédit Agricole’s acquisition of the second tranche in Finaref (a 29% stake).

The transactions will take place as follows:

1. On 1 December, 2003, Crédit Agricole S.A. acquired another 14.5% in Finaref S.A. and in Finaref Group AB (the group’s credit and financial services in Scandinavia).
2. At the end of the first quarter of 2004, Crédit Agricole will acquire the remaining 14.5%, bringing its controlling interest to 90%.

The agreement signed in December 2002 stipulated that Crédit Agricole S.A. would purchase a 61% stake in Finaref from PPR as the first tranche of the deal – this has already gone through – and the additional 29% in the first quarter of 2004. Dividing the second tranche in two enables Crédit Agricole S.A. to speed up its expansion in consumer credit and PPR to continue focusing on its core businesses of retail and luxury goods and to strengthen its balance sheet.

The change in timetable does not affect the initial transaction price of €743 million for the remaining 29%.

As agreed at the outset, PPR is to preserve a 10% stake in Finaref as part of the long-term partnership between Finaref and PPR Group retail companies.

#### **Success of the €1.973 billion rights issue** (*press release dated 19 November, 2003*)

The €1.973 billion rights issue launched by Crédit Agricole S.A. on 17 October, 2003 was extremely successful: excluding the subscription orders of S.A.S. La Boétie, the majority shareholder, the orders amounted to 1.5 times the number of shares to be issued, of which 58,772,359 shares requested on an irreducible basis (i.e. a 98.52% subscription rate) and 29,636,102 shares subject to reduction.

This success also results from a very strong participation of the individual shareholders and show the strong involvement of the Regional Banks of Crédit Agricole and of Crédit Lyonnais’ network.

880,154 shares will be subscribed by way of reduced entitlement (out of 89,288,615 requested, including the shares requested by S.A.S. La Boétie).

Following the completion of this rights issue (issue amount of 122,793,536 new shares), Crédit Agricole S.A.’s share capital shall be made up from 1,473,522,437 shares, S.A.S. La Boétie holding 51.41% of them. The

new shares will be listed on the Premier Marché of Euronext Paris S.A. and their trading will begin on 24 November, 2003.

**Results from Third Quarter of 2003** (press release dated 19 November, 2003)

**Proforma results (\*)**

First nine months 2003

- Net income group share: €1.116 billion (+35.3%)
- Net income group share before goodwill amortisation: €1.644 billion (+26.6%)

Third quarter 2003

- Net income group share: €382 million (x 2.8)
- Net income group share before goodwill amortisation: €577 million (+94.9%)

First nine months 2003 – Consolidated results

- Net income group share(\*\*): €1.002 billion (+39%)
- Net income group share before goodwill amortisation: €1.389bn (+46.8%)

Crédit Agricole S.A.'s Board of Directors, chaired by René Carron, met on 19 November and, after having been informed of the excellent outcome of the rights issue, approved the results for the nine months ended 30 September, 2003. These results confirm and enhance the improvement in operating performance seen in the first half year. Gross operating income came in at €2.697 billion, up 22.8% relative to the year-earlier period, while pre-tax ordinary income was €2.438 billion, an increase of 35.6%(\*\*\*)).

This performance is supported by a good third quarter, when net banking income rose by 16.1% year-on-year, gross operating income by 70.5% and ordinary income by a factor of 2.3.

All business lines contributed to this strong growth:

- both retail networks maintained their very strong commercial impetus
- the consumer credit business continued to grow strongly
- new money inflows grew firmly in asset management
- the financing and investment banking business saw a strong rise in operating income, with risk-related costs remaining stable.

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(\*) Crédit Lyonnais consolidated at 92.55% in the first half of 2003 and at 94.82% as of 1 July 2003

(\*\*) Crédit Lyonnais accounted for by the equity method during the first half of 2003 at 24.96% (weighted average ownership interest during the period) and consolidated at 94.82% as of 1 July 2003

(\*\*\*) Proforma figures are used throughout this press release

## Proforma Results by Business Lines

Crédit Agricole S.A.'s six business lines performed excellently in the first nine months of 2003, generating ROE of 14.0%, up from 13.8% in the first half.

### 1. FRENCH RETAIL BANKING – CRÉDIT AGRICOLE REGIONAL BANKS

Activity at the Regional Banks remained strong in all business areas.

**On- and off-balance sheet customer deposits outstanding** (excluding securities and bonds) rose by 6.2% between end-September 2002 and end-September 2003, i.e. by almost €20 billion, to €335.1 billion.

Bank deposits were driven by strong growth in precautionary and semi-liquid savings, with passbook deposits rising by 15.1% (or by €6.2 billion) and home-finance savings by 6.1%. Sight deposits remained high at €56.9 billion, up 3.3% year-on-year.

Amounts outstanding in life insurance policies distributed by the Regional Banks continued to grow strongly, rising by €85.1 billion or 10.3%. Amounts outstanding in mutual funds marketed by the Regional Banks rebounded strongly, and were up 12.9% year-on-year at end-September 2003.

**Lending** remained firm, with particularly strong growth in the third quarter. New medium- and long-term lending totalled €29.8 billion, up 15.1% or €3.9 billion on the first nine months of 2002. In the third quarter alone, new lending totalled €11.5 billion, up 24% on the year-earlier period.

The Regional Banks had €216.8 billion of loans outstanding at 30 September, 2003, an increase of 6.2% year-on-year. Lending increased in all segments, and most strongly in housing loans (+8.8% year-on-year).

The average number of products held per Regional Bank current account continued to rise, and stood at 7.42 at 30 September, 2003, versus 7.36 a year earlier.

In millions of euros	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
Income from equity affiliates.....	456	+ 48.5%	146	+ 27.0%
<b>Pre-tax income</b> .....	456	+ 48.5%	146	+ 27.0%
Extraordinary items + Tax + FGBR .....	(41)*	n.m.	–	–
<b>Net income before goodwill amortisation</b> .....	<b>415</b>	<b>+ 35.2%</b>	<b>146</b>	<b>+ 27.0%</b>
<b>Allocated capital (€ bn)</b> .....	<b>3.0</b>			
<b>ROE</b> .....	<b>17.0%</b>			

\* Tax impact of dividends received from Caisses Régionales

In the first nine months of 2003, the **net banking income** of the Regional Banks (accounted for under the equity method) grew by 8.1% year-on-year, and by 3.1% excluding investment of excess equity. Due to a firm grip on operating expenses (+0.9%), the **cost/income ratio** (excluding dividends received from Crédit Agricole SA) continued its rapid improvement, falling to 60.2% versus 64.7% at 30 September, 2002. Overall, operating performance improved sharply. **Gross operating income** was up 19.8% year-on-year in the first nine months and up 30.7% year-on-year in the third quarter.

Despite the tough economic background, **risk-related costs** remained well under control, totalling €482 million (or 30 basis points) in the first nine months. Doubtful loans equalled 4.1% of total loans outstanding, down from 4.4% a year earlier.

As a result, the **aggregate net income** of Regional Banks equity-accounted at 25% rose by 23.9% to €467 million. Due to the accretive effect of dividends, the Regional Banks' contribution to Crédit Agricole S.A.'s consolidated income rose by 35.2% to €415 million after the taxation of dividends paid.

**Annualised ROE** in this business line was 17.0%, up from 16.4% in the first half of 2003.

## 2. FRENCH RETAIL BANKING – CRÉDIT LYONNAIS

In millions of euros	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
<b>Net banking income</b> .....	<b>2,419</b>	<b>+ 2.0%</b>	<b>831</b>	<b>+ 6.1%</b>
Operating expenses .....	(1,789)	+ 2.1%	(594)	+ 2.8%
<b>Gross operating income</b> .....	<b>630</b>	<b>+ 1.8%</b>	<b>237</b>	<b>+ 15.6%</b>
Risk-related costs .....	(130)	X 2.7	(34)	x 3.4
<b>Pre-tax income</b> .....	<b>500</b>	<b>(12.3%)</b>	<b>203</b>	<b>+ 4.1%</b>
Extraordinary items + Tax + FGBR .....	(157)	(14.7%)	(64)	+ 4.9%
<b>Net income before goodwill amortisation</b> .....	<b>343</b>	<b>(11.1%)</b>	<b>139</b>	<b>+ 3.7%</b>
<b>Cost-income ratio</b> .....	<b>73.9%</b>		<b>71.5%</b>	
<b>Allocated capital</b> .....	<b>2.1</b>			
<b>ROE</b> .....	<b>21.5%</b>			

The Crédit Lyonnais network performed well in the first nine months of 2003, due to strong commercial impetus in the individual and professional segments in the third quarter.

**Loans outstanding** totalled €42.2 billion at 30 September, 2003, driven by strong growth in lending to individual and professional customers (+11.3% relative to the first nine months of 2002). Mortgage lending continued to grow very rapidly, by 13.4% year-on-year, and demand for consumer credit was robust, rising by 8.8% year-on-year. Efforts to reduce small business lending continued, with a year-on-year fall of 7%.

**On- and off-balance sheet customer deposits outstanding** were stable at €98.8 billion, giving a 0.3% year-on-year fall in average principal. This was due to:

- firm growth in savings deposits (passbook and home purchase savings up 7.7%) and in sight deposits (+4.6%)
- continuing strong performance in life insurance, with outstanding amounts totalling €25.9 billion, up 7.4% year-on-year
- a slower decline in securities and mutual fund investments relative to the first half, with outstandings down 12.4%

The Crédit Lyonnais network's **net banking income** totalled €2.419 billion in the first nine months of 2003, up 2% year-on-year. In the individual and professional segments, net banking income rose by 3.4% due to good performance in interest income (+4.1%) on the back of higher deposit and lending volumes, and in fee income, which rose by 7.9% excluding commissions on investments and securities.

Net banking income in the SMEs fell by 8.9%, due to the decision to reduce exposure to this market.

In the **third quarter**, net banking income rose by 6.1% year-on-year, due to a 6.7% rise in interest income and a 5.6% increase in fee income.

**Operating expenses** totalled €1.789 billion, and the year-on-year increase was limited to 2.1%.

As a result, **gross operating income** rose by 1.8% to €630 million in the first nine months of 2003, with a 15.6% year-on-year increase in the third quarter.

**Risk-related costs** totalled €130 million in the first nine months, up from €49 million in the year-earlier period. Risk remains concentrated in a small number of companies. Risk-related costs in the third quarter were 38.2% lower than in the second.

Overall, **net income before goodwill amortisation** was €343 million in the first nine months of 2003, down 11.1% year-on-year. In the third quarter, net income was up 3.7% relative to Q3 2002, at €139 million, and ROE was 21.5%, a rise of more than 2 points relative to Q2 2003.

## 3. SPECIALISED FINANCIAL SERVICES

The Specialised Financial Services business continues to grow strongly, driven by consumer lending both in France and abroad. This growth was boosted by the integration of Finaref in the first quarter of 2003.

**Consumer credit outstandings** – mainly handled by Sofinco, Finaref, Finalion and Lukas – rose rapidly during the period, and totalled €27 billion at end-September 2003. This represents a year-on-year increase of €8.7 billion or 47.2%, resulting from strong demand for credit (organic growth of €1.9 billion or 11.3%), the build-up in the Sofinco/Crédit Lyonnais partnership (+€2.2 billion) and the integration of Finaref (€4.6 billion at 30 September, 2003).

Foreign subsidiaries continue to generate rapid growth, with outstandings of €6.4 billion, up 26% year-on-year excluding Finaref. Sofinco strengthened its foreign presence by increasing its stake in Portugal's Credibom from 40% to 85% in the third quarter of 2003.

Interest margins benefited from the continuing fall in refinancing rates. As a result, the consumer credit business achieved an 11.2% year-on-year increase in net banking income at comparable scope.

Risk-related costs remained under control, rising by 9.9% excluding Finaref, which was in line with lending levels.

**Lease finance outstandings** totalled €12.5 billion, a rise of 0.9%. Against an adverse economic background, new lending stabilised at €2.6 billion in the first nine months of 2003.

In equipment leasing for professionals and companies, Lixxbail achieved €1.088 billion of new business in the first nine months of 2003, up 6% year-on-year. Ucabail generated €1.268 billion of new business in France, a year-on-year increase of 8.7%, due in particular to growth in IT and general equipment leasing, in which it strengthened its co-operation with the Regional Banks.

The **factoring business** made a profit in the first nine months of 2003, despite the operating environment remaining tough. Combined revenues (factored receivables) at Eurofactor and Transfact totalled €18.5 billion, down 2.4% relative to the first nine months of 2002. Overall factoring outstandings fell by 3.1% to €4.3 billion.

In millions of euros	9M-03	9M-03/9M-02		Q3-03	Q3-03/Q3-02	
		Excl. Finaref			Excl. Finaref	
		% change			% change	
<b>Net banking income</b> .....	<b>1,602</b>	<b>+ 49.3%</b>	<b>+ 9.4%</b>	<b>560</b>	<b>+ 55.6%</b>	<b>+ 13.6%</b>
Operating expenses .....	(919)	+ 35.7%	+ 8.1%	(314)	+ 34.2%	+ 9.4%
<b>Gross operating income</b> .....	<b>683</b>	<b>+ 72.5%</b>	<b>+ 11.6%</b>	<b>246</b>	<b>+ 95.2%</b>	<b>+ 21.4%</b>
Risk-related costs .....	(247)	+ 59.4%	+ 3.2%	(76)	+ 58.3%	(6.3%)
Income from equity affiliates ..	4	+ 0.0%	+ 0.0%	0	n.m.	n.m.
<b>Pre-tax income</b> .....	<b>440</b>	<b>+ 79.6%</b>	<b>+ 16.7%</b>	<b>170</b>	<b>X 2.1</b>	<b>+ 35.0%</b>
Extraordinary items + Tax + FGBR .....	(156)	+ 59.2%	+ 4.1%	(59)	+ 78.8%	+ 15.2%
<b>Net income before goodwill amortisation</b> .....	<b>284</b>	<b>+ 93.2%</b>	<b>+ 25.2%</b>	<b>111</b>	<b>X 2.4</b>	<b>+ 48.9%</b>
<b>Cost/income ratio</b> .....	<b>57.4%</b>			<b>56.1%</b>		
<b>Allocated capital (€ bn)</b> .....	<b>1.7</b>					
<b>ROE</b> .....	<b>22.4%</b>					

In the business line as a whole, **net banking income** grew firmly to €1.602 billion (+9.4% excluding Finaref). **Gross operating income** totalled €683 million, a rise of 11.6% excluding Finaref. In the third quarter, **gross operating income** rose by 21.4% excluding Finaref.

**Pre-tax ordinary income** came in at €440 million, up 79.6% relative to the first nine months of 2002, and up 16.7% excluding Finaref.

**Net income** before goodwill amortisation almost doubled year-on-year in the first nine months of 2003, coming in at €284 million (+25.2% excluding Finaref), while **ROE** was 22.4%.

#### 4. ASSET MANAGEMENT, INSURANCE AND PRIVATE BANKING

There was strong growth in the Asset Management, Insurance and Private Banking business line, and its performance was also boosted by the integration of Finaref's insurance business and Intesa Bci Suisse private banking business in 2003. Overall, assets under management rose by €24.6 billion (or 8.6%) in the first nine months of 2003 to €483.7 billion (€368.1 billion excluding double counting), and by almost €7 billion in the third quarter.

Growth was particularly strong in **asset management**, with Crédit Agricole SA's total assets under management rising 10.5% to €276.2 billion (assets managed principally by Crédit Agricole AM, Crédit Lyonnais AM, CPR AM and BFT). This growth was due to stronger net new money (up €16.7 billion in the first nine months), and the equity market rally since March 2003, which boosted the value of assets by €6.7 billion. As a result of efforts to bolster foreign operations in the previous period, assets under management outside France rose by 29% at constant scope.

The **private banking** business increased assets under management by €3.3 billion in the first nine months of 2003. This rise was due to €1.6 billion of net new money and the integration of Intesa Bci Suisse business (€2 billion), which was merged with CAI Suisse in September 2003. Adverse exchange rate effects were partly offset by the stockmarket recovery.

**Life insurance** subsidiaries performed well once again. Premium income at Predica and Union des Assurances Fédérales totalled almost €11 billion in the first nine months, up 8.5% year-on-year and ahead of the market growth figure of around 5% in the first eight months of the year. Assets under management were €121.2 billion at the end of the period, up 9.6% year-on-year, consisting of €90 billion for Predica and €31.2 billion for UAF. Growth is still being driven by strong demand for traditional (non-unit-linked) policies, which saw a year-on-year rise of 10.3%, and by a recent rebound in unit-linked policies (+4.2% year-on-year, having fallen by 2.8% in the first half of 2003).

**The property and casualty** insurance business continued to generate strong growth, and benefited from the integration of Finaref (€75m). Pacifica's premium income rose by 32.5% year-on-year in the first nine months. 'Life's Accidents' insurance saw particularly strong growth of 36.5%, and the build-up in the farmers' P&C business continued. At 30 September, 2003, the claims ratio remained moderate at 66.6%.

In millions of euros	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
<b>Net banking income</b> .....	<b>1,907</b>	<b>+ 8.5%</b>	<b>645</b>	<b>+ 10.3%</b>
Operating expenses .....	(1,024)	(0.1%)	(341)	+ 0.6%
<b>Gross operating income</b> .....	<b>883</b>	<b>+ 20.5%</b>	<b>304</b>	<b>+ 23.6%</b>
Risk-related costs .....	(6)	(71.4%)	2	(66.7%)
Income from equity affiliates.....	4	+ 33.3%	0	(100.0%)
Net income on fixed assets .....	0	n.m.	0	n.m.
<b>Pre-tax income</b> .....	<b>881</b>	<b>+ 20.5%</b>	<b>306</b>	<b>+ 13.8%</b>
Extraordinary items + Tax + FGBR .....	(305)	+ 34.4%	(95)	(4.0%)
<b>Net income before goodwill amortisation</b> .....	<b>576</b>	<b>+ 14.3%</b>	<b>211</b>	<b>+ 24.1%</b>
<b>Cost-income ratio</b> .....	<b>53.7%</b>		<b>52.9%</b>	
<b>Allocated capital (€ bn)</b> .....	<b>5.0</b>			
<b>ROE</b> .....	<b>15.2%</b>			

**The gross operating income** of the business line rose by 20.5% to €883 million in the first nine months of 2003. This was due to firm net banking income, together with stable expenses. The trend accelerated in the third quarter, when gross operating income rose by 23.6%.

**Net income** before goodwill amortisation came in up 14.3% relative to the first nine months of 2002 at €576 million, and **ROE** was 15.2%.

## 5. FINANCING AND INVESTMENT BANKING

The performance of the Financing and Investment Banking business line (CAI and Crédit Lyonnais's FIB unit) improved sharply, due in particular to strong business levels in the fixed-income and asset financing businesses, along with the continuing reduction in operating expenses.

In millions of euros	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
<b>Net banking income</b> .....	<b>3,582</b>	<b>+ 7.2%</b>	<b>1,124</b>	<b>+ 13.1%</b>
Operating expenses .....	(2,339)	(4.1%)	(744)	(5.3%)
<b>Gross operating income</b> .....	<b>1,243</b>	<b>+ 38.0%</b>	<b>380</b>	<b>+ 82.7%</b>
Risk-related costs .....	(405)	+ 3.1%	(140)	(4.8%)
Income from equity affiliates.....	-	-	-	-
Net income on fixed assets .....	(2)	n.m.	3	n.m.
<b>Pre-tax income</b> .....	<b>836</b>	<b>+ 59.5%</b>	<b>243</b>	<b>X 4</b>
Extraordinary items + Tax + FGBR .....	(254)	+ 53.0%	(80)	X 5
<b>Net income before goodwill amortisation</b> .....	<b>582</b>	<b>+ 62.6%</b>	<b>163</b>	<b>X 3.6</b>
<b>Cost-income ratio</b> .....	<b>65.3%</b>		<b>66.2%</b>	
<b>Allocated capital (€ bn)</b> .....	<b>8.4</b>			
<b>ROE</b> .....	<b>10.0%</b>			

**Gross operating income** in the Financing and Investment Banking business line rose by 38.0% relative to the first nine months of 2002, totalling €1.243 billion. This performance resulted from a 7.2% rise in **net banking income** to €3.582 billion, and a substantial 4.1% drop in **operating expenses** to €2.339 billion.

**Risk-related costs** were little changed (+3.1%) relative to the year-earlier period, coming in at €405 million. Compared with the second quarter, they fell by 39.1% .

**Net income** before goodwill amortisation totalled €582 million, up 62.6% year-on-year, and giving a **ROE** of 10.0%.

Performance in the **third quarter of 2003** compared very favourably with that in the year-earlier period. Net income before goodwill amortisation was €163 million, **3.6 times higher** than the figure for the third quarter of 2002.

This growth was due to a 4.8% fall in risk-related costs and, more importantly, to strong growth in gross operating income (+82.7%), which was the result of a 13.1% rise in revenues and a continuing firm grip on operating expenses, which fell by 5.3%.

Performance varied between business areas.

### Capital markets and investment banking

In millions of euros	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
<b>Net banking income</b> .....	<b>2,020</b>	<b>+ 10.7%</b>	<b>607</b>	<b>+ 16.5%</b>
Operating expenses .....	(1,463)	(1.3%)	(476)	(0.2%)
<b>Gross operating income</b> .....	<b>557</b>	<b>+ 63.3%</b>	<b>131</b>	<b>X 3</b>
Risk-related costs .....	15	(28.6%)	(32)	n.m.
Net income on fixed assets .....	-	n.m.	-	-
<b>Pre-tax income</b> .....	<b>572</b>	<b>+ 51.3%</b>	<b>99</b>	<b>+ 86.8%</b>
Extraordinary items + Tax + FGBR .....	(172)	+ 59.3%	(32)	n.m.
<b>Net income before goodwill amortisation</b> .....	<b>400</b>	<b>+ 48.1%</b>	<b>67</b>	<b>+ 59.5%</b>
<b>ROE</b> .....	<b>18.0%</b>			

**Net income before goodwill amortisation** in the capital markets and investment banking business totalled €400 million, up 48.1% year-on-year. This was due to a sharp 63.3% rise in gross operating income, which resulted from two factors:

- a 10.7% rise in net banking income relative to the first nine months of 2002. This was mainly due to growth in the advisory and equity businesses, where revenues rose by 21.5%, and a 14.6% increase in fixed-income revenues, despite the slowdown in the third quarter.
- a 1.3% fall in operating expenses, resulting from continuing efforts to reduce headcount.

ROE was 18.0%.

In the **third quarter**, the capital markets and investment banking business increased net income by 59.5% year-on-year. This was due to a 16.5% rise in revenues, resulting from a recovery in the brokerage business, particularly in Asia, and in equity derivatives.

## Financing

In millions of euros

	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
<b>Net banking income</b> .....	<b>1,562</b>	<b>+ 3.0%</b>	<b>517</b>	<b>+ 9.3%</b>
Operating expenses .....	(876)	(8.5%)	(268)	(13.3%)
<b>Gross operating income</b> .....	<b>686</b>	<b>+ 22.5%</b>	<b>249</b>	<b>+ 51.8%</b>
Risk-related costs .....	(420)	+ 1.4%	(108)	(30.8%)
Net income on fixed assets .....	(2)	n.m.	3	n.m.
<b>Pre-tax income</b> .....	<b>264</b>	<b>+ 80.8%</b>	<b>144</b>	<b>X 18</b>
Extraordinary items + Tax + FGFR .....	(82)	+ 41.4%	(48)	n.m.
<b>Net income before goodwill amortisation</b> .....	<b>182</b>	<b>X 2.1</b>	<b>96</b>	<b>X 32</b>
<b>ROE</b> .....	<b>5.3%</b>			

The **financing business** generated net income of €182 million, 2.1 times higher than in the first nine months of 2002. This very strong performance was due to:

- a 22.5% rise in gross operating income, resulting from a slight 3.0% rise in net banking income, and a sharp 8.5% fall in operating expenses. Near-flat net banking income masked a strong 7.4% rise in asset financing revenues, along with a 6.1% fall in commercial banking revenues, in line with the redeployment strategy in this business area.
- stable risk-related costs (+1.4%).

In the **third quarter**, the financing business' contribution to net income rose sharply year-on-year, from €3 million in Q3 2002 to €96 million in Q3 2003, due to:

- a 51.8% rebound in gross operating income, resulting from a 9.3% rise in revenues, particularly in structured finance, and a 13.3% fall in operating expenses.
- risk-related costs that were down 30.8% relative to the third quarter of 2002, and down 50% relative to the second quarter of 2003.

## 6. INTERNATIONAL RETAIL BANKING

**Net income** in the International Retail Banking business line continued to recover. Before goodwill amortisation, net income totalled €161 million in the first nine months of 2003, as opposed to a €50 million loss in the same period of 2002.

In millions of euros	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
<b>Net banking income</b> .....	<b>276</b>	<b>(12.1%)</b>	<b>89</b>	<b>(4.3%)</b>
Operating expenses .....	(217)	(10.0%)	(71)	(12.3%)
<b>Gross operating income</b> .....	<b>59</b>	<b>(19.2%)</b>	<b>18</b>	<b>+ 50.0%</b>
Risk-related costs .....	(38)	(60.8%)	(18)	(28.0%)
Income from equity affiliates.....	152	X 4	53	n.m.
Net income on fixed assets .....	0	n.m.	0	n.m.
<b>Pre-tax income</b> .....	<b>173</b>	<b>n.m.</b>	<b>53</b>	<b>n.m.</b>
Extraordinary items + Tax + FGBR .....	(12)	(61.3%)	(3)	n.m.
<b>Net income before goodwill amortisation</b> .....	<b>161</b>	<b>n.m.</b>	<b>50</b>	<b>n.m.</b>
<b>Cost-income ratio</b> .....	<b>78.6%</b>		<b>79.8%</b>	
<b>Allocated capital (€ bn)</b> .....	<b>2.4</b>			
<b>ROE</b> .....	<b>9.5%</b>			

The two main factors behind this sharp improvement were the strong recovery in the contribution from **Banca Intesa**, which was €103 million, versus a loss of €34 million in the year-earlier period, and the non-recurrence of losses arising from the withdrawal from **Argentina**, which dragged 9-month income down by €106 million in 2002.

## 7. PROPRIETARY ASSET MANAGEMENT AND OTHER ACTIVITIES

The contribution of the Proprietary Asset Management and Other Activities business line was adversely affected by the impact of the bear market on the equity portfolio, and reflects the cost of financing acquisitions (mainly Crédit Lyonnais, the Regional Banks and Finaref). The segment made a **net loss** before goodwill amortisation of €447 million in the first nine months of 2003, as opposed to a negative contribution of €233 million in the year-earlier period.

In millions of euros	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
<b>Net banking income</b> .....	<b>(496)</b>	<b>X 2.4</b>	<b>(187)</b>	<b>+ 5.6%</b>
Operating expenses .....	(305)	(5.0%)	(101)	+ 7.4%
<b>Gross operating income</b> .....	<b>(801)</b>	<b>+ 52.6%</b>	<b>(288)</b>	<b>+ 6.3%</b>
Risk-related costs .....	21	(88.4%)	7	(79.4%)
Income from equity affiliates.....	1	n.m.	(13)	(50.0%)
Net income on fixed assets .....	(69)	(56.6%)	15	n.m.
<b>Pre-tax income</b> .....	<b>(848)</b>	<b>+ 51.4%</b>	<b>(279)</b>	<b>(17.0%)</b>
Extraordinary items + Tax + FGBR .....	401	+ 22.6%	130	(24.4%)
<b>Net income before goodwill amortisation</b> .....	<b>(447)</b>	<b>+ 91.8%</b>	<b>(149)</b>	<b>(9.1%)</b>

In the first nine months of 2003, the equity portfolio gave rise to a €180 million mark-down, whereas the figure for the same period of 2002 was only €54 million, net of €64 million of capital gains realised. However, the marking down fell to €28 million in the third quarter of 2003.

Pre-tax financing costs totalled €245 million per quarter, breaking down as follows:

- Crédit Lyonnais: €105 million
- Finaref: €25 million
- Regional Banks CCI and CCA equity securities: €90 million
- Other: €25 million

## CRÉDIT AGRICOLE S.A. CONSOLIDATED RESULTS

Crédit Agricole S.A.'s consolidated net income group share for the first nine months of 2003 was €1.002 billion, an increase of 39.0% relative to the year-earlier period. Before goodwill amortisation, it stood at €1.389 billion, an increase of 46.8%.

PROFORMA RESULTS (all following figures are proforma)

**Consolidated net income group share** for the first nine months of 2003 was €1.116 billion, up 35.3% year-on-year. Before goodwill amortisation, it was €1.644 billion, up 26.6%.

**Gross operating income** totalled €2.697 billion, up 22.8% relative to the first nine months of 2003. This growth was due to:

- a 7.4% increase in **net banking income** to €9.290 billion. This was driven mainly by the Specialised Financial Services business line – which benefited from the integration of Finaref – along with the asset management, financing and investment banking businesses. Net banking income in the Proprietary Asset Management and Other Activities business line suffered from the negative effect of the stockmarket environment on equity portfolios, together with acquisition financing costs.
- a moderate 2.1% increase in **operating expenses**, caused by the change in scope arising from the integration of Finaref.

**Risk-related costs** came in at €805 million, up 50.7% relative to the year-earlier period, which had seen large-scale writebacks of provisions (almost €100 million relating to Brazil). The rise in risk-related costs also reflects the integration of Finaref and a rise in provisions for exposure to SMEs and some large corporates.

**The contribution of equity affiliates** more than doubled from €295 million to €617 million. This very strong growth was due to a 48.5% increase in the contribution from the Regional Banks from €307 million to €456 million, and the sharp rise (+€137m) in the contribution from Banca Intesa.

**Pre-tax ordinary income** was €2.438 billion, up 35.6% on the same period in 2002.

**Consolidated net profit group share** before goodwill amortisation came in at €1.644 billion, a rise of 26.6%, giving annualised ROE of 9.8%.

Results for the **third quarter of 2003** showed a positive trend:

- **Gross operating profit** (€897m) rose by 70.5% year-on-year, with revenues up 16.1% and operating expenses up 2.5%.
- **Risk-related costs** totalled €259 million, versus €190 million in the third quarter of 2002.
- **The contribution of companies accounted for under the equity method** more than doubled to €186 million.

As a result, **ordinary income** rose by a factor of 2.3 to €842 million, and consolidated net income group share before goodwill amortisation rose by 94.9% to €577 million.

In millions of euros	% change		% change	
	9M-03	9M-03/9M-02	Q3-03	Q3-03/Q3-02
<b>Net banking income</b> .....	<b>9,290</b>	<b>+ 7.4%</b>	<b>3,062</b>	<b>+ 16.1%</b>
Operating expenses .....	(6,593)	+ 2.1%	(2,165)	+ 2.5%
<b>Gross operating income</b> .....	<b>2,697</b>	<b>+ 22.8%</b>	<b>897</b>	<b>+ 70.5%</b>
Risk-related costs .....	(805)	+ 50.7%	(259)	+ 36.3%
Income from equity affiliates.....	617	X 2.1	186	X 2.1
Net income on fixed assets .....	(71)	(55.6%)	18	n.m.
<b>Pre-tax income</b> .....	<b>2,438</b>	<b>+ 35.6%</b>	<b>842</b>	<b>X 2.3</b>
<b>Net income</b> .....	<b>1,386</b>	<b>+ 46.7%</b>	<b>476</b>	<b>X 2.8</b>
<b>Net income group share</b> .....	<b>1,116</b>	<b>+ 35.3%</b>	<b>382</b>	<b>X 2.8</b>
<b>Net income before goodwill</b> .....	<b>1,644</b>	<b>+ 26.6%</b>	<b>577</b>	<b>+ 94.9%</b>

## FINANCIAL POSITION

Crédit Agricole S.A.'s consolidated shareholders' equity group share totalled €21.1 billion at end-September 2003.

Risk-weighted assets totalled €221.7 billion.

The overall solvency ratio was 8.4% (Tier 1 ratio: 7.5%).

## CRÉDIT AGRICOLE GROUP: CONSOLIDATED RESULTS

The Crédit Agricole group generated net income group share of €2.077 billion in the first nine months of 2003, up 32.0% with respect to the year-earlier period.

This increase was due to the combination of strong organic growth, the inclusion of Crédit Lyonnais (under the equity method at 25.25% in the first half of 2003 and consolidated at 99.86% as of the third quarter of 2003) and the improvement in results at Banca Intesa.

Total shareholders' equity for the Crédit Agricole group (group share of shareholders' equity plus the Fund for General Banking Risks) was €41.4 billion at 30 September, 2003, an increase of 22.9% with respect to 30 September, 2002.

### Group financial data In millions of euros

	9M-02	9M-03	% change 9M-03/9M-02
<b>Net banking income</b> .....	<b>11,509</b>	<b>14,067</b>	<b>+22.2%</b>
Operating expenses .....	(7,788)	(9,118)	+17.1%
Gross operating income .....	3,721	4,949	+33.0%
Risk-related costs .....	(626)	(1,035)	+65.3%
Income from equity affiliates.....	(9)	288	n.m.
Net income on fixed assets .....	(121)	(67)	(44.6%)
<b>Pre-tax income</b> .....	<b>2,965</b>	<b>4,135</b>	<b>+39.5%</b>
Extraordinary income.....	(198)	(96)	n.m.
Tax .....	(917)	(1,376)	+50.0%
Goodwill amortisation .....	(236)	(396)	+67.8%
FGBR .....	(52)	(23)	(55.8%)
<b>Net income</b> .....	<b>1,562</b>	<b>2,244</b>	<b>+43.7%</b>
<b>Net income group share</b> .....	<b>1,573</b>	<b>2,077</b>	<b>+32.0%</b>
<b>Net income group share before goodwill amortisation</b> .....	<b>1,809</b>	<b>2,473</b>	<b>+36.7%</b>

*The above data relate to the Crédit Agricole group, consisting of all Local Banks, Regional Banks, Crédit Agricole S.A. and subsidiaries.*

**Reserved rights issue for Crédit Agricole Group's employees** *(extract from press release dated 10 October, 2003)*

Crédit Agricole S.A.'s reserved rights issue for employees, which ran from 23 June to 2 September, 2003, was completed on 10 October, 2003. In all, 51,082 employees of the Crédit Agricole Group, both in France and abroad, subscribed to the issue, for a total of €345.4 million.

Launched just a few weeks after the success of the friendly take-over bid from Crédit Agricole for Crédit Lyonnais, this issue reflected the importance of the group's employee shareholding. It demonstrated the desire to ensure the immediate involvement of all staff in the proposed tie-up. The substantial subscriptions to the offer showed the determination of the group's staff to support the construction of the new group that was formed by the merger between Crédit Agricole and Crédit Lyonnais.

The number of new shares created in this issue (25,233,264) took to 74,370,333 the total number of shares held by employees of the Crédit Agricole group via employee savings schemes.

As indicated when the issue was first announced, its purpose was to help fund the bid for Crédit Lyonnais.

On 30 September, 2003, 52.21% of Crédit Agricole S.A.'s share capital was owned by SAS rue la Boétie, with 3.65% held by other entities within the Crédit Agricole group, including 0.17% in shares held in treasury. At this date, and with the exception of AGF (3.48% of share capital) and Banca Intesa (1.20%), to the best of our knowledge no other shareholder held more than 0.50% of Crédit Agricole S.A.'s share capital (excluding employee savings schemes).

## BOARD OF DIRECTORS

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 twenty-one members. In accordance with the terms of Crédit Agricole S.A.'s By-Laws, eighteen directors are elected by the shareholders (one director is designated as a representative of the agricultural trade associations) and two are elected by and from the personnel of Crédit Agricole S.A.

As of 12 December, 2003, the chief executive officer and deputy chief executive officer and members of the board of directors are as follows:

### *General management*

#### **Jean Laurent**

- Chief Executive Officer, Crédit Agricole S.A.
- Chairman, Crédit Lyonnais
- Chairman, Crédit Agricole Indosuez
- Vice-Chairman and director, Banca Intesa and Banco Espírito Santo
- Director, Crédit Lyonnais S.A. and Rue Impériale

#### **Dominique Ferrero<sup>3</sup>**

- First Deputy Chief Executive Officer, Crédit Agricole S.A.

#### **Yves Chevillotte**

- Deputy Chief Executive Officer, Crédit Agricole S.A.
- Chairman, Uni-Editions and Soredic
- Vice-Chairman, Pacifica, Predi Retraites and Predica
- Director, Sofinco, Cedecam, Eurocard and Europay France

#### **Georges Pauget**

- Deputy Chief Executive Officer, Crédit Agricole S.A.

### *Board of Directors*

#### **René Carron**

##### *Chairman of the Board of Directors*

- Chairman, CRCAM<sup>4</sup> - Des Savoie
- Chairman, Yenne Local Bank
- Chairman, Fédération Nationale du Crédit Agricole (FNCA)<sup>5</sup>
- Chairman, SAS Rue La Boétie
- Director, Crédit Agricole Indosuez and Sofinco
- Director, Banca Intesa and Crédit Lyonnais S.A.

#### **Jean-Marie Sander**

##### *Representing SAS Rue La Boétie*

##### *Vice-Chairman of the Board of Directors*

- Chairman, CRCAM<sup>4</sup> – Alsace Vosges
- Chairman, FNCA
- Chairman, SAS Rue La Boétie

3 Dominique Ferreo resigned his mandates within the Crédit Agricole S.A. group on 15 December, 2003. Please see "Description of the Bank – Recent Developments" for further details.

4 CRCAM: Caisse Régionale de Crédit Agricole Mutuel (Regional Bank).

5 Until 2 December 2002.

## **Pierre Bastide**

*Vice-Chairman of the Board of Directors*

- Chief Executive Officer, CRCAM<sup>4</sup> - Centre France
- General Secretary, FNCA
- Joint Manager, SAS Rue La Boétie
- Chairman and Chief Executive Officer, Banque Chalus
- Director, Crédit Agricole Indosuez and Predica
- Director, Crédit Lyonnais S.A.<sup>6</sup>

## **Noël Dupuy**

*Vice-Chairman of the Board of Directors*

- Chairman, CRCAM<sup>4</sup> of Touraine and Poitou
- Chairman, Caisse Locale de Crédit Agricole de la Vallée de l'Indre
- Director, SAPACAM, SACAM, SCI CAM, SCT Mer, SIGEVAM, PREDICA

## **Pierre Bru**

- Chairman, CRCAM<sup>4</sup> - Quercy Rouergue
- Director, Crédit Agricole Indosuez
- Director, Société des Caves de Roquefort
- Chairman of the Board of Directors, Sodagri
- Director, Inforsud Gestion, Mérico/Deltaprint, Chabrilac, SICA Habitat Rural, SACAM, SAPACAM and SCICAM

## **Yves Couturier**

- Chief Executive Officer, CRCAM<sup>4</sup> - Sud Rhône Alpes
- Director, Crédit Agricole Indosuez, Camca Vie, Camca Réassurance, Camca Courtage, Cedicam, TLJ, Predica, Pratica, SACAM, SAPACAM and SACAM Participations

## **Xavier Fontanet**

- Chairman and Chief Executive Officer, Essilor International
- Director, Chantiers Bénéteau, L'Oréal, Essilor of America Inc, Transitions Optical Inc, Essilor Laboratoires of America Holding Co Inc, EOA Holding Co Inc, Shanghai Essilor Optical Company Ltd, Transitions Optical Ltd, Transitions Optical Holding B.V., Nikon-Essilor Co Ltd

## **Carole Giraud Vallentin**

- Regional Bank employee

## **Roger Gobin**

- Chairman, CRCAM<sup>4</sup> - Atlantique-Vendée
- Director, Pornic Local Bank
- Chairman, Fireca
- Director, Crédit Agricole Indosuez, Pacifica and Ucabail

## **Pierre Kerfriden**

- Chief Executive Officer, CRCAM<sup>4</sup> - Finistère
- Chairman, GIE GICAB
- Director, Crédit Agricole Bourse, Union d'Etudes et d'Investissements, Uni-Expansion Ouest, SNC SCT Brunoy and Marine II

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<sup>6</sup> Appointment ratified on 29 April 2002 by the Annual General Meeting of Credit Lyonnais SA.

### **Jean Le Brun**

- Chairman, CRCAM<sup>4</sup> - Normand
- Director, Safer Basse-Normandie, Manche, Orne, Calvados

### **Bernard Mary**

- Chief Executive Officer, CRCAM<sup>4</sup> - Nord Est
- Director, Crédit Agricole Indosuez Cheuvreux, Crédit Agricole Bourse, SACAM, SAPACAM, GFER, Cofinep, Radian, Segespar, Siparex Associés

### **Gérard Mestrallet**

- Chairman and Chief Executive Officer, Suez
- Chairman, Société Générale de Belgique and Tractebel
- Vice-Chairman, Sociedad Aguas de Barcelona and Hisusa
- Director, Saint-Gobain, Axa and Pargesa Holding SA

### **Jean-Pierre Pargade**

- Chairman, CRCAM<sup>4</sup> - d'Aquitaine
- Chairman, Samadet Local Bank
- Chairman, Foncaris
- Director, Crédit Agricole Asset Management and Segespar
- General Manager, Agri-Informatique Services

### **Corrado Passera**

- Chief Executive, Banca Intesa

### **Jean-Claude Pichon**

- Chief Executive Officer, CRCAM<sup>4</sup> - Midi
- Chairman, Predica
- Director, Predi Retraites and Pacifica
- Member of the Management Board, Sofilaro Participations
- Non-voting director, Europay-France

### **Jean-Michel Lemétayer**

- President, Fédération Nationale des Syndicats d'Exploitants Agricoles (French farmers' union)

**Henri Corbel** (elected by Crédit Agricole S.A. personnel)

**Michel Guermeur** (elected by Crédit Agricole S.A. personnel)

**Henri Moulard** (non-voting director)

- Chairman, Truffle Venture – HM et Associés

**Thierry Pierron** (Works Council representative)

**CONSOLIDATED FINANCIAL STATEMENTS OF THE CREDIT AGRICOLE GROUP**  
**CREDIT AGRICOLE GROUP CONSOLIDATED BALANCE SHEET**  
as at 31st December, 2001 and 2002  
(in millions of euro)

<b>ASSETS</b>	<b>2001</b>	<b>2002</b>
<b>Interbank and Similar</b> .....	<b>95,876</b>	<b>111,359</b>
Cash, due from Central bank and French postal system .....	6,505	12,935
Public notes and similar items .....	25,769	31,593
Due from banks.....	63,602	66,831
<b>Loans and advances</b> .....	<b>262,403</b>	<b>266,349</b>
<b>Lease financing and similar</b> .....	<b>6,654</b>	<b>6,863</b>
<b>Securities</b> .....	<b>69,366</b>	<b>63,069</b>
Bonds and other fixed-income securities .....	40,043	36,944
Shares and other variable securities .....	29,323	26,125
<b>Investments by insurance companies</b> .....	<b>79,692</b>	<b>85,296</b>
<b>Share of reinsurance companies in technical reserves</b> .....	<b>131</b>	<b>171</b>
<b>Investment, Bank Premises and Equipment</b> .....	<b>13,300</b>	<b>13,946</b>
Investments, including investments in unconsolidated subsidiaries and shares in associated companies .....	4,374	5,336
Investments and shares in associated companies accounted for by the equity method .....	4,174	4,232
Intangible assets, bank premises and equipment .....	4,752	4,378
<b>Goodwill</b> .....	<b>1,810</b>	<b>1,570</b>
<b>Sundry and Miscellaneous Accounts</b> .....	<b>34,057</b>	<b>32,172</b>
Other assets .....	18,664	19,795
Other insurance assets.....	496	551
Sundry accounts and prepaid expenses .....	14,897	11,826
<b>Total assets</b> .....	<b>563,289</b>	<b>580,795</b>

<b>LIABILITIES AND EQUITY</b>	<b>2001</b>	<b>2002</b>
<b>Interbank and Similar</b> .....	<b>70,307</b>	<b>70,882</b>
Cash, due to Central bank and French postal system .....	23	14
Due to banks .....	70,284	70,868
<b>Customer Credit Accounts</b> .....	<b>266,674</b>	<b>270,164</b>
Special savings accounts .....	139,198	144,747
Other accounts .....	127,476	125,417
<b>Debt Represented by a Security</b> .....	<b>64,031</b>	<b>64,684</b>
<b>Technical reserves of insurance companies</b> .....	<b>78,019</b>	<b>84,553</b>
<b>Sundry and Miscellaneous Accounts</b> .....	<b>37,852</b>	<b>42,187</b>
Other liabilities .....	23,449	25,163
Other insurance liabilities .....	363	452
Sundry accounts and unearned accounts .....	14,040	16,572
<b>Reserves and Subordinated Debt</b> .....	<b>13,234</b>	<b>13,908</b>
Contingency reserves .....	4,836	3,655
Mutual guarantee deposits .....	3	3
Subordinated debt .....	8,395	10,250
<b>Fund for General Banking Risks</b> .....	<b>4,128</b>	<b>4,299</b>
<b>Minority interests</b> .....	<b>656</b>	<b>361</b>
<b>Stockholders Equity (excluding Fund for General Banking Risks)</b> .....	<b>28,388</b>	<b>29,757</b>
Subscribed capital .....	4,484	4,424
Additional paid-in capital .....	4,356	3,951
Subsidies to grant .....	113	122
Consolidated retained earnings, revaluation margin currency translation adjustments, equity method margins .....	18,277	18,963
Net income for the year .....	1,158	2,297
<b>Total Liabilities and Stockholders Equity</b> .....	<b>563,289</b>	<b>580,795</b>

**CREDIT AGRICOLE GROUP OFF-BALANCE SHEET COMMITMENTS**  
**as at 31st December, 2001 and 2002**  
**(in millions of euro)**

	<u>2001</u>	<u>2002</u>
<b>Commitments Given</b> .....	<b>101,973</b>	<b>125,376</b>
<b>Financing Commitments</b> .....	<b>67,290</b>	<b>73,246</b>
Commitments in favour of credit institutions.....	3,033	5,088
Commitments in favour of customers .....	64,257	68,158
<b>Guarantee Commitments</b> .....	<b>31,405</b>	<b>49,282</b>
Commitments in favour of credit institutions.....	8,121	7,072
Commitments in favour of customers .....	23,284	42,210
<b>Commitments Given by Insurance Companies</b> .....	<b>857</b>	<b>906</b>
<b>Commitments on Securities</b> .....	<b>2,421</b>	<b>1,942</b>
Securities acquired with option of purchase or redemption.....	6	1
Other commitments given.....	2,415	1,941
<b>Commitments Received</b> .....	<b>45,200</b>	<b>50,042</b>
<b>Financing Commitments</b> .....	<b>1,774</b>	<b>5,357</b>
Commitments received from credit institutions .....	1,277	2,999
Commitments received from customers .....	497	2,358
<b>Guarantee Commitments</b> .....	<b>30,447</b>	<b>31,334</b>
Commitments received from credit institutions .....	4,009	4,301
Commitments received from customers .....	26,438	27,033
<b>Commitments Received from Insurance Companies</b> .....	<b>9,407</b>	<b>9,675</b>
<b>Commitments on Securities</b> .....	<b>3,572</b>	<b>3,676</b>
Securities sold with option of purchase or redemption .....	73	
Other commitments received .....	3,499	3,676

**CREDIT AGRICOLE GROUP CONSOLIDATED STATEMENTS OF INCOME**  
**for the years ended 31st December, 2001 and 2002**  
**(in millions of euro)**

	<u>2001</u>	<u>2002</u>
Net interest income and similar.....	6,701	7,226
Net commission income .....	4,081	3,725
Net income from variable-yield securities .....	3,413	2,201
Other net operating income .....	527	1,279
Gross income from insurance activities .....	1,501	1,253
Net income from other activities .....	36	43
<b>Net interest and commission income.....</b>	<b>16,259</b>	<b>15,727</b>
<b>General Operating Expenses and Depreciation.....</b>	<b>(10,701)</b>	<b>(10,505)</b>
Personnel Expenses.....	(5,896)	(5,715)
General Operating Expenses.....	(4,026)	(4,068)
Depreciation .....	(779)	(722)
<b>Gross operating income .....</b>	<b>5,558</b>	<b>5,222</b>
<b>Risk related costs .....</b>	<b>(1,353)</b>	<b>(796)</b>
Net income (loss) on fixed assets .....	122	(94)
Net allocation to the Fund for general banking risks .....	(1,615)	(171)
Net extraordinary items .....	(116)	(255)
Tax expense .....	(1,330)	(1,322)
Share in net income of companies accounted for by the equity method.....	283	8
Amortisation of goodwill .....	(302)	(299)
<b>Net Income before minority interests .....</b>	<b>1,247</b>	<b>2,293</b>
Consolidated Net Income .....	1,158	2,297
Minority Interests .....	89	(4)

**CONSOLIDATED BALANCE SHEET OF CREDIT AGRICOLE S.A. AND ITS SUBSIDIARIES**  
**as at 31st December, 2001 and 2002**  
**(in millions of euro)**

<b>ASSETS</b>	<b>2001</b>	<b>2002</b>
<b>Interbank and Similar</b> .....	<b>92,874</b>	<b>107,799</b>
Cash, due from Central bank and French postal system .....	3,660	9,706
Public notes and similar items .....	25,121	30,955
Due from banks.....	64,093	67,138
<b>Credit Agricole Internal Transactions</b> .....	<b>141,630</b>	<b>149,901</b>
<b>Loans and advances</b> .....	<b>69,765</b>	<b>62,541</b>
<b>Lease financing and similar</b> .....	<b>6,485</b>	<b>6,663</b>
<b>Securities</b> .....	<b>58,629</b>	<b>48,014</b>
Bonds and other fixed-income securities .....	36,349	31,564
Shares and other variable securities .....	22,280	16,450
<b>Investments by insurance companies</b> .....	<b>79,390</b>	<b>84,905</b>
<b>Share of reinsurance companies in technical reserves</b> .....	<b>101</b>	<b>144</b>
<b>Investment, Bank Premises and Equipment</b> .....	<b>16,102</b>	<b>17,311</b>
Investments, including investments in unconsolidated subsidiaries and shares in associated companies .....	3,592	4,520
Investments and shares in associated companies accounted for by the equity method	10,823	11,420
Intangible assets, bank premises and equipment .....	1,687	1,371
<b>Goodwill</b> .....	<b>1,895</b>	<b>1,652</b>
<b>Sundry and Miscellaneous Accounts</b> .....	<b>28,196</b>	<b>26,788</b>
Other assets .....	16,755	16,979
Other insurance assets.....	532	641
Sundry accounts and prepaid expenses .....	10,909	9,168
<b>Total assets</b> .....	<b>495,067</b>	<b>505,718</b>

<b>LIABILITIES AND EQUITY</b>	<b>2001</b>	<b>2002</b>
<b>Interbank and Similar</b> .....	<b>70,305</b>	<b>70,477</b>
Cash, due to Central bank and French postal system .....	21	13
Due to banks .....	70,284	70,464
<b>Crédit Agricole Internal Transactions</b> .....	<b>24,053</b>	<b>18,943</b>
<b>Customer Credit Accounts</b> .....	<b>200,681</b>	<b>205,087</b>
Special savings accounts .....	138,221	143,701
Other accounts .....	62,460	61,386
<b>Debt Represented by a Security</b> .....	<b>57,562</b>	<b>58,257</b>
<b>Technical reserves of insurance companies</b> .....	<b>77,687</b>	<b>84,154</b>
<b>Sundry and Miscellaneous Accounts</b> .....	<b>34,542</b>	<b>39,232</b>
Other liabilities .....	21,508	23,087
Other insurance liabilities .....	377	481
Sundry accounts and unearned accounts .....	12,657	15,664
<b>Reserves and Subordinated Debt</b> .....	<b>12,837</b>	<b>12,136</b>
Contingency reserves .....	3,263	2,391
Subordinated debt .....	9,574	9,745
<b>Fund for General Banking Risks</b> .....	<b>1,716</b>	<b>1,618</b>
<b>Minority interests</b> .....	<b>690</b>	<b>383</b>
<b>Stockholders Equity (excluding Fund for General Banking Risks)</b> .....	<b>14,994</b>	<b>15,431</b>
Subscribed capital .....	2,911	2,904
Subsidies to grant .....	6,516	6,516
Additional paid-in capital .....	112	121
Consolidated retained earnings, revaluation margin currency translation adjustments, equity method margins .....	4,388	4,826
Net income for the year .....	1,067	1,064
<b>Total liabilities and Stockholders' Equity</b> .....	<b>495,067</b>	<b>505,718</b>

**CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS OF CRÉDIT AGRICOLE S.A.  
AND ITS SUBSIDIARIES  
as at 31st December, 2001 and 2002  
(in millions of euro)**

	<b>2001</b>	<b>2002</b>
<b>Commitments Given</b> .....	<b>71,326</b>	<b>96,124</b>
<b>Financing Commitments</b> .....	<b>38,976</b>	<b>43,051</b>
Commitments in favour of credit institutions.....	2,876	5,020
Commitments in favour of Crédit Agricole .....	1,337	1,065
Commitments in favour of customers .....	34,763	36,966
<b>Guarantee Commitments</b> .....	<b>29,097</b>	<b>50,255</b>
Commitments in favour of credit institutions.....	8,079	7,048
Commitments in favour of Crédit Agricole .....	27	3,098
Commitments in favour of customers .....	20,991	40,109
<b>Commitments Given by Insurance Companies</b> .....	<b>832</b>	<b>881</b>
<b>Commitments on Securities</b> .....	<b>2,421</b>	<b>1,937</b>
Securities acquired with option of purchase or redemption .....	6	
Other commitments given.....	2,415	1,937
<b>Commitments Received</b> .....	<b>35,114</b>	<b>58,736</b>
<b>Financing Commitments</b> .....	<b>4,682</b>	<b>9,643</b>
Commitments received from credit institutions .....	1,160	2,943
Commitments received from Crédit Agricole .....	3,025	4,342
Commitments received from customers .....	497	2,358
<b>Guarantee Commitments</b> .....	<b>17,561</b>	<b>35,807</b>
Commitments received from credit institutions .....	2,849	21,782
Commitments received from Crédit Agricole .....	7	6
Commitments received from customers .....	14,705	14,019
<b>Commitments Received from Insurance Companies</b> .....	<b>9,385</b>	<b>9,654</b>
<b>Commitments on Securities</b> .....	<b>3,486</b>	<b>3,632</b>
Securities sold with option of purchase or redemption .....	-	-
Other commitments received .....	3,486	3,632

**CONSOLIDATED STATEMENTS OF INCOME OF CRÉDIT AGRICOLE S.A.  
AND ITS SUBSIDIARIES**  
for the years ended 31st December, 2001 and 2002  
(in millions of euro)

	2001 (pro forma) <sup>(1)</sup>	2001 (published)	2002 (published)
Net interest income and similar .....	1,257	1,540	1,699
Net commission income .....	396	396	11
Net income from variable-yield securities .....	3,256	3,256	1,996
Other net operating income .....	203	204	355
Gross income from insurance activities .....	1,196	1,195	1,254
Net income from other activities.....	6	7	14
<b>Net interest and commission income .....</b>	<b>6,314</b>	<b>6,598</b>	<b>5,329</b>
<b>General Operating Expenses and depreciation.....</b>	<b>(4,351)</b>	<b>(4,350)</b>	<b>(3,929)</b>
Personnel Expenses .....	(2,278)	(2,278)	(2,054)
General Operating Expenses .....	(1,764)	(1,764)	(1,641)
Depreciation .....	(309)	(308)	(234)
<b>Gross operating income .....</b>	<b>1,963</b>	<b>2,248</b>	<b>1,400</b>
<b>Risk-related costs .....</b>	<b>(371)</b>	<b>(366)</b>	<b>(207)</b>
Net income (loss) on fixed assets.....	31	34	(74)
Net allocation to the Fund for General Banking Risks .....	(44)	(44)	98
Net exceptional items .....	333	333	(134)
Tax expense .....	(761)	(861)	(212)
Share in net income of companies accounted for by the equity method .....	704	305	476
Amortisation of goodwill .....	(297)	(296)	(286)
<b>Net Income Before Minority Interests .....</b>	<b>1,558</b>	<b>1,353</b>	<b>1,061</b>
Consolidated Net Income .....	1,468	1,067	1,064
Minority Interests .....	90	286	(3)

(1) The 2001 pro forma information is presented as if the transactions contemplated by the 18 October, 2001 Protocol were completed on 1 January, 2001. The pro forma policies are described in Note 2.3 to the consolidated financial statements incorporated by reference herein.

## DESCRIPTION OF THE SUPPORT AGREEMENT

At or prior to the issuance of the Series III Trust Preferred Securities and the Series III Company Preferred Securities, the Bank (acting directly and through the Branch) and the Company will execute a Series III Support Agreement in respect of the Series III Company Preferred Securities. A copy of the Series III Support Agreement will be provided to prospective investors in the Series III Trust Preferred Securities upon request to the Bank.

In connection with the issuance of the Initial Company Preferred Securities, the Bank entered into the Initial Support Agreement with terms substantially identical to those in the Series III Support Agreement relating to the Series III Company Preferred Securities. In connection with the issuance of the Series II Company Preferred Securities, the Bank entered into the Series II Support Agreement with terms substantially identical to those in the Series III Support Agreement relating to the Series III Company Preferred Securities. The Bank's obligations under the Initial Support Agreement and the Series II Support Agreement are subordinated to the same extent as its obligations under the new Series III Support Agreement. The Bank's obligations under the Series III Support Agreement will rank *pari passu* with its obligations under the Initial Support Agreement and the Series II Support Agreement.

The following is a concise summary of the material provisions of the Series III Support Agreement in respect of the Series III Company Preferred Securities and is qualified in its entirety by reference to the terms and provisions of the Series III Support Agreement.

### Support of Dividends and Redemption Payments

Under the Series III 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 Series III 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 Series III 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 Series III 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 ongoing expenses and taxes that are not otherwise provided for.

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 Series III 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 Series III 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 Series III Support Agreement, as described below, in a liquidation of the Company, holders of Series III Company Preferred Securities may not receive the full Liquidation Claim Amount of the Series III Company Preferred Securities, and holders of the Series III Trust Preferred Securities may not receive the full liquidation amount and accrued dividends of the Series III Trust Preferred Securities. See "Certain Investment Considerations—Liquidation of the Bank".

### Subordination of Bank's Payment Obligations

The Bank's obligations under the Series III 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 Series III Support Agreement under which the Company will agree not to receive amounts in respect of its claims under the Series III 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 Series III 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 Series III Support Agreement (including the Bank’s obligations under the Initial Support Agreement and the Series II 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 Series III 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 Series III 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 Series III Company Preferred Securities and the Series III Trust Preferred Securities will be third party beneficiaries of the Series III Support Agreement, with the holders of a majority (by liquidation preference) of the Series III Company Preferred Securities (or the Series III Trust Preferred Securities that represent such Series III Company Preferred Securities) having the right to bring suit and take other action at their discretion to enforce the Series III 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 Series III Support Agreement in favour of the Company: (i) if the Company or the Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III Support Agreement.

#### **Governing Law**

The Series III 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 Series III 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 Series III Trust Preferred Securities will be issued by the Series III Trust pursuant to the Trust Agreement. The Series III Trust Preferred Securities are perpetual securities. The aggregate liquidation amount of Series III Trust Preferred Securities is equal to the aggregate liquidation preference of the underlying Series III Company Preferred Securities. Each Series III Trust Preferred Security represents a corresponding amount of Series III Company Preferred Securities. The Series III Trust Preferred Securities will rank *pari passu* among themselves.

The Series III Trust is a statutory trust created under the Delaware Statutory Trust Act. The Trustee will hold the Series III Company Preferred Securities deposited in the Series III Trust for the benefit of the holders of the Series III 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 Series III Trust Preferred Securities, each holder of Series III Trust Preferred Securities shall be entitled to enforce in the name of the Series III Trust, the Series III Trust's rights under the corresponding amount of Series III Company Preferred Securities represented by the Series III Trust Preferred Securities held by such holder. Series III Trust Preferred Securities may be exchanged for the underlying Series III Company Preferred Securities at the option of holders as described under “—Withdrawal of Company Preferred Securities”. The funds of the Series III Trust available for distribution to the holders of the Series III Trust Preferred Securities will be limited solely to payments received by the Series III Trust from the Company as dividends or redemption payments on the Series III Company Preferred Securities, which payments will be passed through upon receipt by the Series III Trust to the holders of the Series III Trust Preferred Securities. *Consequently, if the Company does not pay any dividend or redemption payment on the Series III Company Preferred Securities, the Series III Trust will not have sufficient funds to make the related distribution or redemption payment on the Series III Trust Preferred Securities.*

Application has been made to list the Series III Trust Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V. (“Euronext Amsterdam”). Clearance of the Series III Trust Preferred Securities on Euronext Amsterdam will be effected through Clearnet S.A. The Series III Trust Preferred Securities have been accepted for delivery through Euroclear Netherlands, Euroclear and Clearstream, Luxembourg.

### Distributions

Dividends on the Series III Company Preferred Securities received by the Series III Trust will be passed through by the Series III Trust as distributions on the Series III Trust Preferred Securities. See “Description of the Company Preferred Securities—Dividends”. Accordingly, when, as and if dividends are paid on the Series III Company Preferred Securities, distributions on the Series III Trust Preferred Securities will be payable from the Issue Date 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 6.0%, commencing 30 January, 2004 (calculated on a 30/360 Basis). If the date on which distributions are made on the Series III 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 Series III Trust receives any payments representing a periodic dividend payment or a redemption payment on the Series III Company Preferred Securities, the Series III Trust will distribute such amounts to the holders of the Series III 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 Series III Company Preferred Securities and Series III Trust Preferred Securities). Each periodic distribution on the Series III Trust Preferred Securities will be payable to the holders of record as they appear on the securities register of the Series III Trust on the corresponding record date. The record dates for the Series III Trust Preferred Securities will be the fifteenth day (whether or not a business day) prior to the relevant periodic distribution date.

However, the Series III Trust is not obligated to make any dividend distribution on the Series III Trust Preferred Securities to the extent that it does not receive any dividend payments on the Series III 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 Series III Trust Preferred Securities and Series III 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 Series III Trust is required to withhold any Relevant Taxes.

#### **Redemption of Trust Preferred Securities**

The Series III Trust Preferred Securities will be subject to redemption only upon redemption of the Series III Company Preferred Securities. If the Company shall elect to redeem any Series III 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 Series III Company Preferred Securities to the holders of the Series III Trust Preferred Securities in the manner described below under “—Notices”.

On the date of redemption of the Series III Company Preferred Securities, provided that the Company shall have deposited with the Paying Agent on behalf of the Series III Trust the aggregate amount payable upon redemption of all Series III Company Preferred Securities held by the Series III Trust to be redeemed, the Paying Agent on behalf of the Series III Trust shall redeem an equal amount of Series III Trust Preferred Securities at the same redemption price at which such Series III Company Preferred Securities are being redeemed. In the event that fewer than all the outstanding Series III Trust Preferred Securities are redeemed, the Series III 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 Series III Trust Preferred Securities may then be listed and, if the Series III Trust Preferred Securities are then evidenced by a permanent global certificate, any requirements of Euroclear Netherlands, Euroclear or Clearstream, Luxembourg. The Company shall promptly notify the Registrar and Transfer Agent in writing of the Series III Trust Preferred Securities selected for redemption.

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

In the event a liquidation of the Company is commenced, the Series III Trust will be dissolved, after satisfaction of creditors of the Series III Trust, if any, as required by applicable law and after distributing to the holders of the Series III Trust Preferred Securities the corresponding amount of Series III Company Preferred Securities represented by such Series III Trust Preferred Securities. Thereupon, the Series III Trust will be terminated and the Series III Company Preferred Securities will be distributed to the holders of Series III Trust Preferred Securities who will thereafter be direct holders of the specific Series III Company Preferred Securities distributed to them. The Series III 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 Series III Trust Preferred Securities may withdraw all, but not less than all, of the Series III Company Preferred Securities represented by such Series III 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 Series III Company Preferred Securities.

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

Any holder of Series III Company Preferred Securities may redeposit all or any portion of withdrawn Series III Company Preferred Securities by delivery to the Trustee of a certificate or certificates for the Series III 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 Euroclear Netherlands to increase the number of Series III Trust Preferred Securities represented by the permanent global certificate held by Euroclear Netherlands accordingly.

Any certificated Series III 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 Series III Company Preferred Securities shall be entitled to vote pursuant to the terms of the Company Agreement, the Trustee shall notify the holders of the Series III Trust Preferred Securities of such right, request specific direction of each holder of a Series III Trust Preferred Security as to the vote with respect to the Series III Company Preferred Security represented by such Series III 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 Series III Company Preferred Securities are entitled to vote, the Trustee shall, as soon as practicable thereafter, provide notice to the holders of the Series III Trust Preferred Securities in the manner described below under “—Notices” 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 Series III 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 Series III Company Preferred Securities represented by their respective Series III 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 Series III Trust Preferred Security on such record date, the Trustee shall vote or cause to be voted a number of Series III Company Preferred Securities represented by such holder’s Series III Trust Preferred Securities in accordance with the instructions set forth in such direction. In the absence of specific instructions from the holder of a Series III Trust Preferred Security, the Trustee will abstain from voting to the extent of the Series III Company Preferred Securities represented by such Series III Trust Preferred Security. Neither the Bank nor any affiliate of the Bank will be entitled to vote any Series III Trust Preferred Securities that it holds.

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

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

The Series III Trust Preferred Securities will be evidenced initially by a temporary global certificate, in fully registered form, which will be deposited with Euroclear Netherlands for credit against payment to the accounts designated by the relevant subscribers on or about 19 December, 2003.

The Series III Trust will exchange the temporary global certificate for a permanent global certificate, in fully registered form, delivered to Euroclear Netherlands 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 Series III 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 Series III 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 Series III 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 Series III Trust Preferred Securities only if: (i) the Series III Trust Preferred Securities become ineligible for clearance and settlement through Euroclear Netherlands, Euroclear and Clearstream, Luxembourg; and (ii) the Company and the Series III Trust are not able, after using reasonable efforts, to arrange for clearance and settlement of the Series III Trust Preferred Securities through a successor clearing system.

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

Upon the grant and delivery to the Series III 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 Series III Trust, without any consent of the Holders being required, create and issue further Series III 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 Series III Trust Preferred Securities. Such further Series III 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 Series III Company Preferred Securities delivered by the Company (in the form of Series III Company Preferred Securities certificates or Company Parity Preferred Securities certificates) to the Trustee for deposit in the Series III Trust and registered in the name of the Series III Trust for the benefit of the further Holders pursuant to the terms of the Trust Agreement. Such further Series III 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 Series III 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, Common Code and Funds Code as the ISIN, Common Code and Funds Code that have been assigned to the previously-issued Series III Trust Preferred Securities.

In connection with the creation and issuance of such further Series III 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 Series III Trust Preferred Securities. The Trustee shall not be required to take any action under this section unless it receives a legal opinion, in the form and substance satisfactory to it, to the effect that the creation and issuance of such further Series III Trust Preferred Securities shall not affect the Series III Trust’s status as a “grantor trust” for United States federal income tax purposes.

“Further Series III Company Preferred Securities” means further Series III Company Preferred Securities or further Company Parity Preferred Securities provided that any such Series III Company Preferred Securities or Company Parity Preferred Securities are denominated in euros and are subject to and shall bear exactly the same economic and other terms and conditions as the Series III Company Preferred Securities initially granted to the Series III Trust under the Trust Agreement.

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

Definitive Series III Trust Preferred Securities will be issued in registered form only and may be transferred upon the surrender of such definitive Series III 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 office of the Paying Agent in The Netherlands. The Transfer Agents are JPMorgan Chase Bank and ABN AMRO Bank N.V. in The Netherlands, and the initial Paying Agents are JPMorgan Chase Bank, acting through its London Branch and ABN AMRO Bank N.V. in The Netherlands. In the case of a transfer of part only of a definitive Series III Trust Preferred Security, a new definitive Series III 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 Series III Trust Preferred Security to be issued upon a transfer of a definitive Series III 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 Series III Trust Preferred Security to such address as may be specified in such form of transfer.

Registration of transfer of definitive Series III Trust Preferred Securities will be effected without charge by or on behalf of the Series III 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 Series III Trust Preferred Security may require the transfer of a Series III 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 Series III Trust Preferred Securities.

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

### **Payments and Paying Agents**

Payments in respect of the Series III Trust Preferred Securities shall be made to the address of the holder entitled thereto as such address shall appear on the Register. Euroclear Netherlands shall be the registered holder in the case of Series III Trust Preferred Securities evidenced by the global certificate. Payments made to Euroclear Netherlands shall be made by wire transfer and payments to holders of Series III Trust Preferred Securities will be effected through Euroclear Netherlands. Euroclear Netherlands, 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 Series III 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 JPMorgan Chase Bank, acting through its London Branch and ABN AMRO Bank N.V. in The Netherlands 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 JPMorgan Chase Bank or ABN AMRO Bank N.V. 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". For as long as any of the Series III Trust Preferred Securities remain outstanding, the Series III Trust shall maintain a paying agent in The Netherlands.

### **Registrar and Transfer Agent**

JPMorgan Chase Bank is the Registrar and Transfer Agent for the Series III Trust Preferred Securities and ABN AMRO Bank N.V. is the Transfer Agent in The Netherlands for the Series III Trust Preferred Securities.

Registration of transfers of Series III Trust Preferred Securities will be effected without charge by or on behalf of the Series III 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 Series III Trust will not be required to register or cause to be registered the transfer of Series III Trust Preferred Securities after such Series III Trust Preferred Securities have been called for redemption. For so long as any of the Series III Trust Preferred Securities remain outstanding, the Series III Trust shall maintain a registrar and transfer agent in The Netherlands.

### **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 Series III 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 Series III 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 Series III 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 Series III Trust Preferred Securities.

The Series III Trust will terminate upon the earliest to occur of (i) the redemption of all of the Series III Trust Preferred Securities and payment of the redemption price in full, (ii) a final distribution in respect of the Series III Company Preferred Securities and delivery of such distribution to the holders of the Series III Trust Preferred Securities, (iii) withdrawal of all of the Series III Company Preferred Securities from the Series III 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 Series III Trust and distribute the Series III Company Preferred Securities on a *pro rata* basis to the holders of Series III Trust Preferred Securities if (i) the Series III Trust, at any time, is subject to United States federal income tax with respect to its ownership of the Series III Company Preferred Securities, (ii) the Series III Trust is subject to more than a *de minimis* amount of other taxes, duties or governmental charges, or (iii) the Series III 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 issuance of the Series III Trust Preferred Securities.

The Trustee shall notify the Paying Agent and the holders of the Series III Trust Preferred Securities (the latter, in the manner described below under “—Notices”) of any such amendment or termination of the Trust Agreement within a reasonable period of time.

### **Expenses of the Series III Trust**

All fees, charges, expenses or taxes (if any) of the Series III 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 Series III 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 Series III 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 Series III 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 US\$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 US\$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 Official Segment of the Stock Market of Euronext Amsterdam N.V. will be informed of any such removal or resignation.

## Notices

Notices to the holders of the Series III Trust Preferred Securities will be given by delivery of the relevant notice to Euroclear Netherlands, Euroclear, Clearstream, Luxembourg and any other relevant securities clearing system for communication by each of them to entitled participants, and so long as the Series III 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. Notices will be published, so long as the Series III Trust Preferred Securities are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V. and the rules of such exchange so require, in a daily newspaper of general circulation in the Netherlands (which is expected to be the *Het Financieele Dagblad*), with notice thereof given to Euronext Amsterdam N.V., and in the Daily Official List (*Officiële Prijscourant*).

## Governing Law

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

## Depository Procedures for Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations 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 Euroclear Netherlands, 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 Series III Trust will not impose any fees in respect of the Series III 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 in respect of the Series III Trust Preferred Securities, 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 Series III 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 Series III Trust Preferred Securities represented thereby) for the purposes of the Trust Agreement or the Series III Trust Preferred Securities.

None of the Company, the Series III 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 Series III 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 the 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 such 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 Series III 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 Series III 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 Series III 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 Series III Company Preferred Securities is €550,000,000. The Company is 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 Series III Company Preferred Securities will be payable from the Issue Date 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 6.0%, commencing 30 January, 2004 (calculated on a 30/360 Basis).

Each date of payment in respect of the Series III Company Preferred Securities 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.

Because the Issue Date in respect of the Series III Company Preferred Securities will occur after 30 October, 2003, the Dividend Period from and including the Issue Date and the first Dividend Payment Date will contain fewer days than any subsequent Dividend Period (the "First Dividend Period"). Consequently, holders of the Series III Company Preferred Securities will receive a reduced dividend payment for the First Dividend Period.

Dividends on the Series III 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 Series III 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 Series III 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 Series III 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 Series III Company Preferred Securities on each Dividend Payment Date occurring during the one-year period beginning on and including the date on which the Bank (or the issuer of such Bank Parity Securities) declares or pays Discretionary Dividends (it being understood that, if a Discretionary Dividend is paid on the Series III Company Preferred Securities on a Dividend Payment Date, the Company shall not as a consequence be required to pay an additional dividend on the Series III Company Preferred Securities on the same Dividend Payment Date). There is no similar requirement to pay dividends on the Series III 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 Series III 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 Series III 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.

The terms of the Initial Company Preferred Securities and of the Series II Company Preferred Securities include provisions for mandatory and discretionary dividends that are identical to those in respect of the Series III Company Preferred 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 Series III Support Agreement. The Initial Support Agreement entered into by the Company and the Bank on 30 January, 2003 in connection with the Initial Company Preferred Securities and the Series II Support Agreement entered into by the Company and the Bank on 8 August, 2003 are each a “Bank Parity Guarantee”. 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. For the avoidance of doubt, the Initial Company Preferred Securities and the Series II Company Preferred Securities are “Bank Parity Securities”.

“*Discretionary Dividend*” means any dividend paid on the Series III 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 Series III Company Preferred Securities, any other class of Bank Parity Securities or any Bank Ordinary Shares. Dividends paid on a dividend payment date for the Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III Company Preferred Securities and Series III 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 Netherlands, Euroclear and Clearstream, Luxembourg for so long as the Series III Trust Preferred Securities clear through the facilities of Euroclear Netherlands, Euroclear and/or Clearstream, Luxembourg. In the case of the Series III Company Preferred Securities, such Dividend Limitation Notice shall be given in writing by mail to each registered holder of the Series III Company Preferred Securities (initially only the Trustee on behalf of the Series III Trust), and in the case of the Series III Trust Preferred Securities, such Dividend Limitation Notice in the manner described under “Description of the Trust Preferred Securities—Notices”.

#### *Additional Amounts*

If at any time the Company or the Series III Trust is required to withhold any taxes, duties or other governmental charges with respect to payment of dividends, distributions or redemption payments on the Series

III Company Preferred Securities or on the Series III 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 Series III Company Preferred Securities and Series III 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 Series III Trust Preferred Securities or Series III Company Preferred Securities (or the beneficial owner of such securities), in each case other than the Series III Trust in the case of the Series III 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 (including that adopted on 3 June, 2003) or any law implementing or complying with, or introduced in order to conform to, such Directive, or (iv) where the Series III Trust Preferred Securities or Series III 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 Series III Trust Preferred Securities or Series III Company Preferred Securities to another Paying Agent in a Member State of the European Union.

## **Ranking**

### *Dividends*

The Series III Company Preferred Securities will rank *pari passu* with the Initial Company Preferred Securities and the Series II Company Preferred Securities. The Series III 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 Series III Company Preferred Securities will at the option of the Company’s board of directors shift (on a pro rata basis with the Initial Company Preferred Securities) 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 Series III 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 Series III 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 Series III Company Preferred Securities for the then current Dividend Period will be distributed to the holders of the Company Common Securities before any distribution is made on the additional Voting Preferred Securities. After such distribution is made, the additional Voting Preferred Securities will be entitled to their full distribution before any payment is made on the Series III Company Preferred Securities. The Company will have discretion as to whether full dividends, partial dividends or no dividends are paid on the Series III Company Preferred Securities on each Dividend Payment Date that is not a Mandatory Dividend Payment Date. See “—Dividends—Mandatory Dividends”. Any preference shift will be applied to the Initial Company Preferred Securities, the Series II Company Preferred Securities and the Series III Company Preferred Securities on a pro rata basis.

If full dividends on the Series III Company Preferred Securities and the additional 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 agree in the Company Agreement that, for so long as any 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 Series III Trust Preferred Securities or Series III Company Preferred Securities do not have the ability to force or initiate commencement of a liquidation of the Company unless the Bank is also liquidating (holders of Initial Trust Preferred Securities, the Series II Trust Preferred Securities, the Initial Company Preferred Securities, and the Series II Company Preferred Securities are subject to similar limitations). 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 Series III Trust will be dissolved and will distribute to the holders of the Series III Trust Preferred Securities, after satisfaction of claims of creditors of the Series III Trust, if any, as required by law, the Series III Company Preferred Securities held by the Series III 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 Series III 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, on a pro rata basis with the Initial Company Preferred Securities and the Series II Company Preferred Securities, liquidating distributions in respect of the Series III Company Preferred Securities equal to the Liquidation Claim Amount applicable to the Series III Company Preferred Securities. This amount, for each €1,000 liquidation preference of Series III 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 Series III Company Preferred Securities (and the holders of the Initial Company Preferred Securities and the Series II Company Preferred Securities) will not be entitled to vote. In the event the holders of Series III Company Preferred Securities are entitled to vote as indicated below, each €1,000 liquidation preference of Series III Company Preferred Securities shall be entitled to one vote on matters on which holders of Series III Company Preferred Securities are entitled to vote. The Bank or an affiliate of the Bank will not be entitled to vote on any Series III Company Preferred Securities that they hold.

If full dividends are not paid on any dividend payment date in respect of the Initial Company Preferred Securities, the Series II Company Preferred Securities, or the Series III Company Preferred Securities, the holders of the Company Preferred Securities (voting as a single class) 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 provides 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 authorise 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 Series III Company Preferred Securities, will act for the holders of the Series III Trust Preferred Securities in accordance with the provisions of the Trust Agreement. See “Description of the Trust Preferred Securities—Voting Rights”.

### **Director Approval**

The Company Agreement provides 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 Series III Company Preferred Securities are not redeemable at the option of the holders at any time. The Series III Company Preferred Securities are not redeemable at the option of the Company prior to the Dividend Payment Date regularly scheduled to occur on 30 July, 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 July, 2009, the Series III Company Preferred Securities may be redeemed for cash at the option of the Company, in whole or in part, on any Dividend Payment Date. Pursuant to the Company Agreement, and subject to the limitations on redemption set forth above, the Company may redeem (i) Series III Company Preferred Securities prior to or without redeeming the Initial Company Preferred Securities or the Series II Company Preferred Securities, (ii) Initial Company Preferred Securities prior to or without redeeming the Series II Company Preferred Securities or the Series III Company Preferred Securities and (iii) Series II Company Preferred Securities prior to or without redeeming the Initial Company Preferred Securities or the Series III Company Preferred Securities; in any such case, provided, however, that if dividends on any Company Preferred Securities are unpaid, no Company Preferred Securities shall be redeemed unless all outstanding Company Preferred Securities are redeemed. Any such redemption is subject to the prior approval of the *Secrétariat Général de la Commission bancaire*, and compliance with applicable regulatory requirements.

The redemption price for such redemptions will be an amount (the “Base Redemption Price”) equal to (i) 100% of the liquidation preference of the Series III 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 July, 2009, upon the occurrence of a Tax Event, an Investment Company Act Event or a Capital Disqualification Event, to redeem Series III 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 Series III 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 Series III Company Preferred Securities may then be listed. The Company shall promptly notify the Registrar and Transfer Agent for the Series III 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 Series III 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 Series III Company Preferred Securities.

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

The Series III 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 Series III 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 Series III 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 July, 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 Series III 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 Series III Company Preferred Securities (that is 1,000 per Series III 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 ABN AMRO Bank N.V. 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 Series III 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 Series III Company Preferred Securities, there is more than an insubstantial risk that (A) the Company or the Series III 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 Series III 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 Series III Company Preferred Securities.

Registration of transfers of Series III 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 Series III Company Preferred Securities after such Series III 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 Agreements 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 (voting as a single class).

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 Series III 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 is, and the Series III Company Preferred Securities will be, 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 Series III Subordinated Notes and is qualified in its entirety by reference to the terms and provisions of the Series III Subordinated Notes and the Company Agreement. A copy of the form of the Series III Subordinated Notes is available to prospective investors upon request to the Bank.

### General

The Company will apply the proceeds of the Series III Company Preferred Securities, the additional Company Common Securities and the additional Voting Preferred Securities to purchase newly-issued Subordinated Notes (the “Series III Subordinated Notes”) issued by the Bank through its head office and through the Branch. On 30 January, 2003, the Bank, through its head office and through the Branch, issued Subordinated Notes in an aggregate principal amount of US\$1,598,544,084 (the “Initial Subordinated Notes”), and on 8 August, 2003, the Bank, through its head office and through the Branch, issued Subordinated Notes in an aggregate principal amount of US\$586,118,965 (the “Series II Subordinated Notes” and, together with the Initial Subordinated Notes and the Series III Subordinated Notes, the “Subordinated Notes”).

The Company is prohibited by the Company Agreement from selling the Subordinated Notes except to the Bank. The Subordinated Notes are and 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 Series III Subordinated Notes will be issued in an aggregate principal amount of €594,738,855 and will mature on 30 July, 2034. The Branch will issue Series III Subordinated Notes in an aggregate principal amount of €18,608,331, and the Bank will issue the remainder through its head office.

Payments on the Series III Subordinated Notes, the Series II Subordinated Notes, and the Initial Subordinated Notes will, when made to the Company, be considered general assets of the Company, and will not be allocable specifically to the Series III Company Preferred Securities, the Series II Preferred Securities, or the Initial Company Preferred Securities, as the case may be.

### Redemption

The Series III Subordinated Notes will be redeemable at the option of the Bank on the interest payment date on 30 July, 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 Series III Subordinated Notes may also be redeemed prior to such dates upon the occurrence of certain tax events. Any redemption of the Series III 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 Series III 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 Series III Subordinated Notes (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 Series III 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 (including that adopted 3 June, 2003) or any law implementing or complying with, or introduced in order to conform to, such Directive, or (iv) where the Series III 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 Series III Subordinated Notes to another Paying Agent in a Member State of the European Union.

### **Subordination**

The Subordinated Notes are and 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 Series III Subordinated Notes will be represented by one or more definitive notes in registered form. The Company 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 Series III 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 Series III Subordinated Notes, so long as the Series III 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 Series III 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 Series III Subordinated Notes issued by the Branch on the Official Segment of the Stock Market of Euronext Amsterdam N.V. pursuant to a listing circular separate from this Offering Circular. The Series III Subordinated Notes issued by the Branch will clear through Euroclear Netherlands, Euroclear and Clearstream.

### **Governing Law**

The Series III 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 are governed by, and construed in accordance with, French law.

## DESCRIPTION OF MEMBERS INTERESTS OF 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 €103,940,648 (based on a conversion rate of €0.818666=US\$1), including US\$90,226,997 in respect of existing Company Common Securities and €30,074,873 in respect of additional Company Common Securities issued in connection with the Offering. All of the Company Common Securities are and will be held by the Branch. The Bank has agreed with the Company in the Support Agreements 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 Series III 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 Series III 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 €51,192,268 (based on a conversion rate of €0.818666=US\$1), including US\$44,436,053 in respect of existing Voting Preferred Securities and €14,813,982 in respect of the additional Voting Preferred Securities issued in connection with the Offering. All of the Voting Preferred Securities are and 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. On each dividend payment date in respect of any series of Company Preferred Securities, after payment of full dividends on the Company Preferred Securities, 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 Series III 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 Series III 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 is 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 Agreements 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 authorised committee thereof is authorised 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).

In connection with the Offering, the Company is issuing the Series III Company Preferred Securities as Company Parity Preferred Securities pursuant to a Certificate of Designation that sets forth the information described below. A form of the Certificate of Designation is attached to the amendment to the Company Agreement, a copy of which shall be made available at the office of the Paying Agent in The Netherlands.

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 Parity 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 Parity 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 Parity 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 Series III Trust Preferred Securities and Series III 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 not subject to U.S. federal income tax on a net income basis in respect of an investment in the Series III Trust Preferred Securities or Series III Company Preferred Securities (a “Non-United States Holder”) and that acquires Series III Trust Preferred Securities pursuant to the Offering at the initial issue 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 SERIES III TRUST PREFERRED SECURITIES AND SERIES III 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 Series III 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 Series III Trust will not be an association taxable as a corporation for United States federal income tax purposes. As a result, the Series III Trust will not be subject to tax and each beneficial owner of Series III Trust Preferred Securities will be considered the beneficial owner of a corresponding amount of Series III Company Preferred Securities held by the Series III Trust. An exchange of Series III Trust Preferred Securities for a corresponding amount of Series III Company Preferred Securities represented by the Series III Trust Preferred Securities, or of Series III Company Preferred Securities for a corresponding amount of Series III Trust Preferred Securities equal to the liquidation amount of such Series III Trust Preferred Securities, will not be a taxable event.

In purchasing the Series III Trust Preferred Securities, each holder of Series III Trust Preferred Securities agrees with the Bank, the Company, and the Trustee that the Bank, the Company, the Trustee and the holders of Series III Trust Preferred Securities will treat holders of Series III Trust Preferred Securities for all purposes as holders of an undivided interest in Trust assets, including the Series III 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 Series III Trust Preferred Securities or Series III 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 Series III Trust Preferred Securities or Series III 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 has been 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 Series III Company Preferred Securities that are not represented by Series III Trust Preferred Securities (or, if such Series III 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 year. Copies of each Schedule K-1 will be provided to the IRS. The Company will not furnish beneficial owners of Series III Trust Preferred Securities with Schedules K-1. The Series III Trust will, however, report to the IRS the amount of interest and/or dividend income allocated each year to each beneficial owner of Series III Trust Preferred Securities, in accordance with applicable law.

Any person who holds Series III 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 Series III Company Preferred Securities; (b) whether each person for whom it holds Series III 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 Series III Company Preferred Securities held, acquired or transferred each year for each person for whom it holds Series III Company Preferred Securities and (d) unless the Company has given the nominee a written authorisation to omit such information, certain other information regarding Series III 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 Series III Company Preferred Securities may be required to furnish additional information about themselves and any Series III 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 Series III Trust Preferred Securities.

In general, a Non-U.S. Holder who holds Series III 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 Series III 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 Series III Trust and directly holds the Series III 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 (generally by providing a Form W-8BEN). See "Certain Investment Considerations—Investors could suffer adverse tax and liquidity consequences if Series III Company Preferred Securities are distributed to holders of the Series III Trust Preferred Securities".

## **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 Series III Trust Preferred Securities and Series III 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 Series III Trust Preferred Securities or Series III 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 issue 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 SERIES III TRUST PREFERRED SECURITIES AND SERIES III 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 Series III Trust will be subject to French income tax. The Company and the Series III 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 Series III Company Preferred Securities and dividend payments by the Series III Trust on the Series III 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 Series III Trust Preferred Securities or Series III 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 Series III Company Preferred Securities, and (iii) dividend, redemption or distribution payments by the Series III Trust on the Series III Trust Preferred Securities.

Non-French Holders will not be subject to French taxes on income from or gains on the disposition of Series III Trust Preferred Securities or Series III Company Preferred Securities.

The sale of Series III Trust Preferred Securities or Series III 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).

### **Dutch Taxation**

*The following is a general summary of the material Dutch tax consequences of the acquisition, holding, redemption and disposal of the Series III Trust Preferred Securities or Series III Company Preferred Securities. This summary solely addresses the situation of holders of Series III Trust Preferred Securities or Series III Company Preferred Securities resident or deemed to be resident in the Netherlands for Dutch tax purposes (including the individual holder of Series III Trust Preferred Securities or Series III Company Preferred Securities who has opted to be taxed as a resident of the Netherlands for Dutch tax purposes). This summary does not purport to be complete and, in light of the limited nature of this summary, prospective investors should consult their professional tax advisors with respect to the Dutch tax consequences of an investment in Series III Trust Preferred Securities or Series III Company Preferred Securities.*

*This summary does not address any laws other than the tax laws of the Netherlands as currently in effect and in force and as interpreted in published case law by the courts of the Netherlands at the date hereof, and is subject to change after such date, including changes that could have retroactive effect.*

*This summary does not address the Dutch tax consequences of holders or prospective holders of Series III Trust Preferred Securities or Series III Company Preferred Securities, who hold a substantial interest (aanmerkelijk belang) within the meaning of Section 4.3 of the Income Tax Act 2001 (Wet inkomstenbelasting 2001) in the Company. Generally speaking, an holder or prospective holder of Series III Trust Preferred Securities or Series III Company Preferred Securities holds a substantial interest in the Company if such holder, alone or together with his or her partner (a statutorily defined term) or other related persons directly or indirectly, holds (i) an interest of at least 5 percent of the total issued and outstanding Series III Trust Preferred Securities or Series III Company Preferred Securities, or rights to acquire, directly or indirectly, Series III Trust Preferred Securities or Series III Company Preferred Securities, whether or not already issued, that represent 5% or more of the total issued and outstanding Series III Trust Preferred Securities or Series III Company Preferred Securities.*

*For the purpose of the principal Dutch tax consequences described herein, it is assumed that the Bank, the Company and the Series III Trust are not resident nor deemed to be resident in the Netherlands for Dutch tax purposes.*

### **Withholding tax**

No Dutch withholding tax is due upon payments on the Series III Trust Preferred Securities or Series III Company Preferred Securities.

## ***Corporate income tax and individual income tax***

### ***Dutch resident entities***

If the holder of Series III Trust Preferred Securities or Series III Company Preferred Securities is subject to Dutch corporate income tax and the Series III Trust Preferred Securities or Series III Company Preferred Securities are attributable to its (deemed) business assets, income derived from the Series III Trust Preferred Securities or Series III Company Preferred Securities and capital gains realised upon the redemption, disposal or deemed disposal of the Series III Trust Preferred Securities or Series III Company Preferred Securities are subject to corporate income tax. It is thereby assumed that the holder of the Series III Trust Preferred Securities or Series III Company Preferred Securities does not hold, either alone or together with affiliated companies (verbonden lichamen), an interest of 25% or more in the Trust.

### ***Dutch resident individuals***

If the holder of the Series III Trust Preferred Securities or Series III Company Preferred Securities is an individual, resident or deemed to be resident of the Netherlands (including the individual holder of Series III Trust Preferred Securities or Series III Company Preferred Securities who has opted to be taxed as a resident of the Netherlands), the income derived from Series III Trust Preferred Securities or Series III Company Preferred Securities and the capital gains realized upon the redemption, disposal or deemed disposal of the Series III Trust Preferred Securities or Series III Company Preferred Securities are taxable at the progressive rates of in the Income Tax Act 2001, if:

- (i) the holder of the Series III Trust Preferred Securities or Series III Company Preferred Securities has an enterprise or an interest in an enterprise to which the Series III Trust Preferred Securities or Series III Company Preferred Securities are attributable; or
- (ii) the income or gains qualifies as income from employment as defined in Section 3.3 of the Income Tax Act 2001 or income from miscellaneous activities (belastbaar resultaat uit overige werkzaamheden) as defined in Section 3.4 of the Income Tax Act 2001.

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of the Series III Trust Preferred Securities or Series III Company Preferred Securities, such a holder will be subject to Dutch income tax on a deemed return regardless of actual income derived from the Series III Trust Preferred Securities or Series III Company Preferred Securities or gains realised upon redemption, disposal or deemed disposal of the Series III Trust Preferred Securities or Series III Company Preferred Securities.

The deemed return equals 4% of the average value of the holder's net assets in the relevant fiscal year (including the Series III Trust Preferred Securities or Series III Company Preferred Securities). The average value of the holder's net assets in a fiscal year is equal to the sum of the value of the net assets at the beginning of the fiscal year and at the end of the fiscal year divided by two. Taxation only occurs to the extent the average value of the holder's net assets exceeds the "exempt net asset amount" (heffingsvrij vermogen) which is, for the year 2003, €18,800. The deemed return is reduced by the portion of the personal allowances on annual income the holder is entitled to. As so reduced, the deemed return shall be taxed at a rate of 30%.

### ***Dutch gift, estate and inheritance tax***

Generally, Dutch gift, estate or inheritance taxes will be due in the Netherlands in respect of the acquisition of the Series III Trust Preferred Securities or Series III Company Preferred Securities by way of gift by, or on the death of, a holder of the Series III Trust Preferred Securities or Series III Company Preferred Securities if the holder is, or is deemed to be, a resident of the Netherlands, for the purpose of the relevant provisions, at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purpose of the Netherlands gift, estate or inheritance tax if he or she has been a resident of the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purpose of the Dutch gift tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift. Applicable tax treaties may override deemed residency.

### ***Other taxes and duties***

There is no Dutch registration tax, capital tax, customs duty, transfer tax, stamp duty, or any other similar tax or duty, other than court fees, payable in the Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgement in the courts of the Netherlands) of any agreement relating to the Series III Trust Preferred Securities or Series III Company Preferred Securities or the performance of the Company's obligations under the Series III Trust Preferred Securities or Series III Company Preferred Securities.

No Dutch value added tax will arise in respect of any payment in consideration for the issue of the Series III Trust Preferred Securities or Series III Company Preferred Securities.

### **European Directive on Taxation of Savings Income**

On 3 June, 2003, the European Union Council adopted a directive regarding the taxation of savings income. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments. The directive is scheduled to be applied by Member States from 1 January, 2005.

## SUBSCRIPTION AND SALE

ABN AMRO Bank N.V., Coöperatieve Centrale Raiffeisen – Boerenleenbank B.A. (trading as Rabobank International) London Branch and Crédit Agricole Indosuez, (the “Managers”) have, in a subscription agreement (the “Subscription Agreement”) dated 17 December, 2003, jointly and severally agreed to purchase from the Series III Trust the Series III Trust Preferred Securities, in an aggregate liquidation amount of €550,000,000 for the Series III Trust Preferred Securities, at their issue price on the cover page of this Offering Circular (the “Issue Price”). The Bank, the Company and the Series III Trust have jointly and severally agreed to pay to the Managers a combined management and underwriting and selling commission of 2.0% of the aggregate purchase price of the Series III 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 Series III Trust Preferred Securities. The Managers have agreed to pay certain expenses relating to the Offering. The Bank, the Company and the Series III Trust have agreed to indemnify the Managers against certain liabilities in connection with the issue of the Series III Trust Preferred Securities. The Issue Price and other selling terms may from time to time be varied by the Managers.

### Selling Restrictions

#### *United States*

Neither the Series III Trust nor the Company has been registered under the 1940 Act. The Series III Trust Preferred Securities and the Series III Company Preferred Securities have not been and will not be registered under the Securities Act, and the Series III 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 Series III Trust Preferred Securities and the Series III Company Preferred Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Series III Trust Preferred Securities are being offered and sold pursuant to this Offering Circular only outside the United States in reliance on Regulation S.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Series III Trust Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the Issue Date, and it will have sent to each dealer to which it sells Series III Trust Preferred Securities during the 40-day restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III 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 Series III 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.

#### *Ireland*

No action has been or will be taken that would permit an offer to the public of the Series III Trust Preferred Securities in Ireland within the meaning of the Irish Companies Acts, 1963 to 2001 (the “Irish Companies Acts”) or the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland (the “1992 Regulations”). This Offering Circular is directed only to persons (“relevant persons”) whose ordinary business it is to buy or sell shares or debentures (whether as principal or agent) (within the meaning of the Companies Acts) and in the context of their trades, professions and occupations (within the meaning of the 1992 Regulations). This Offering Circular must not be acted on or relied upon by persons who are not relevant persons.

#### *Luxembourg*

The Series III 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*

Application has been made to list the Series III Trust Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V.

So long as the Series III Trust Preferred Securities have not been listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., or it is unlikely that the Series III Trust Preferred Securities will soon be admitted to listing, the Series III Trust Preferred Securities may only be offered, sold, or delivered in or from the Netherlands, as part of their initial distribution or as part of any re-offering, and this Offering Circular or any other document in respect of the offering may only be distributed or circulated in the Netherlands, to Professional Investors.

Furthermore, each of the Managers has undertaken and agreed with the Series III Trust that until the listing date it will be made clear both upon making an offer of Series III Trust Preferred Securities in the Netherlands and from any documents or advertisements (whether electronically or otherwise) in which a forthcoming offering of Series III Trust Preferred Securities is publicly announced in the Netherlands that such offer is exclusively made to Professional Investors.

#### *Spain*

The Series III Trust Preferred Securities may not be offered, sold or distributed in Spain save in accordance with the requirements of Law 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*), as amended and restated, and Royal Decree 291/1992, of 27 March, on Issues and Public Offerings of Securities (*Real Decreto 291/1992, de 27 de marzo, sobre Emisiones y Ofertas Públicas de Venta de Valores*), as amended and restated, and the decrees and regulations made thereunder. Accordingly, the Series III Trust Preferred Securities may not be offered, sold or distributed in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of Spanish securities laws and regulations or without complying with all legal and regulatory requirements in relation thereto.

This Offering Circular has not been verified or registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for any public offer of the Series III Trust Preferred Securities in Spain.

## *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 Series III Trust Preferred Securities will not offer or sell, any Series III 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 Series III Trust Preferred Securities in circumstances in which section 21(1) of the FSMA does not apply to the Company or the Series III 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 Series III 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 Series III Trust Preferred Securities in any jurisdiction where additional action is required by the Managers, the Company or the Series III 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 Series III 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 Series III Trust Preferred Securities in compliance with the laws and regulations in any jurisdiction applicable to such sale.

The Series III Trust Preferred Securities are a new issue of securities with no established trading market. Application has been made to list the Series III Trust Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V. However, no assurance can be given that an active trading market will develop or as to the liquidity of the Series III Trust Preferred Securities. The Bank has been advised by the Joint Lead Managers that they currently intend to make a market in Series III 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 Series III Trust Preferred Securities. See “Certain Investment Considerations—No Prior Market for Trust Preferred Securities; Resale Restrictions”.

The Bank, the Branch, the Company and the Series III Trust have agreed that, from the date of the Subscription Agreement and continuing for 30 days after the Issue 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 Series III Trust Preferred Securities or the Series III Company Preferred Securities without the prior written consent of ABN AMRO Bank N.V. ABN AMRO Bank N.V. in its discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Purchasers of Series III 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 Series III Trust Preferred Securities, ABN AMRO Bank N.V., or any person acting for it, may over-allot or effect transactions with a view to supporting the market price of the Series III Trust Preferred Securities at a level higher than that which might otherwise prevail for a maximum of 30 days after the issue date. However, there may be no obligation on ABN AMRO Bank N.V., 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 Series III Company Preferred Securities and the Series III Trust Preferred Securities, and Cleary, Gottlieb, Steen & Hamilton will pass upon the validity of the Series III Subordinated Notes and the Series III Support Agreement for the Bank, the Company and the Series III Trust. Clifford Chance will pass upon the validity of the Series III Support Agreement and the Series III 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

Application has also been made to list the Series III Trust Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V.

### Notices

For so long as the Series III Trust Preferred Securities are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V. and the rules of such exchange so require, notices with respect to the Series III Trust Preferred Securities shall be published, in a daily newspaper of general circulation in the Netherlands (which is expected to be the *Het Financieele Dagblad*), with notice thereof given to Euronext Amsterdam N.V., and in the Daily Official List (*Officiële Prijscourant*).

### Clearing Systems

Euronext Amsterdam has informed the Bank that as a result of a new policy relating to securities with features similar to the Series III Trust Preferred Securities, Clearnet S.A., the clearing subsidiary of Euronext N.V., will not perform central counterparty and netting services with respect to the Series III Trust Preferred Securities. Counterparty risk will therefore be for the account of investors. For more information, see Euronext Announcement 2002 – 106 dated 2 October 2002.

The Series III Trust Preferred Securities have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear. The ISIN, Common Code and Funds Code numbers for the Series III Trust Preferred Securities are as follows:

ISIN .....	NL0000113868
Common Code .....	018243377
Funds Code .....	11386

### Authorisation

The issue of the Series III Trust Preferred Securities will be authorised by the Series III Trust, and the issue of the Series III Company Preferred Securities will be authorised by the Company, in each case on the Issue Date. The issue of the Series III Subordinated Notes was authorised pursuant to a resolution of the ordinary shareholders meeting of the Bank dated 21 May, 2003 and a decision of the Chairman of the Board of the Bank dated 17 December, 2003.

### Documents

Copies of the Company Agreement, the Trust Agreement and the Series III Support Agreement will, so long as any Series III Trust Preferred Securities and/or Series III Company Preferred Securities are outstanding, be available free of charge during usual business hours at the specified offices of the Paying Agent in The Netherlands.

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 Series III Trust Preferred Securities and/or Series III Company Preferred Securities are outstanding at the specified offices of the Paying Agents in The Netherlands.

For so long as the Series III Trust Preferred Securities are listed on the the Official Segment of the Stock Market of Euronext Amsterdam N.V., 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 The Netherlands. 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 does not publish interim financial statements. The Series III Trust does not and will not publish financial statements.

### **Further listing requirements of the Official Segment of the Stock Market of Euronext Amsterdam N.V.**

So long as the Series III Trust Preferred Securities are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., the Bank, the Company and the Series III Trust will comply with the provisions of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V., as amended from time to time.

So long as the Series III Trust Preferred Securities are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., a Paying Agent will be maintained in The Netherlands. Such Paying Agent shall initially be ABN AMRO Bank N.V. in The Netherlands.

### **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, 2002 or of the Series III Trust or the Company since their respective dates of establishment (3 January, 2003 in the case of the Company and 19 November, 2003 in the case of the Series III Trust), which is material in the context of the issue of the Series III Trust Preferred Securities.

### **Litigation**

Neither the Series III 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 Series III Trust Preferred Securities and the Series III Company Preferred Securities to which the Series III Trust or the Company is a party, nor, to the best of the knowledge and belief of the Series III 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 Series III Trust Preferred Securities and the Series III Company Preferred Securities that would in either case jeopardise their ability to discharge their respective obligations in respect of the present issues of the Series III Trust Preferred Securities and the Series III 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 Series III Trust Preferred Securities and the Series III 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 Series III Trust Preferred Securities and the Series III Company Preferred Securities that would in either case jeopardise its ability to discharge its obligations under the present issues of the Series III Trust Preferred Securities and the Series III Company Preferred Securities.

### **Governing Law**

The Company Agreement is, and the Series III Company Preferred Securities, the Trust Agreement and the Series III 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 Series III Support Agreement and the Series III 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 to be entered into among the Series III Trust, JPMorgan Chase Bank, JPMorgan Chase Bank, London and ABN AMRO Bank N.V.

“*Applicable Banking Regulations*” means at any time the capital adequacy regulations then in effect in France (or if the Bank becomes domiciled in a jurisdiction other than France, such other jurisdiction) and applicable 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”.

“*Branch*” means Crédit Agricole S.A., acting through its London branch.

“*business day*” means a day (i) on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Transfer System (TARGET) are operational 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 Dutch Paying Agent, The Netherlands.

“*Caisses Régionales*” means the Caisses Régionales de Crédit Agricole Mutuel.

“*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.

“*Company*” means CA Preferred Funding, L.L.C., a Delaware limited liability company.

“*Company Agreement*” means the Amended and Restated Limited Liability Company Agreement of the Company, dated 30 January, 2003, as amended on 8 August, 2003, and as it will be amended as of the Issue Date of the Series III 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 Initial Company Preferred Securities, the Series II Company Preferred Securities and the Series III Company Preferred Securities.

“*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 Series III Company Preferred Securities, distributions on the Series III 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 Series III 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 January 1, 1999.

“*Euroclear*” means Euroclear Bank S.A./N.V. or its successor.

“*Euroclear Netherlands*” means the Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., the Dutch depositary and settlement institute.

“*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.”

“*First Dividend Period*” has the meaning set forth under “Description of the Company Preferred Securities—Dividends.”

“*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”.

“*Initial Company Preferred Securities*” means the 7.0% Noncumulative Company Preferred Securities, liquidation preference US\$1,000 per security and aggregate liquidation preference US\$1,500,000,000 issued by the Company on 30 January, 2003.

“*Initial Subordinated Notes*” means the Subordinated Notes issued by the Bank and the Branch on 30 January, 2003.

“*Initial Support Agreement*” means the support agreement between the Bank and the Company, dated 30 January, 2003, in respect of the Initial Company Preferred Securities.

“*Initial Trust*” means CA Preferred Funding Trust, a Delaware statutory trust.

“*Initial Trust Preferred Securities*” means the 7.0% Noncumulative Trust Preferred Securities, liquidation preference US\$1,000 per security and aggregate liquidation preference US\$1,500,000,000 issued by the Initial Trust on 30 January, 2003.

“*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 Series III Company Preferred Securities and the Series III Trust Preferred Securities, expected to be on 19 December, 2003.

“*Issue Price*” means the initial purchase price of the Series III Trust Preferred Securities as set forth on the cover of this Offering Circular.

“*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 Series III Trust of the Series III Trust Preferred Securities and the related issuance to the Series III Trust by the Company of its Series III Company Preferred Securities.

“*Offering Circular*” means this Offering Circular, as the same may be supplemented or amended, including the documents incorporated by reference herein, which shall be a prospectus for the purpose of the Listing and Issuing Rules of Euronext Amsterdam N.V.

“*Paying Agent*” means the paying agent with respect to the Series III Trust Preferred Securities, which is JPMorgan Chase Bank and ABN AMRO Bank N.V. in The Netherlands, and with respect to the Series III Company Preferred Securities, is 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”.

“*Regional Banks*” means the Caisses Régionales de Crédit Agricole Mutuel.

“*Registrar*” means the registrar with respect to the Series III Trust Preferred Securities, which is JPMorgan Chase Bank, and with respect to the Series III Company Preferred Securities, which is 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”.

“*Series II Company Preferred Securities*” means the 7.0% Noncumulative Company Preferred Securities, liquidation preference US\$1,000 per security and aggregate liquidation preference US\$550,000,000 issued by the Company on 8 August, 2003.

“*Series II Subordinated Notes*” means the Series II Subordinated Notes issued by the Bank and the Branch on 8 August, 2003.

“*Series II Support Agreement*” means the support agreement between the Bank and the Company, dated 8 August, 2003, in respect of the Series II Company Preferred Securities.

“*Series II Trust*” means CA Preferred Funding Trust II, a Delaware statutory trust.

“*Series II Trust Preferred Securities*” means the 7.0% Noncumulative Trust Preferred Securities, liquidation preference US\$1,000 per security and aggregate liquidation preference US\$550,000,000 issued by the Series II Trust on 8 August, 2003.

“*Series III Company Preferred Securities*” means the 6.0% Noncumulative Company Preferred Securities, liquidation preference €1,000 per security and aggregate liquidation preference €550,000,000 to be issued by the Company on the Issue Date.

“*Series III Subordinated Notes*” means the Series III Subordinated Notes to be issued by the Bank and the Branch on the Issue Date as described under “Description of the Subordinated Notes”.

“*Series III Support Agreement*” means the support agreement between the Bank, the Branch 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”.

“*Series III Trust*” means CA Preferred Funding Trust III, a Delaware statutory trust.

“*Series III Trust Preferred Securities*” means the 6.0% Noncumulative Trust Preferred Securities, liquidation preference €1,000 per security and aggregate liquidation preference €550,000,000 to be issued by the Series III Trust on the Issue Date.

“*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 Initial Subordinated Notes, the Series II Subordinated Notes, and the Series III Subordinated Notes.

“*Subscription Agreement*” means the subscription agreement by and among the Company, the Series III Trust, the Bank, the Branch and the Managers in connection with the offering of the Series III Trust Preferred Securities.

“*Support Agreements*” means the Initial Support Agreement, the Series II Support Agreement and the Series III Support Agreement.

“*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 Dividend 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 Dividend Period is the 31st day of a month but the first day of the Dividend Period is a day other than the 30th or 31st 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 Dividend 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 Series III Trust Preferred Securities, which is JPMorgan Chase Bank and ABN AMRO Bank N.V. in The Netherlands, and with respect to the Series III Company Preferred Securities, which is CAI-NY.

“*Treasury Regulations*” means the income tax regulations promulgated under the Code.

“*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 Series III Trust Preferred Securities.

“*Trust Preferred Securities*” means the Initial Trust Preferred Securities, the Series II Trust Preferred Securities, and the Series III Trust Preferred Securities.

“*Trustee*” means JPMorgan Chase Bank, or its successor as trustee under the Trust Agreement together with the Delaware Trustee.

“*Trusts*” means the Initial Trust, the Series II Trust, and the Series III Trust.

“*2002 Annual Report*” means the Bank’s *document de référence* filed with the French *Commission des opérations de bourse* on 23 May 2003 under number R03-0093, as updated on 28 May 2003 under number D03-0396/A01 and on 8 October 2003 under number D03-0396/A02.

“*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.

**THE BANK**  
Crédit Agricole S.A.  
91-93 boulevard Pasteur  
75015 Paris, France

**THE COMPANY**  
CA Preferred Funding, L.L.C.  
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**THE SERIES III TRUST**  
CA Preferred Funding Trust III  
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**LEGAL ADVISORS TO THE COMPANY AND THE BANK**

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Cabinet Alain Lainé  
Commissaire aux Comptes  
Membre de la Compagnie de Versailles  
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**TRANSFER AGENT AND REGISTRAR**

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**PRINCIPAL PAYING AGENT**

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United Kingdom

**TRUSTEE**

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**DELAWARE TRUSTEE**

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**THE NETHERLANDS LISTING AGENT**

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The Netherlands

**THE NETHERLANDS PAYING AND  
TRANSFER AGENT**

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4817 ST BREDA  
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