IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, 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 memorandum on the basis that you have confirmed to the sender (the "Sender") of the attached that (i)(A) you are outside the United States, or (B) you are a "qualified institutional buyer" (within the meaning of Rule 144A under the U.S. Securities Act of 1933 (the "Securities Act")), and (ii) that you consent to delivery by electronic transmission.

This offering memorandum 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 memorandum 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 memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum 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 memorandum 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 and may not be offered or sold in the United States except in accordance with the restrictions set forth under "Plan of Distribution – Selling Restrictions – United States" in the attached offering memorandum.

US$1,500,000,000

Crédit Agricole S.A.

Undated Deeply Subordinated Fixed to Floating Rate Notes

Issue price: 100%

The US$1,500,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the "**Notes**") of Crédit Agricole S.A. (the "**Issuer**") will be issued outside the Republic of France and will bear interest at a fixed rate of 6.637 per cent per annum from and including May 31, 2007 to but excluding May 31, 2017, payable in equal semi-annual payments in arrears on May 31 and November 30, beginning on November 30, 2007 and ending on May 31, 2017. Thereafter, the Notes will bear interest at a floating rate per annum equal to 3-month US$ LIBOR plus 1.2325 per cent per annum, payable quarterly in arrears on the last day of each February, May, August and November of each year, beginning August 31, 2017.

Payment of interest on the Notes will be compulsory if the Issuer pays dividends on its ordinary shares and in certain other circumstances described herein. Otherwise, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes. Any interest not paid shall be forfeited and no longer be due and payable by the Issuer. Interest accrual may also be reduced if the Issuer's consolidated regulatory capital falls below required levels and in certain other circumstances.

The Notes are undated and have no final maturity. The Notes may, at the option of the Issuer but subject to the prior approval of the *Secrétariat général de la Commission bancaire* (the "**SGCB**"), be redeemed at the Original Principal Amount (in whole but not in part) on May 31, 2017 and on the Interest Payment Date falling on or about each tenth anniversary thereafter. In addition, the Notes may, in case of certain tax or regulatory events, be redeemed at the greater of the Base Redemption Price or the Make-Whole Amount described herein, at any time prior to the First Call Date, or at the Base Redemption Price, on or after the First Call Date (in whole but not in part), subject to the prior approval of the SGCB. The principal amount of the Notes may be written down to a minimum amount of one cent if the Issuer's consolidated regulatory capital falls below required levels, subject to restoration in certain cases described herein. The Notes are subordinated to substantially all of the Issuer's other obligations, including ordinarily subordinated debt instruments. (See "Terms and Conditions of the Notes – Status of the Notes and Subordination").

The Notes are expected to be assigned a rating of "Aa3" by Moody's Investors Service, Inc., "A" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, 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 organization.

See "Risk Factors" below for certain information relevant to an investment in the Notes.

The Notes have been accepted for clearance through The Depository Trust Company ("**DTC**"), Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**").

The Notes will be issued in fully registered form in denominations of US$100,000 and integral multiples of US$1,000 in excess thereof. The Notes will be issued in the form of one or more Global Notes registered in the name of a nominee for DTC. It is expected that delivery of the Notes will be made only in book-entry form through the facilities of DTC and its participants, including Euroclear and Clearstream, Luxembourg.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO U.S. PERSONS EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144A AND TO CERTAIN PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. YOU ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. SEE "PLAN OF DISTRIBUTION".

Joint Book-Running Managers

CALYON **Citi** **Merrill Lynch & Co.**

Co-Lead Managers

Deutsche Bank Securities **Fortis Bank nv-sa**

The date of this Offering Memorandum is May 23, 2007.

This Offering Memorandum does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Initial Purchasers (as defined in "Plan of Distribution" herein) or any affiliate of any of them to subscribe for or purchase, any Notes in any jurisdiction by any person to whom it is unlawful to make such an offer, invitation or solicitation in such jurisdiction. The distribution of this Offering Memorandum and the offering or sale of the Notes in certain jurisdictions, including the United States, the United Kingdom and the French Republic, may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Offering Memorandum, see "Plan of Distribution" herein. No person is authorized to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of the Issuer or the Initial Purchasers. The delivery of this Offering Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. The contents of this Offering Memorandum are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to the legal, tax, financial, credit and related aspects of an investment in the Notes. No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of any of the information set forth in this Offering Memorandum, and nothing contained in this Offering Memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future.

INVESTORS SHOULD SATISFY THEMSELVES THAT THEY UNDERSTAND ALL OF THE RISKS ASSOCIATED WITH MAKING INVESTMENTS IN THE NOTES. PROSPECTIVE INVESTORS THAT HAVE ANY DOUBT WHATSOEVER AS TO THE RISKS INVOLVED IN INVESTING IN THE NOTES SHOULD CONSULT THEIR PROFESSIONAL ADVISORS.

This Offering Memorandum has been prepared by the Issuer for use by the Initial Purchasers in making offers and sales of the Notes (i) to "qualified institutional buyers" as defined in Rule 144A ("**Rule 144A**") under the Securities Act ("**Rule 144A**") and (ii) outside the United States only in offshore transactions to non-U.S. Persons in reliance on Regulation S under the Securities Act ("**Regulation S**").

Each purchaser of the Notes offered hereby will be deemed to have represented and agreed that (1) it is (a) (i) a qualified institutional buyer, (ii) aware that the sale of the Notes to it is being made in reliance on Rule 144A and (iii) acquiring such Notes for its own account or for the account of a qualified institutional buyer, as the case may be, or (b) not a U.S. person, as such term is defined in Rule 902 of the Securities Act, and is purchasing the Notes in accordance with Regulation S and (2) it understands that Notes have not been registered under the Securities Act, and Notes sold in the United States may only be transferred in the United States in a transaction meeting the requirements of Rule 144A under the Securities Act or that otherwise benefits from an exemption from the registration requirements of the Securities Act.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is unlawful.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("**RSA 421-B**") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN

APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE NOTES OR POSSESSES OR DISTRIBUTES THIS OFFERING MEMORANDUM AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES 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 NEITHER THE ISSUER NOR THE INITIAL PURCHASERS SHALL HAVE ANY RESPONSIBILITY THEREFOR.

The Initial Purchasers and the Issuer have represented and agreed that (i) they have not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the French Republic, and (ii) offers and sales of Notes in the French Republic will be made only to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Article L.411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated October 1, 1998, acting for their own account. In addition, the Initial Purchasers and the Issuer have represented and agreed that they have not distributed or caused to be distributed and will not distribute or cause to be distributed in the French Republic, this Offering Memorandum or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the French Republic may be made as described as above.

This Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

This Offering Memorandum has been prepared on the basis that all offers of Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), as implemented in member states of the European Economic Area (the "**EEA**"), from the requirement to produce a prospectus for offers of securities. Accordingly any person making or intending to make any offer within the EEA of Notes which are the subject of the placement contemplated in this Offering Memorandum should only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither the Issuer nor any of the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of Notes contemplated in this Offering Memorandum.

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") an offer to the public of any Notes may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; or

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts,

provided that no such offer of Notes shall result in a requirement for the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

References herein to the "**Issuer**" are to Crédit Agricole S.A. References to the "**Crédit Agricole S.A. Group**" are to the Issuer, together with its consolidated subsidiaries. References to the "**Group**" or the "**Crédit Agricole Group**" are to the Issuer, the Caisses Régionales de Crédit Agricole and the Caisses Locales de Crédit Agricole, together with their respective consolidated subsidiaries. References herein to the "**Regional Banks**" are to the 38 Caisses Régionales in which the Issuer holds 25% interests, which excludes the Caisse Régionale of Corsica, except as the context otherwise requires.

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

The Issuer, having made all reasonable enquiries, confirms that this Offering Memorandum contains all information with respect to the Issuer, the Group and the Notes which is material in the context of the issue and offering of the Notes, that the statements contained in this Offering Memorandum relating to the Issuer, the Group and the Notes are in every material respect true and accurate and not misleading, that the opinions and intentions expressed in this Offering Memorandum with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue of the Notes, make any information or statement in this Offering Memorandum misleading in any material respect, and all reasonable enquiries have been made by the Issuer to ascertain such facts and matters and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

In connection with this issuance, Citigroup Global Markets Inc. (the "Stabilizing Manager") or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the part of the Stabilizing Manager or any of its agents to do this. Such stabilization, if commenced, may be discontinued at any time, must be brought to an end after a limited period (not exceeding 30 days after the Issue Date) and will be carried out in compliance with all applicable laws and regulations.

ADDITIONAL INFORMATION

The Issuer currently furnishes certain information to the SEC in accordance with Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is one of the foreign private companies that claim exemption from the registration requirements of Section 12(g) of the Exchange Act. If, at any time, the Issuer is neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b), it will furnish, upon written request of a holder of the Notes or a prospective purchaser designated by such holder, the information required to be delivered pursuant to Rule 144A(d)(4) of the Securities Act.

LIMITATIONS ON ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a *société anonyme* duly organized and existing under the laws of France, and many of its assets are located in France. Many of its subsidiaries, legal representatives and executive officers and certain other parties named herein reside in France, and substantially all of the assets of these persons are located in France. As a result, it may not be possible, or it may be difficult, for a holder or beneficial owner of the Notes located outside of France to effect service of process upon the Issuer or such persons in the home country of the holder or beneficial owner or to enforce against such persons judgments obtained in non-French courts, including those judgments predicated upon the civil liability provisions of the U.S. federal or state securities laws.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. Statements that are not historical facts, including statements about the Issuer's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and the Issuer undertakes no obligation to update publicly any of them in light of new information or future events.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Memorandum should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Offering Memorandum, which shall be incorporated in, and form part of, this Offering Memorandum (together, the "**Documents Incorporated by Reference**"):

(a) the English translation of the Issuer's 2006 Annual Report (*document de référence*), a French version of which was filed with the French *Autorité des marchés financiers* under no. D.07-0214 on March 22, 2007, which is available on the Issuer's web site at http://www.credit-agricole-sa.fr (the "**2006 Annual Report**");

(b) the section entitled "Management Report" on pages 59 to 113 of the English translation of the Issuer's 2005 Annual Report (*document de référence*), a French version of which was filed with the French *Autorité des marchés financiers* under no. D.06-0188 on March 30, 2006, which is available on the Issuer's web site at http://www.credit-agricole-sa.fr (the "**2005 Annual Report**");

(c) the update A.01 to the 2006 Annual Report, dated May 3, 2007, which is available in French (and will soon be available in English) on the Issuer's web site at http://www.credit-agricole-sa.fr, and which includes the audited consolidated financial statements of the Crédit Agricole Group for fiscal year 2006 and the related audit report ("**A.01**");

(d) the English translation of the audited consolidated financial statements of the Crédit Agricole S.A. Group for fiscal year 2005 and related notes and audit report on pages 116 to 213 of the 2005 Annual Report; and

(e) the English translation of the audited consolidated financial statements of the Crédit Agricole Group for fiscal year 2005 and related notes and audit report on pages 40 to 125 of the English translation of the update A.01 to the 2005 Annual Report, dated May 11, 2006, which is available on the Issuer's web site at http://www.credit-agricole-sa.fr.

Notwithstanding the foregoing, (A) the report of the Chairman of the Board of Directors of the Issuer on internal control on pages 14 to 31 of the 2006 Annual Report and any reference thereto, the report of the statutory auditors on internal control on page 32 of the 2006 Annual Report and any reference thereto, the statement by Mr. Georges Pauget, *Directeur général* of the Issuer, on page 318 of the 2006 Annual Report referring to the *lettre de fin de travaux* of the statutory auditors and the statement by Mr. Georges Pauget, *Directeur général* of the Issuer, on page 146 of A.01 referring to the *lettre de fin de travaux* of the statutory auditors shall not be deemed incorporated herein and (B) any statement contained in the Documents Incorporated by Reference shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum. The information in Chapter 2 of the 2006 Annual Report (the substance of the report of the Chairman of the Board of Directors of the Issuer on corporate governance and internal control, but not the Chairman's introduction or signature) is incorporated by reference herein. Such information has been prepared in accordance with French laws and regulations. This information and the Chairman's report from which it is extracted do not purport to be, and are not, equivalent to a report on internal control over financial reporting of the type contemplated in the Sarbanes-Oxley Act of 2002, which is not required by French laws and regulations.

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GENERAL DESCRIPTION

The following overview is qualified in its entirety by the remainder of this Offering Memorandum.

The Issuer

Crédit Agricole S.A. is the lead bank of the Crédit Agricole Group, which is France's largest banking group, and one of the largest in the world based on shareholders' equity. As of December 31, 2006, the Crédit Agricole S.A. Group had total consolidated assets of €1,261.3 billion, €35.1 billion in shareholders' equity (excluding minority interests), €318.4 billion in customer deposits and €636.9 billion in assets under management.

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 a group of regional mutual banks known as the "**Caisses Régionales**" on behalf of the French State. In 1988, the French State privatized CNCA in a mutualization process, transferring most of its interest in CNCA to the Caisses Régionales. Today, the Caisses Régionales include 39 regional banks that operate one of the two French retail networks of the Group. Crédit Agricole S.A. holds 25% interests in 38 of the Caisses Régionales (the "**Regional Banks**"), but does not hold any interest in the Caisse Régionale of Corsica.

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 Network (which is defined by law to include primarily the Regional Banks and their subsidiaries) and, through its specialized subsidiaries, designs and manages financial products that are distributed primarily by the Regional Banks. At the same time, the Regional Banks have extended a joint and several general guarantee which covers the obligations of Crédit Agricole S.A. to third parties. Through these reciprocal support mechanisms, the levels of risks incurred by creditors of Crédit Agricole S.A. and by those of the Regional Banks have become identical. As a result, the credit ratings of the Regional Banks and Crédit Agricole S.A. are identical.

The Group operates two French retail banking segments. The first consists of the Regional Banks, which are 25%-owned by Crédit Agricole S.A. (through non-voting shares). The second consists of the LCL (Crédit Lyonnais) retail banking network. In addition to retail banking services, the two networks offer life and non-life insurance, asset management, consumer credit, leasing, payment and factoring services.

The Group's specialized financial services segment includes consumer credit and specialized financing to businesses in the form of factoring and lease finance. The Group's corporate and investment banking segment conducts both financing activities and capital markets and investment banking activities. Through its asset management, insurance and private banking segment, the Group is a leading mutual fund manager and insurance provider in France and offers private banking services in France, Switzerland, Luxembourg and Monaco. The Group's international retail banking segment reflects its international expansion through acquisitions in Europe (in particular in Greece, Italy and Poland), a presence in Africa, and alliances and participations in Portugal and Chile.

Solvency Ratios

The Credit Agricole S.A. Group's international solvency ratio for the same period was 8.8%, including a Tier 1 ratio of 8.2%.

The Offering

For a more complete description of the Notes, including the definitions of capitalized terms used but not defined in this Section, see ''Terms and Conditions of the Notes".

Issuer:	Crédit Agricole S.A.
Description:	US$1,500,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes, the proceeds of which will constitute Tier 1 Capital, subject to the limits on the portion of the Issuer's Tier 1 Capital that may consist of hybrid securities in accordance with Applicable Banking Regulations and the interpretations of the *Secrétariat général de la Commission bancaire* (the "**SGCB**"). The initial principal amount of the Notes could exceed those limits at the time the Notes are issued.
Joint Book-Running Managers:	Calyon Securities (USA) Inc., Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.
Principal Amount:	US$1,500,000,000.
Issue Price:	100%.
Fiscal Agent, Principal Paying Agent and Calculation Agent:	Citibank, N.A.
Denominations:	US$100,000 and integral multiples of US$1,000 in excess thereof.
Maturity:	The Notes are undated perpetual obligations in respect of which there is no fixed redemption or maturity date.
Status of the Notes:	The Notes are deeply subordinated notes issued pursuant to the provisions of Article L. 228-97 of the French *Code de commerce*, as amended in particular by Law no. 2003-706 on financial security dated August 1, 2003.

The principal and interest on the Notes (which constitute *obligations* under French law) are direct, unconditional, unsecured, undated and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all other present and future Deeply Subordinated Obligations and Support Agreement Claims, senior to the principal in respect of the T3CJ of the Issuer, and shall be subordinated to the present and future *prêts participatifs* granted to the Issuer and present and future *titres participatifs,* Ordinarily Subordinated Obligations and Unsubordinated Obligations of the Issuer.

See "Terms and Conditions of the Notes – Definitions" for definitions of the terms used in the preceding paragraph.

In the event of liquidation, the Notes shall rank in priority to any payments to holders of any classes of share capital issued by the Issuer and any reimbursement of the T3CJ (as defined in the "Terms and Conditions of the Notes - Definitions").

There will be no limitations on issuing debt, at the level of the Issuer or of any consolidated subsidiaries.

Regulatory Treatment: The proceeds of the issue of the Notes will be treated, for regulatory purposes, as consolidated *fonds propres de base* for the Issuer, subject to the limits on the portion of the Issuer's *fonds propres de base* that may consist of hybrid securities in accordance with Applicable Banking Regulations (the "**Hybrid Securities Limit**") and the interpretation of the SGCB. The initial principal amount of the Notes could exceed this limit at the time the Notes are issued. *Fonds propres de base* ("**Tier 1 Capital**") shall have the meaning given to it in Article 2 of Règlement no. 90-02 dated February 23, 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF Regulation**") or otherwise recognized as *fonds propres de base*. The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated October 27, 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the "**BIS Press Release**"). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled "*Modalités de calcul du ratio international de solvabilité*".

Interest: Interest will be payable on the following dates (each, an "**Interest Payment Date**"):

(a) in respect of the period from and including May 31, 2007 (the "**Issue Date**") up to but excluding May 31, 2017, at a rate per annum of 6.637 per cent payable in equal semi-annual payments in arrears on November 30, and May 31, of each year, commencing on November 30, 2007; and

(b) in respect of the period from and including May 31, 2017, quarterly in arrears on the last day of each February, May, August and November of each year, commencing on August 31, 2017, at a rate per annum equal to three-month US$ LIBOR plus 1.2325 per cent per annum.

Payments of Interest: The payment of interest will be mandatory on a Compulsory Interest Payment Date (as defined below). Interest in respect of the Notes on any other Interest Payment Date (an "**Optional Interest Payment Date**") may be forfeited under the circumstances described below.

"**Compulsory Interest Payment Date**" means each Interest Payment Date as to which at any time during a period of one year prior to such Interest Payment Date:

(a) the Issuer has declared or paid a dividend (whether in cash, shares or any other form but excluding a dividend paid only in newly issued shares), or more generally made a payment of any nature, on any class of share capital or on other equity securities issued by the Issuer, or on the T3CJ, or on Deeply Subordinated Obligations or under any Support Agreement, in each case to the extent categorized as Tier 1 Capital, unless such payment on Deeply Subordinated Obligations or under Support Agreements was required to be made as a result of a dividend or other payment having been made on any class of share capital or on other equity or Parity Securities issued by the Issuer; or

(b) the Issuer has redeemed, repurchased or otherwise acquired any class of its share capital or the T3CJ, by any means, with the exception of repurchases of share capital for purposes of making shares available to cover employee stock option, stock attribution or stock purchase programs, regularization of the Issuer'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 the Issuer's share capital; or

(c) any subsidiary of the Issuer has declared or paid a dividend on any Parity Securities, unless such dividend was required to be paid as a result of a dividend or other payment having been made on any class of share capital or on other equity securities issued by the Issuer or on any other Parity Securities qualifying as consolidated Tier 1 Capital of the Issuer.

provided, *however*, that if a Supervisory Event occurred prior to such Interest Payment Date and is continuing, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Supervisory Event had occurred prior to the relevant event described in sub-paragraph (a), (b) or (c) above.

On any Interest Payment Date which is not a Compulsory Interest Payment Date (*i.e.*, an Optional Interest Payment Date), the Issuer may, at its option, elect not to pay interest in respect of the Notes accrued to that date with a view to restoring its regulatory capital to allow the Issuer to ensure continuity of its activities without weakening its financial structure. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer.

In the event that a Supervisory Event has occurred during the Interest Period immediately preceding an Optional Interest Payment Date, the amount of Accrued Interest (*i.e.*, interest accruing since the beginning of such Interest Period), if any, in respect of each Note shall automatically be suspended, and no interest on the Notes shall accrue or be payable by the Issuer with respect to the remaining period in such Interest Period or any other Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event, unless an event triggering a Compulsory Interest Payment Date subsequently occurs.

Such Accrued Interest may be paid on the next succeeding Optional Interest Payment Date occurring as from the date of the End of Supervisory Event.

Loss Absorption Upon Supervisory Event: The amount of Accrued Interest, if any, and thereafter, if necessary, the Current Principal Amount of the Notes may be reduced following a Supervisory Event (unless the Issuer first completes a share capital increase or certain other transactions). The amount by which Accrued Interest and, as the case may be, the then Current Principal Amount are reduced, will be equal to the amount of the insufficiency of the share capital increase or any other proposed measures aiming at an increase of the Tier 1 Capital to remedy the Supervisory Event. For the avoidance of doubt, the first remedy to a Supervisory Event shall be a share capital increase. See "Terms and Conditions of the Notes – Loss Absorption and Return to Financial Health".

Supervisory Event: Supervisory Event means the first date on which either of the following events occurs:

(a) the total risk-based consolidated capital ratio of the Issuer, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations; or

(b) the notification by the SGCB to the Issuer that the SGCB has determined, in its sole discretion, in view of the deteriorating financial condition of the Issuer, that the foregoing paragraph (a) of this definition would apply in the near term.

A Supervisory Event shall be deemed to occur pursuant to paragraph (a) above on the date on which the Issuer determines that the total risk-based consolidated capital ratio has fallen below the relevant level.

End of Supervisory Event: End of Supervisory Event means, following a Supervisory Event, the first date on which either of the following events occurs:

(a) if the Supervisory Event occurred pursuant to paragraph (a) of the definition of Supervisory Event, the total risk-based consolidated capital ratio of the Issuer, calculated in accordance with Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations; or

(b) if the Supervisory Event occurred pursuant to paragraph (b) of the definition of Supervisory Event, the notification by the SGCB to the Issuer that it has determined, in its sole discretion, in view of the financial condition of the Issuer, that the circumstances which resulted in the Supervisory Event have ended.

An End of Supervisory Event shall be deemed to occur pursuant to paragraph (a) above on the date on which the Issuer determines that the total risk-based consolidated capital ratio has been restored to the relevant level.

Return to Financial Health: Return to Financial Health means a positive Consolidated Net Income recorded for at least two consecutive financial years reported following the End of Supervisory Event. The Current Principal Amount of the Notes may be reinstated following a Return to Financial Health, to the extent any such reinstatement does not trigger the occurrence of a Supervisory Event.

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the Current Principal Amount of the Notes up to the Original Principal Amount in certain circumstances, including payment of dividends on share capital, redemption of the Notes or liquidation of the Issuer.

Early Redemption: The Notes may be redeemed (in whole but not in part) on May 31, 2017 and on the Interest Payment Date falling on or about each tenth anniversary thereafter, at the option of the Issuer. Any such redemption will be at the Original Principal Amount.

The Issuer will also have the right, and in certain circumstances the obligation, to redeem the Notes at any time (in whole but not in part) in case of imposition of withholding tax, in case of loss of deductibility for corporate income tax purposes and in case of loss of Tier 1 Capital status (except as a result of the application of the Hybrid Securities

	Limit). The redemption price shall be equal to (1) the greater of (i) the Base Redemption Price and (ii) the Make-Whole Amount, if the redemption date is prior to the First Call Date, or (2) the Base Redemption Price, if the redemption date is on or after the First Call Date (as defined in the "Terms and Conditions of the Notes-Redemption and Purchase"). Any early redemption is subject to the prior approval of the SGCB.
Taxation:	The Notes will, upon issue, benefit from an exemption from deduction for withholding tax as provided in "Terms and Conditions of the Notes". If French law shall require any such deduction, the Issuer shall, to the extent permitted by law and subject to certain exceptions, pay additional amounts.
Negative Pledge:	There is no negative pledge in respect of the Notes.
Event of Default:	There will be an event of default in the event of the judicial liquidation (*liquidation judiciaire*) or liquidation for any other reason of the Issuer, in which case the rights of the Noteholders will be to the Original Principal Amount of the Notes plus accrued and unpaid interest.
Form of Notes:	The Notes will be issued in the form of one or more fully registered global certificates, without coupons, registered in the name of a nominee of DTC and deposited with a custodian for DTC. Investors may hold a beneficial interest in the Notes through DTC, Euroclear or Clearstream, Luxembourg directly as a participant in one of those systems or indirectly through financial institutions that are participants in any of those systems.
Selling Restrictions:	There are restrictions on the sale of the Notes and the distribution of offering material in various jurisdictions. See "Plan of Distribution".
Ratings:	The Notes are expected to be assigned upon issue a rating of "Aa3" by Moody's Investors Service, Inc., "A" by Standard & Poor's Rating Services and "AA-" by Fitch Ratings.
Use of Proceeds	The Issuer intends to use the net proceeds of the issuance of the Notes, estimated to be US$1,489,775,000 (after deducting estimated underwriting discounts and expenses of US$10,225,000), for general corporate purposes.
Governing Law:	The Notes will be governed by, and construed in accordance with, the laws of the State of New York, except that the provisions of the Notes described in Status of the Notes above will be governed by French law.
Global Note Codes:	Rule 144A Global Note: CUSIP: 225313 AA3 ISIN: US225313AA37 Common Code: 030350278 Regulation S Global Note: CUSIP: F22797 FJ2 ISIN: USF22797FJ25 Common Code: 030350227

SUMMARY FINANCIAL INFORMATION

Investors should read the following summary consolidated financial and operating data of the Crédit Agricole S.A. Group together with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Issuer's historical consolidated financial statements, the related notes thereto and the other financial information included or incorporated by reference in this Offering Memorandum.

Summary Consolidated Balance Sheet Data

	As of December 31,	
in millions of euros	**2005**	**2006**
Interbank assets	258,928	292,207
Customer loans	187,586	248,145
Financial assets at fair value through profit or loss	339,535	417,852
Available-for-sale financial assets	144,267	173,530
Held-to-maturity financial assets	19,769	18,007
Other assets	111,358	111,555
Total Assets	**1,061,443**	**1,261,296**
Financial liabilities at fair value through profit or loss	243,432	297,284
Interbank liabilities	114,494	134,239
Customer deposits and other customer liabilities	318,365	350,811
Debt securities	98,123	162,824
Technical reserves of insurance companies	162,482	186,154
Provisions for risks and charges	4,291	4,154
Other liabilities	64,100	61,508
Subordinated debt	21,248	24,470
Minority interests	4,226	4,774
Shareholders' equity	30,682	35,078
Total Liabilities and Shareholders' Equity	**1,061,443**	**1,261,296**

Summary Consolidated Income Statement Data

	Year ended December 31,			
in millions of euros	**2004 IFRS(1)**	**2004 IFRS estimate(2) (unaudited)**	**2005**	**2006**
Net banking income	**12,421**	**12,107**	**13,693**	**16,187**
Gross operating income(3)	**3,670**	**3,528**	**4,527**	**5,832**
Cost of risk	(465)	(575)	(643)	(612)
Net income	**3,022**	**2,798**	**4,249**	**5,319**
Net income, group share	**2,724**	**2,501**	**3,891**	**4,920**

(1) Excluding IAS 32, IAS 39 and IFRS 4, which became applicable as of January 1, 2005.
(2) To make comparisons more meaningful, the 2004 figures have been estimated in accordance with IAS/IFRS, including IAS 32, IAS 39 and IFRS 4. These data have not been audited by the statutory auditors.
(3) In 2004 and 2005, costs relating to the integration of Crédit Lyonnais were recorded separately below the gross operating income level. Such costs were not separately recorded in 2006, and any such costs that were recorded in 2006 were included in the determination of gross operating income.

RISK FACTORS

Prior to making an investment decision, prospective investors should consider carefully all of the information set out and incorporated by reference in this Offering Memorandum, including in particular the following risk factors. This section is not intended to be exhaustive and prospective investors should make their own independent evaluations of all risk factors and also read the detailed information set out elsewhere in this Offering Memorandum. Terms defined in "Terms and Conditions of the Notes" shall have the same meaning where used below.

Risks relating to the Issuer and its Operations

The Issuer is subject to several categories of risks inherent in banking activities.

There are four main categories of risks inherent in the Issuer's activities, which are summarized below. The risk factors that follow elaborate on or give specific examples of these different types of risks, and describe certain additional risks faced by the Issuer.

- *Credit Risk*. Credit risk is the risk of financial loss relating to the failure of a counterparty to honor its contractual obligations. The counterparty may be a bank, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a natural person. Credit risk arises in lending activities and also in various other activities where the Issuer is exposed to the risk of counterparty default, such as its trading, capital markets and settlement activities. Credit risk also arises in connection with the credit insurance and factoring businesses of the Issuer, although the risk relates to the credit of the counterparty's customers, rather than the counterparty itself.
- *Market, Liquidity and Financing Risk*. Market risk is the risk to earnings that arises primarily from adverse movements of market parameters. These parameters include, but are not limited to, foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices and prices of all other assets such as real estate.

  Liquidity is also an important component of market risk. In instances of little or no liquidity, a market instrument or transferable asset may not be negotiable at its estimated value. A lack of liquidity can arise due to diminished access to capital markets, unforeseen cash or capital requirements or legal restrictions.

  Market risk arises in trading portfolios and in non-trading portfolios. In non-trading portfolios, it encompasses:

  - the risk associated with asset and liability management, which is the risk to earnings arising from asset and liability mismatches in the banking book or in the insurance business. This risk is driven primarily by interest rate risk;
  - the risk associated with investment activities, which is directly connected to changes in the value of invested assets within securities portfolios; and
  - the risk associated with certain other activities, such as real estate, which is indirectly affected by changes in the value of negotiable assets held in the normal course of business.
- *Operational Risk*. Operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources and information systems. External events include floods, fires, windstorms, earthquakes or terrorist attacks.
- *Insurance Risk*. Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behavior, changes in public health, pandemics, accidents and catastrophic events (such as earthquakes, windstorms, industrial disasters, or acts of terrorism or war). As mentioned above, the credit insurance business is also subject to credit risk.

The Issuer's management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.

The Issuer has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, the Issuer's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that the Issuer fails to identify or anticipate.

Some of the Issuer's qualitative tools and metrics for managing risk are based upon its use of observed historical market behavior. The Issuer applies statistical and other tools to these observations to assess its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the Issuer did not anticipate or correctly evaluate in its statistical models. This would limit the Issuer's ability to manage its risks and affect its results.

The Issuer is exposed to the credit risk of other parties.

As a credit institution, the Issuer is exposed to the creditworthiness of its customers and counterparties. A credit risk occurs when a counterparty is unable to honor its obligations and when the book value of these obligations in the bank's records is positive. The counterparty may be a bank, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a natural person. The level of provisions established by the Issuer may turn out to be inadequate to cover losses, and the Issuer may have to make significant additional provisions for possible bad and doubtful debts in future periods.

Adverse market or economic conditions may cause a decrease in the Issuer's net banking income.

The Issuer's businesses are materially affected by conditions in the financial markets and economic conditions generally in France, Europe and in the other locations around the world where the Issuer operates. Adverse changes in market or economic conditions could create a challenging operating environment for financial institutions in the future. In particular, a further increase in oil prices, fluctuations in interest rates, security prices, exchange rates, the specific yield premium on a bond issue, commodity and precious metals prices, inter-market correlations and unforeseen geopolitical events could lead to deterioration in the market environment and reduce the Issuer's net banking income.

Due to the scope of its activities, the Issuer may be vulnerable to specific political, macroeconomic and financial environments or circumstances.

The Issuer is subject to country risk, meaning the risk that economic, financial, political or social conditions in a foreign country will affect the Issuer's financial interests. The Issuer monitors country risk and takes it into account in the provisions recorded in its financial statements. However, a significant change in political or macroeconomic environments may require the Issuer to record additional provisions or to incur losses in amounts that exceed the current provisions.

The Issuer faces increased competition due to consolidation and new entrants.

The Issuer faces intense competition in all financial services markets and for the products and services it offers. Consolidation, both in the form of mergers and acquisitions and by way of alliances and cooperation, is increasing competition. The European financial services markets are relatively mature, and the demand for financial services products is, to some extent, related to overall economic development. Competition in this environment is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created a number of firms that, like the Issuer, have the ability to offer a wide range of products, from insurance, loans and deposit taking to brokerage, investment banking and asset management services.

The Issuer may generate lower revenues from brokerage and other commission- and fee-based businesses during market downturns.

Market downturns are likely to lead to a decline in the volume of transactions that the Issuer executes for its clients and, therefore, to a decline in its net banking income from this activity. In addition, because the fees that the Issuer charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Issuer receives from its asset management and private banking businesses.

Even in the absence of a market downturn, below-market performance by the Issuer's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues the Issuer receives from its asset management business.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.

In some of the Issuer's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Issuer cannot close out deteriorating positions in a timely way. This may especially be the case for assets the Issuer holds for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Issuer calculates using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Issuer did not anticipate.

Significant interest rate changes could adversely affect the Issuer's net banking income or profitability.

The amount of net interest income earned by the Issuer during any given period significantly affects its overall net banking income and profitability for that period. Interest rates are highly sensitive to many factors beyond the Issuer's control. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in the Issuer's net interest income from its lending activities. In addition, increases in the interest rates at which short-term funding is available and maturity mismatches may adversely affect the Issuer's profitability.

A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect the Issuer's results of operations and financial condition.

In connection with its lending activities, the Issuer periodically establishes provisions for loan losses, which are recorded in its profit and loss account under cost of risk. The Issuer's overall level of provisions is based upon its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although the Issuer uses its best efforts to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses in the future as a result of increases in non-performing assets or for other reasons. Any significant increase in provisions for loan losses or a significant change in the Issuer's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the provisions allocated with respect thereto, could have an adverse effect on the Issuer's results of operations and financial condition.

The Issuer's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that the Issuer uses to hedge its exposure to various types of risk in its businesses is not effective, the Issuer may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Issuer holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the Issuer may only be partially hedged, or these strategies may not be fully effective in mitigating the Issuer's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also affect the Issuer's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Issuer's reported earnings.

The Issuer's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially affect its performance.

The Issuer's employees are its most important resource and, in many areas of the financial services industry, competition for qualified personnel is intense. The results of the Issuer depend on its ability to attract new employees and to retain and motivate its existing employees. Changes in the business environment may cause the Issuer to move employees from one business to another or to reduce the number of employees in certain of its businesses. This may cause temporary disruptions as employees adapt to new roles and may reduce the Issuer's ability to take advantage of improvements in the business environment. In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict the Issuer's ability to move responsibilities or personnel from one jurisdiction to another. This may impact the Issuer's ability to take advantage of business opportunities or potential efficiencies.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of the Issuer's financial statements, which may cause unexpected losses in the future.

Pursuant to IFRS rules and interpretations in effect as of the date of this Offering Memorandum, the Issuer is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss reserves, reserves related to future litigation, and the fair value of certain assets and liabilities, among other items. Should the Issuer's determined values for such items prove substantially inaccurate, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Issuer may experience unexpected losses.

An interruption in or breach of the Issuer's information systems may result in lost business and other losses.

As with most other banks, the Issuer relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Issuer's customer relationship management, general ledger, deposit, servicing and/or loan organization systems. If, for example, the Issuer's information systems failed, even for a short period of time, it would be unable to serve in a timely manner some customers' needs and could thus lose their business. Likewise, a temporary shutdown of the Issuer's information systems, even though it has back-up recovery systems and contingency plans, could result in considerable costs that are required for information retrieval and verification. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on the Issuer's financial condition and results of operations.

The Issuer is subject to extensive supervisory and regulatory regimes which may change.

A variety of regulatory and supervisory regimes apply to the Issuer in each of the countries in which the Issuer operates. The Issuer's ability to expand its business or to pursue certain activities may be limited by regulatory constraints. In addition, non-compliance with such regimes could lead to various sanctions ranging from fines to withdrawal of authorization to operate. The Issuer's activities and earnings can also be affected by the policies or actions from various regulatory authorities in France or in other countries where the Issuer operates. The nature and impact of such changes are not predictable and are beyond the Issuer's control.

The Issuer may have difficulty in identifying and executing its acquisitions or in integrating acquired businesses.

The Issuer considers external growth opportunities as part of its overall strategy, and has made a number of recent acquisitions. Even though the Issuer reviews the companies it plans to acquire, it is generally not feasible for these reviews to be comprehensive in all respects. As a result, the Issuer may have to assume unanticipated liabilities, or an acquisition may not perform as well as expected. In addition, the Issuer might have difficulty integrating any entity with which it combines its operations. Failure to complete announced business combinations or failure to integrate acquired businesses successfully into the businesses of the Issuer could materially adversely affect the Issuer's profitability. It could also lead to the departures of key employees, or lead to increased costs and reduced profitability if the Issuer felt compelled to offer them financial incentives to remain.

The Issuer's profitability and business prospects could be adversely affected by reputational and legal risk.

Various issues may give rise to reputational risk and cause harm to the Issuer and its business prospects. These issues include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, money laundering laws, information security policies and sales and trading practices. Failure to address these issues appropriately could also give rise to additional legal risk to the Issuer, which could increase the number of litigation claims and the amount of damages asserted against the Issuer, or subject the Issuer to regulatory sanctions.

<u>Risks relating to the Issuer's Organizational Structure</u>

Although the Issuer depends upon the Regional Banks for a significant portion of its net income and has significant powers over the Regional Banks in its capacity as central body, it does not have voting control over the decisions of the Regional Banks.

The Regional Banks, in which the Issuer holds a 25% equity interest (with the exception of the Caisse Régionale of Corsica), generate a significant portion of the net income of the Group's French retail banking business segment. The Regional Banks are a significant distribution network for the products and services offered by other business segments, primarily insurance and specialized financing. Although the Issuer participates in meetings of the shareholders of the Regional Banks, it does not have control over decisions that require the consent of shareholders of the Regional Banks.

If the Guarantee Fund proves inadequate to restore the liquidity and solvency of any Regional Bank that may encounter future financial difficulty, the Issuer may be required to contribute additional funds under its guarantee.

As the central body of the network comprising the Regional Banks, the Local Banks (*Caisses Locales*) and their respective subsidiaries which have the status of credit institutions, the Issuer represents its affiliated credit institutions before regulatory authorities and guarantees the liquidity and solvency of each of the Regional Banks. As a result of this guarantee, the Issuer is empowered under applicable laws and regulations to exercise administrative, technical and financial control over the organization and management of these institutions.

To assist the Issuer in assuming its central body liabilities and to ensure mutual support within the Issuer Group, a fund has been established for liquidity and solvency banking risks (the "**Guarantee Fund**"). The Guarantee Fund has been 75% funded by the Issuer and 25% funded by the Regional Banks, in an aggregate amount of €646.8 million as of December 31, 2006. Although the Issuer is not aware of circumstances likely to require recourse to the Guarantee Fund and anticipates that the investment revenue from the Guarantee Fund should be sufficient to enable the Issuer to meet any calls on its statutory guarantee, there can be no assurance that it will never be necessary to call upon the capital of the Guarantee Fund or that, in the event of its full depletion, the Issuer will not be required to make up the shortfall.

The Regional Banks hold a majority interest in the Issuer and may have interests that are different from those of the Issuer.

By virtue of their controlling interest in the Issuer (through SAS Rue de la Boétie, a holding company jointly owned by the Regional Banks), the Regional Banks have the power to control the outcome of all votes at ordinary meetings of the Issuer's shareholders, including votes on decisions such as the appointment or approval of members of its board of directors and the distribution of dividends. The Regional Banks may have interests that are different from those of the Issuer and the other holders of the Issuer's securities, including the Notes.

Risks Related to the Notes

The Notes are Deeply Subordinated Obligations

The Issuer's obligations under the Notes are deeply subordinated obligations of the Issuer which are the most junior debt instruments of the Issuer, ranking *pari passu* among themselves and with all other present and future claims against the Issuer pursuant to Support Agreements and with Deeply Subordinated Obligations of the Issuer, senior to the principal in respect of the T3CJ of the Issuer, and subordinated to and ranking behind the claims of all other unsubordinated and ordinarily subordinated creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer. The Issuer's obligations under the Notes rank in priority only to any classes of shares of the Issuer and the principal in respect of the T3CJ.

Write-down mechanism following Supervisory Event

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Tier 1 Capital for the Issuer, subject to the limits on the portion of the Issuer's Tier 1 Capital that may consist of hybrid securities in accordance with Applicable Banking Regulations and the interpretations of the SGCB. Such eligibility depends upon a number of conditions being satisfied and which are reflected in the terms and conditions of the Notes. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, in certain circumstances and/or upon the occurrence of certain events, payments of interest under the Notes may be restricted and, in certain cases, forfeited and the amount of Accrued Interest and the Current Principal Amount of the Notes may be reduced.

Restrictions on Payment

For so long as the compulsory interest provisions do not apply, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes on any Interest Payment Date. Any interest not so paid on any such Interest Payment Date shall be forfeited and shall therefore no longer be due and payable by the Issuer, unless otherwise provided. See “Terms and Conditions of the Notes – Interest and Interest Suspension”.

In addition, in certain circumstances, payment of interest will be suspended automatically upon the occurrence of a Supervisory Event. See “Terms and Conditions of the Notes – Interest and Interest Suspension”.

The Accrued Interest and the Current Principal Amount of the Notes may be reduced, as required, on one or more occasions following a Supervisory Event, on a semi-annual basis. See “Terms and Conditions of the Notes – Loss Absorption and Return to Financial Health”.

No Limitation on Issuing Debt

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to the Notes. If the Issuer’s financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including suspension of interest and reduction of interest and principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by Noteholders of their entire investment.

Undated Securities

The Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem the Notes at any time. The Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the insolvent judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason. See “Terms and Conditions of the Notes - Event of Default” below.

Redemption Risk

The Notes are undated obligations in respect of which there is no fixed redemption date. Nevertheless, the Notes may be redeemed at the option of the Issuer, in whole but not in part, (i) on the First Call Date and on the Interest Payment Date falling on or about each tenth anniversary thereafter and (ii) at any time for certain tax or regulatory reasons. See “Terms and Conditions of the Notes – Redemption and Purchase”. In certain circumstances for tax reasons (see “Terms and Conditions of the Notes – Redemption and Purchase”), the Issuer will be required to redeem the Notes in whole (but not in part). In each case, early redemption of the Notes is subject to the prior approval of the SGCB. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes.

No Prior Market for the Notes

There is currently no existing market for the Notes, and there can be no assurance that any market will develop for the Notes or that Noteholders will be able to sell their Notes in the secondary market. There is no obligation to make a market in the Notes. The Notes will not be listed on any regulated exchange or quotation system.

U.S. Tax Treatment for Certain U.S. Investors Will be Adversely Affected If Proposed Legislation in the U.S. Congress is Enacted

Subject to certain exceptions for short-term and hedged positions and other requirements and limitations described in “Taxation - United States Federal Income Taxation”, the U.S. dollar amount of dividends received by certain individuals subject to U.S. federal income tax will be subject to taxation at a maximum rate of 15% if the dividends are “qualified dividends” and are received before January 1, 2011. A legislative proposal recently introduced in the U.S. Congress would, if enacted, deny qualified dividend treatment in respect of interest payments on the Notes after the date of enactment. It is not possible to predict whether or in what form this proposal will be enacted into law.

RECENT DEVELOPMENTS

The following are excerpts from the significant press releases issued by Crédit Agricole S.A. since the date of the most recent update of the documents incorporated by reference herein. See "Documents Incorporated by Reference".

Mergers of Regional Banks

On May 2, 2007, the Caisse Régionale du Midi and the Caisse Régionale du Gard merged to become the Caisse Régionale du Languedoc, and on May 11, 2007, the Caisse Régionale de Crédit Agricole Mutuel Brie Picardie and the Caisse Régionale de l'Oise merged to become the Caisse Régionale de Crédit Agricole Mutuel Brie Picardie. As a result, there are now 39 Regional Banks, including 38 in which the Issuer owns 25% interests (rather than 41 and 40, respectively, as specified in the 2006 Annual Report).

Agreement for Crédit Agricole Luxembourg to acquire Bank Sarasin Europe S.A.

On May 16, 2007, Crédit Agricole Luxembourg, a subsidiary of the Crédit Agricole Group, announced that it had signed an agreement with Bank Sarasin & Co. Ltd, a leading Swiss private banking institution based in Basel, Switzerland, contemplating the acquisition of Bank Sarasin's Luxembourg-based subsidiary, Bank Sarasin Europe S.A., which has €2.4 billion under management. Once the acquisition is finalized and subject to regulatory approval, Bank Sarasin Europe S.A. and Crédit Agricole Luxembourg would be scheduled to merge by mid-2008. This gradual process will allow business to continue as usual and enable the two companies' teams to combine under optimum conditions. The resulting entity is expected to have €15 billion under management.

First Quarter 2007 Results

The following discussion and analysis is derived from the earnings announcement of Credit Agricole S.A. for the first quarter of 2007, published on May 16, 2007. The financial information in the discussion and analysis has not been audited.

Results of Operations

Crédit Agricole S.A.'s net income (Group share) for the first quarter of 2007 was €2,655 million, an increase of 91.7% compared with the same period in 2006.

This result reflects the results of Crédit Agricole S.A.'s strategy in Italy over the past 17 years. It includes the financial impact on the Group's accounts of the Intesa Sanpaolo merger (€1,043 million dilution gain) and the disposal of part of Crédit Agricole's interest in the new group (€448 million gain).

All of Crédit Agricole S.A.'s business lines delivered strong growth, with aggregate net banking income of €5,015 million, an increase of 25.5% on the first quarter of 2006, despite a very high basis of comparison.

This strong increase was due partly to solid earnings growth across all business lines, driven by organic growth and acquisitions (Emporiki and one month's contribution from Cariparma/FriulAdria) and the capital gain on the disposal of part of Crédit Agricole's interest in Intesa Sanpaolo (€448 million).

Net banking income adjusted for certain unusual items referred to as "special items" (the gain on Intesa and write-backs of provisions on PEL/CEL savings schemes in 2006 and 2007) progressed by 19.2%.

The 18.7% increase in operating expenses reflects robust organic growth and the integration of the new entities.

The cost/income ratio showed a 3.4 percentage point improvement (0.3 point excluding special items).

Gross operating income was €2,056 million, up 36.9% on the same year-ago period (up 20.1% excluding special items).

Risk-related costs were kept well under control, at 32 basis points of risk-weighted assets. They amounted to €223 million, a rise of 23.9% excluding acquisitions in international retail banking.

Income from equity affiliates (€379 million) was down 32.4%, reflecting the absence of Intesa's contribution, and a lower contribution from Eurazeo, compared to the exceptionally high profit recorded in the first quarter of 2006.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**	**Change Q1/Q1 excluding special items***
Net banking income	**3,995**	**5,015**	**+25.5%**	**+19.2%**
Operating expenses	(2,493)	(2,959)	+18.7%	+18.7%
Gross operating income	**1,502**	**2,056**	**+36.9%**	**+20.1%**
Risk-related costs	(127)	(223)	+75.6%	+75.6%
Net operating income	**1,375**	**1,833**	**+33.3%**	**+14.1%**
Equity affiliates	561	379	(32.4%)	
Net gain/(loss) on disposal of other assets	18	1,065	n.m.	
Tax	(471)	(480)	+1.9%	
Net income	**1,483**	**2,793**	**+88.3%**	
Net income – Group share	**1,385**	**2,655**	**+91.7%**	
Cost/income ratio	**62.4%**	**59.0%**	**(3.4) pts**	**(0.3) pt**
Return on equity		**14.7%**		

*Impact from Intesa and provisions for home purchase savings plans, Eurazeo.

Net income (Group share) was €2,655 million. Excluding special items, it amounted to €1,181 million, a rise of 13.5%.

Financial Position

Crédit Agricole S.A.'s consolidated shareholders' equity increased by 24.1% to €43.5 billion at end-March 2007 from €35.1 billion at end-December 2006. This was due primarily to the €4 billion rights issue at the beginning of the year and to earnings in the quarter.

Risk-weighted assets stood at €299.1 billion at March 31, 2007, up 13.5% on the end-December 2006 level, mainly due to acquisitions (Cariparma, FriulAdria and FAFS).

The European Tier 1 ratio was 8.3% at end-March 2007.

Results by Business Line

In the first quarter of 2007, the contribution of Crédit Agricole S.A.'s six business lines to net income (Group share) increased by 6% year-on-year.

French Retail Banking

Crédit Agricole Regional Banks

In the first quarter of 2007, the Regional Banks sustained solid business momentum. Their contribution to Crédit Agricole S.A.'s net income was 8.4% higher than the contribution in the first quarter of 2006, excluding the impact of provisions for home purchase savings plans.

The customer base continued to expand, with 111,000 net new accounts, including youth accounts, opened during the first quarter of 2007. On- and off-balance sheet deposits rose by 5.6% year-on year to over €486 billion. The Regional Banks registered an 88% increase in time deposits and a 12.3% rise in passbook accounts. This growth was driven by CSL passbook accounts and the new "sustainable development" account. Deposits in home purchase savings plans continued to erode, with a 4.4% decline.
In life insurance, new business remained solid, with a 10.1% rise and a 64.8% increase in "Fourgous" transfers from euro policies to unit-linked policies.

Outstanding loans continued to grow in the first quarter of 2007at the same rate as in the period of 2006, up 10.6% at March 31, 2006 to over €300 billion. Working capital and business equipment loans increased 15.8%. Likewise, mortgage loans registered a substantial 14.5% increase.

Net banking income for the Regional Banks (based on aggregate figures in the individual accounts, adjusted for dividends and similar income from Crédit Agricole S.A.) rose by 3.2% to €3,092 million, excluding the impact of home purchase savings plans.

The interest margin, excluding the impact of home purchase savings schemes, increased by 2.1%, reflecting good results in financial management.

Fee and commission income was 5.0% higher than in the first quarter of 2006, particularly in payment instruments (up 7.3%), reflecting continued progress in bank card issuance, with an 18.1% year-on-year increase in number of cards, and small business accounts; life insurance commissions (up 6.8%) were driven higher by robust momentum in non-life business (up 14.5%).

Operating expenses were tightly controlled, increasing by only 1.5% to €1,715 million.

Gross operating income expanded by a solid 5.4% excluding the impact of home purchase savings plans. The cost/income ratio improved, contracting by 0.9 point to 55.5%.

The cost of credit risk was €182 million, 11.6% higher than in the first quarter of 2006. The increase was proportional to growth in outstanding loans.

Amounts released from provisions for PEL/CEL home purchase savings schemes were €11 million over the quarter compared with €175 million in the first quarter of 2006.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**	**Change Q1/Q1 excluding impact of Home savings**
Net income accounted for at equity (at 25%)	**210**	**199**	**(5.0%)**	**+8.3%**
Change in share of reserves	100	112	+11.9%	+11.9%
Contribution from equity affiliates	310	311	+0.5%	+9.6%
Tax	(62)	(71)	+14.4%	+14.4%
Net income	**248**	**240**	**(3.0%)**	**+8.4%**

LCL

During the first quarter of 2007, LCL continued to invest in expansion, with twelve new branches. The new retail banking and Enterprise sector organization was deployed and will be concluded during the second quarter of 2007.

For the retail banking network, this has increased the accountability of branch managers and the functional mobility of employees to support the new business approach. Dedicated private banking business lines will gradually be set up by the summer. The process of setting up the Private Banking and Corporate Banking organizations will be completed during the second quarter, with 38 Private Banking business lines and 43 Corporate Banking business centers to be opened in major French cities. In these Banking business centers, the sales staff will increase by approximately 20%.

LCL recorded 3.0% growth in customer assets (which includes deposits and customer assets under management) in the first quarter of 2007, was driven by an increase in deposits in passbook accounts, 11.3%, and life insurance, 9.6%, which offset the 13.6% decline in home purchase savings plan deposits.
Lending business was strong, with increases of 15.6% in loans to business customers, 8.8% in small business loans and 13.9% in mortgage loans.

Net banking income, excluding the impact of home purchase savings plans (€10 million released from provisions vs. €65 million in the first quarter of 2006) was up 1.6%. This performance is due to a noteworthy 8.4% rise in fee income following diversification of the range of products, partially offset by a 4.6% decrease in the interest margin, in a still difficult interest rate and competitive context .

The new ‘Zen’ packages for individuals and small businesses met with great success with these customers, with 105,000 new cards issued and 125,000 new account agreements signed over one year.

In the Enterprise sector, business momentum was driven by derivatives/fixed-income and foreign exchange products and by corporate finance, with a 10.2% rise in fee income.

Non-life insurance delivered solid growth, with an increase of nearly 11% in comprehensive household insurance and of 9% in outstandings for Previlion.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**	**Change Q1/Q1 excluding impact of Home savings**
Net banking income	**939**	**898**	**(4.3%)**	**+1.6%**
Operating expenses	(641)	(642)	+0.1%	+0.1%
Gross operating income	**298**	**256**	**(13.9%)**	**+5.8%**
Risk-related costs	(36)	(39)	+8.7%	+8.7%
Net operating income	**262**	**217**	**(17.0%)**	**+5.3%**
Net income – Group share	**176**	**151**	**(14.3%)**	**+7.9%**
Cost/income ratio	**68.3%**	**71.5%**	**+3.2 pts**	**(1.1 pt)**
Allocated capital (in billions of euros)		**2.7**		
Return on equity		**22.3%**		

Operating expenses were tightly controlled, increasing marginally by only 0.1%, despite continued investment in business expansion.

Gross operating income progressed by 5.8% (excluding the impact of home purchase savings plans) year-on-year.

Risk-related costs remained contained, at 33 basis points of risk-weighted assets.

Net income (Group share) was €151 million in the first quarter of 2007, an increase of 7.9% over the period, excluding the impact of home purchase savings plans.

After-tax return on equity was 22.3%.

International Retail Banking

This business line is undergoing rapid transformation as a result of investments approved during 2006. The scope of consolidation has changed considerably, along with the contribution from the new entities.

Crédit Agricole S.A. now has two domestic retail networks in two euro zone countries other than France: Emporiki in Greece and the Cariparma/FriulAdria Group in Italy.

Emporiki Bank successfully completed its integration phase by restructuring its organization, rationalizing its business portfolio and aligning its business practices with those of Crédit Agricole, particularly in the area of risk management.

During the first quarter of 2007, it revitalized its business through a major campaign to promote mortgage loans, thereby increasing its loan production by 50% over the same period of 2006. It also signed an exclusive agreement with Carrefour, the retailer, in consumer credit.

In the first quarter of 2007, Emporiki contributed €240 million to the business line's net banking income.

In Italy, the Group completed the acquisition of Cariparma and FriulAdria on March 1, the acquisition of 29 Banca Intesa branches by FriulAdria on April 1. The acquisition of 173 Banca Intesa branches by Cariparma is scheduled for July 1.

Excluding Italy and Greece, the business line's net banking income was €131 million, up 42% versus the first quarter of 2006, reflecting the greater strength and diversification of the Group's international bases.

Net income (Group share) was €73 million. The decline by comparison with the first quarter of 2006 is due to the deconsolidation of Intesa, previously accounted for by the equity method. The residual interest in this company (just over 5%) will henceforth be included under proprietary asset management and other activities.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**
Net banking income	**92**	**472**	**x5.1**
Operating expenses	(77)	(308)	x4
Gross operating income	**15**	**164**	**x11.0**
Risk-related costs	(4)	(65)	x15.9
Net operating income	**11**	**99**	**x9.2**
Equity affiliates	120	35	(70.6%)
Pre-tax income	**131**	**134**	**+3.0%**
Net income – Group share	**121**	**73**	**(39.6%)**
Cost/income ratio	**83.9%**	**65.2%**	**(18.7 pts)**
Allocated capital (in billions of euros)*		**2.9**	
Return on equity		**10.8%**	

*Excluding Cariparma and FriulAdria, allocated capital €1.9bn and Return on equity 14.1%

Specialized Financial Services

During the first quarter of 2007, this business line continued to generate robust growth across its three segments: consumer finance, factoring and lease finance. Net income (Group share) was up 19.6%.

On a comparable basis, business was 2.9% higher, generating stable operating income, in a highly competitive and lackluster French market. In addition, FAFS (Fiat Auto Financial Services), whose acquisition was completed at the end of 2006, was consolidated during the quarter for the first time. It contributed €60 million to the business line's net banking income.

In consumer finance, business momentum remained strong abroad. Aggregate outstanding loans of the subsidiaries jumped 45.1% year-on-year to €55.1 billion at end-March 2007. In France, the partnership with the Regional Banks expanded from 21 members in 2006 to 25 at March 31, 2007 and the product range was further extended, mainly to include amortizable loans.

Business abroad more than doubled and accounted for 54.4% of outstandings as of March 31, 2007, compared with 36% as of March 31, 2006. Excluding changes in the scope of consolidation over the quarter (consolidation of FAFS, disposal of Finconsum in Spain), outstanding loans rose by 22.5%. Growth was driven by the development of Agos in Italy and subsidiaries in the East European countries.

In factoring, business indicators were very healthy, both in France and abroad. Eurofactor's factored receivables increased by nearly 25% year-on-year to €9.8 billion.

Lease finance operations delivered good growth in net income thanks to a decrease in operating expenses and cost of risk. Outstandings were €12.7 billion as of March 31, 2007.

Gross operating income for the business line advanced 12.7% to €339 million. After risk-related costs of €122 million (up €20 million), net operating income rose by 9.1% to €217 million.

The net gain on other assets (disposal of the 45% interest in Finconsum in Spain) amounted to €19.2 million before tax.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**
Net banking income	**645**	**728**	**+12.8%**
Operating expenses	(344)	(389)	+12.8%
Gross operating income	**301**	**339**	**+12.7%**
Risk-related costs	(102)	(122)	+19.8%
Net operating income	**199**	**217**	**+9.1%**
Equity affiliates	1	2	n.m.
Net gain/(loss) on disposal of other assets	-	19	n.m.
Pre-tax income	**200**	**238**	**+19.0%**
Net income – Group share	**127**	**152**	**+19.6%**
Cost/income ratio	**53.4%**	**53.4%**	
Allocated capital (in billions of euros)		**3.0**	
Return on equity		**21.8%**	

Pre-tax income was €238 million, up 19% from the first quarter of 2006. Net income (Group share) grew by 19.6% to €152 million, yielding return on equity of 21.8%

Asset Management, Insurance And Private Banking

The asset management, insurance and private banking business line delivered an excellent performance during the first quarter. Its contribution to Group net income was up significantly, with net banking income rising by 8.2% and net income (Group share), by 19.0%.

At March 31, 2007, assets under management excluding double counting exceeded €648 billion, with nearly €600 billion of this outside Italy. Aggregate new inflows reached €13.7 billion, with €6.1 billion in asset management, €1.6 billion in private banking and €6.0 billion in life insurance.

During the quarter, an agreement to unwind the CAAM Sgr joint venture between Intesa Sanpaolo and Crédit Agricole S.A. was signed (in March 2007). The unwinding process will be phased and is to be completed at the end of the year. The current CAAM Sgr will become part of the Intesa Sanpaolo group, after the business contributed by Crédit Agricole at end-2005 is transferred to a new management company belonging to Credit Agricole S.A.

In asset management, the Group ranks among the top five in asset management in Europe and it is No. 1 in France. Its mutual funds won several awards from *La Tribune*. CAAM Convertibles Europe ranked first out of 26 European convertible bond funds over one year and CAAM Actions Restructurations ranked third out of 330 European equity funds over one year.

Outside Italy, assets under management rose by 10.8% year-on-year (by 10.3% on a comparable basis) to €503.1 billion at March 31, 2007. The €12.7 billion increase over the quarter is attributable to a €6.6 billion favorable market effect, and new inflows of €6.1 billion mainly into specialized, money market and structured funds. Jayanne 4, a guaranteed capital fund, turned in a particularly impressive performance.

CAAM is expanding its range and is setting up a Liability Driven Investment (LDI) platform, offering active, pragmatic management of investors' funds while taking the structure of their liabilities into account. With six dedicated experts, CAAM already manages €3.8bn in assets within the LDI platform.

In private banking, assets under management increased by nearly €3 billion over the quarter, reflecting substantial growth in new inflows. These topped the €1.6 billion mark, exceeding the 2006 quarterly average by close to 7%. This also reflects the performance of the financial markets, with a positive impact of €1.3 billion including the unfavorable euro/dollar exchange rate effect.

LCL continued to deploy its private banking operations in France, with the opening of 9 new locations and 18 business lines offering “financial planning, routine banking services and financing under one roof “.

Life insurance also turned in a solid performance over the quarter. Revenues topped the €6 billion mark. Albeit down versus the exceptional €7.9 billion registered in the first quarter of 2006 due to the impact of transfers out of home purchase savings plans, revenues were 15.2% higher in the first quarter of 2007 than in the same period in 2005.

The percentage of deposits in unit-linked accounts continued to rise to 23% of aggregate savings deposits during the quarter, compared with 19% in the year ended December 31, 2006 and 17% in the first quarter of 06.

Moreover, the “Fourgous transfer” campaign met with resounding success, with €5.6 billion transferred in the first quarter of 2007 (not included in revenues).

In all, mathematical provisions rose by 14.1% over one year to €172.8 billion (10% on a comparable basis, excluding BES Vida).

Predica won many prizes, including the 2006 “Grand Trophée d’Or” awarded to “Floriane” by *Le Revenu* magazine for wealth management products and the “Trophée d’Or” awarded to Lionvie Rouge Corinthe, among others.

In the non-life insurance market, business continued to expand, with nearly 300,000 new policies written by Pacifica during the first quarter of 2007 and premium income rising by 24.7% to €567.9 million. Excluding BES Seguros, revenue growth was 21.5%.

The business line enjoyed strong commercial success, particularly among farmers and small business customers, with an excellent start for comprehensive small business insurance and long-term care policies.

The estimated market share in France continued to rise, with a 40 basis point gain over 12 months, to 3.6% in automobile insurance and 5.1% in comprehensive household insurance.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**
Net banking income	**979**	**1,058**	**+8.2%**
Operating expenses	(431)	(455)	+5.8%
Gross operating income	**548**	**603**	**+10.0%**
Risk-related costs	1	-	n.m.
Net operating income	**549**	**603**	**+9.7%**
Equity affiliates	9	6	(29.9%)
Pre-tax income	**558**	**609**	**+9.1%**
Net income – Group share	**371**	**441**	**+19.0%**
Cost/income ratio	**44.0%**	**43.0%**	**(1.0 pt)**
Allocated capital (in billions of euros)		**7.4**	
Return on equity		**23.7%**	

This momentum across all segments within the business line is reflected in an 8.2% increase in net banking income, a 10.0% rise in gross operating income and a further improvement in the cost/income ratio, which contracted to 43%.

The business line’s net income was €441 million, up 19.0% on the first quarter of 2006, yielding Return on equity of 23.7%.

Corporate and Investment Banking

Corporate and investment banking turned in an excellent performance with record earnings in the first quarter of 2007. Net income (Group share) rose to €539 million.

Business momentum was robust in all segments, driving revenues up to record levels in structured finance, equity brokerage and several capital market products, primarily foreign exchange and equity derivatives. Over the period, income from credit market operations receded, while deleveraging transactions produced only a minor impact.

This solid performance flowed through to net banking income, which came to €1,620 million, a rise of 22.3% quarter-on-quarter, and 16.2% year-on-year (20.8% excluding the currency impact).

It is also reflected in a sharp improvement in financial performance:

- gross operating income increased by nearly 30% year-on-year at constant exchange rates, while expenses were contained relative to the level of business growth and investment.

- the cost/income ratio was 56.4%, down 2.4 percentage points on the first quarter of 2006;

- essentially no risk-related costs in a persistently favorable environment, and despite a limited rise in risk-weighted assets of 2% year-on-year;

- net income (Group share) was 16.7% higher than in the first quarter of 2006 and 52.6% higher than in the fourth quarter of last year;

- return on equity was close to 25%, rising by 2.8 percentage points year-on-year.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**	**Change Q1/Q1***
Net banking income	**1,394**	**1,620**	**+16.2%**	**+20.8%**
Operating expenses	(820)	(913)	+11.4%	+14.5%
Gross operating income	**574**	**707**	**+23.0%**	**+29.8%**
Risk-related costs	-	14	n.m.	
Net operating income	**574**	**721**	**+25.4%**	
Equity affiliates	50	36	(27.7%)	
Net gain/(loss) on disposal of other assets	-	0	n.m.	
Pre-tax income	**624**	**757**	**+21.1%**	
Net income – Group share	**462**	**539**	**+16.7%**	
Cost/income ratio	**58.8%**	**56.4%**	**(2.4 pts)**	
Allocated capital (in billions of euros)		**8.9**		
Return on equity		**24.9%**		

**At constant exchange rates*

Financing activities

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**	**Change Q1/Q1***
Net banking income	**484**	**629**	**+29.8%**	**+34.9%**
Operating expenses	(209)	(252)	+20.6%	+23.3%
Gross operating income	**275**	**377**	**+36.8%**	**+43.8%**
Risk-related costs	-	14	n.m.	
Net operating income	**275**	**391**	**+41.9%**	
Equity affiliates	49	35	(28.3%)	
Net gain/(loss) on disposal of other assets	-	-	-	
Pre-tax income	**324**	**426**	**+31.3%**	
Tax	(70)	(110)	+57.0%	
Net income – Group share	**245**	**309**	**+24.2%**	
Cost/income ratio	**43.2%**	**40.1%**	**(3.1 pts)**	
Return on equity		**20.1%**		

**At constant exchange rates*

In financing activities, revenues were €629 million in the first quarter of 2007, an increase of almost 30% compared to the first quarter of 2006 and of 34.9% at constant exchange rates. Structured finance posted record revenues, driven by project finance (net banking income multiplied by 2.3 year-on-year), leverage finance and shipping finance. Continued development of international operations also generated a 35% year-on-year increase in revenues, with very strong growth in America and Asia. Lastly, commercial banking again benefited from strong proceeds from the sale of restructured loans.

As a result, the business line delivered an excellent operational and financial performance. The cost/income ratio improved further, contracting by 3.1 percentage points over one year to the target of 40% and the after-tax return on allocated equity exceeded 20%, a 3.2 point year-on-year increase.

Capital markets and investment banking

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**	**Change Q1/Q1***
Net banking income	**910**	**991**	**+8.9%**	**+13.3%**
Operating expenses	(611)	(661)	+8.2%	+11.5%
Gross operating income	**299**	**330**	**+10.2%**	**+16.9%**
Risk-related costs	-	-	-	
Net operating income	**299**	**330**	**+10.2%**	
Equity affiliates	1	1	n.m.	
Pre-tax income	**300**	**331**	**+10.2%**	
Tax	(75)	(92)	+22.4%	
Net income – Group share	**217**	**230**	**+6.0%**	
Cost/income ratio	**67.1%**	**66.7 %**	**(0.4 pt)**	
Return on equity		**36.4%**		

**At constant exchange rates*

Capital markets and investment banking generated record-high net banking income in the first quarter of 2007. Net banking income was €991 million, a rise of 13.3% at constant exchange rates compared to the first quarter of 2006, despite a high basis of comparison, and an increase of 22% compared to the fourth quarter of 2006.

In capital markets, solid results were driven by an excellent overall business performance. Fixed-income derivatives staged a strong recovery following the slowdown in the fourth quarter of 2006, with net banking income multiplied by 3.1 quarter-on-quarter. Structured credit results were impacted by the mortgages credit market in the United States.
The equity derivatives business continued to expand, in line with targets, with rises of 16% year-on-year and 45% quarter-on-quarter, while revenues from treasury/foreign exchange operations increased by 40% year-on-year.

Likewise, the equity brokerage business at CA Cheuvreux and CLSA reached record highs, with a 21.6% year-on-year jump in net banking income.

The cost/income ratio continued to improve. It narrowed to 66.7% in the first quarter of 2007.

Gross operating income increased by 16.9% year-on-year at constant exchange rates to €330 million.

Capital markets and investment banking contributed €230 million to Crédit Agricole S.A.'s net income (Group share).

Proprietary Asset Management and Other Activities

Net banking income for the business line amounted to €239 million in the first quarter of 2007. It includes the €448 million gain on the disposal of Intesa shares. Excluding this capital gain and the reversals of provisions for home purchase savings plans, net banking income was €50 million lower than in the first quarter of 2006, primarily as a result of acquisition-related financing costs.

Operating expenses included approximately €40 million of complementary reserves for LCL early retirement plans.

In addition, the business line registered a €1,043 million net gain on disposal of other assets (dilution gain on Intesa).

Furthermore, following a negative €24 million adjustment to Intesa's final (equity-accounted) income for 2006 and lower income from Eurazeo than in 2006, contribution from equity affiliates was a negative €11 million compared with a profit of €71 million in the first quarter of 2006.

Net banking income in private equity was €48 million in the first quarter of 2007, a rise of 26.5% year-on-year. Gross operating income advanced by 19.1% to €39 million.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**
Net banking income	**(54)**	**239**	**n.m.**
Operating expenses	(179)	(252)	+40.5%
Gross operating income	**(233)**	**(13)**	**(94.4%)**
Risk-related costs	13	(11)	n.m.
Net operating income	**(220)**	**(24)**	**(89.0%)**
Equity affiliates	71	(11)	n.m.
Net gain/(loss) on disposal of other assets	18	1,046	n.m.
Pre-tax income	**(131)**	**1,010**	**n.m.**
Net income – Group share	**(119)**	**1,059**	**n.m.**

Crédit Agricole Group Consolidated Results

In the first quarter of 2007, the Crédit Agricole Group generated net income (Group share) of €3,137 million, an increase of 61.0% compared with the same period in 2006.

This increase was due to the dilution gain on Intesa, which was recorded under Net gain/(loss) on disposal of other assets, and to robust growth in net banking income, which reflects the business lines' solid momentum and the gain on disposal of the Intesa Sanpaolo shares.

Total shareholders' equity (Group share) was €65.4 billion at March 31, 2007. The European Solvency Ratio was 10.4% with a Tier 1 ratio of 7.6%.

in millions of euros	**Q1-06**	**Q1-07**	**Change Q1/Q1**
Net banking income	**7,316**	**8,349**	**+14.1%**
Operating expenses	(4,314)	(4,826)	+11.9%
Gross operating income	**3,002**	**3,523**	**+17.4%**
Risk-related costs	(300)	(424)	+41.3%
Operating income	**2,702**	**3,099**	**+14.7%**
Equity affiliates	250	60	(76.0%)
Net income on other assets	22	1,036	n.m.
Tax	(935)	(928)	(0,7%)
Net income	**2,039**	**3,263**	**+60.0%**
Net income – Group share	**1,949**	**3,137**	**+61.0%**

CAPITALIZATION

The table below sets forth the consolidated capitalization of the Issuer as of March 31, 2007. Except as set forth in this section, there has been no material change in the capitalization of the Issuer since March 31, 2007.

in millions of euros	**As of March 31, 2007 (unaudited)**
Debt securities	172,090
Subordinated debt	21,593
Total	**193,683**
Shareholders' Equity:	
Share capital and reserves	*21,000*
Consolidated reserves	*15,622*
Unrealized or deferred gains or losses	*4,255*
Net income	*2,655*
Total Shareholders' Equity	**43,532**
Minority interests	5,233
Total Capitalization	**242,448**

The table above reflects the consolidated capitalization of the Issuer before payment of a dividend decided by the Shareholders' General Meeting of the Issuer of May 23, 2007. The total amount of the dividend, which will be paid on May 29, 2007, is expected to be €1,894,112,710.65.

USE OF PROCEEDS

The Issuer intends to use the net proceeds of the issuance of the Notes, estimated to be US$1,489,775,000 (after deducting estimated underwriting discounts and expenses of US$10,225,000), for general corporate purposes.

EXCHANGE RATE AND CURRENCY INFORMATION

In this Offering Memorandum, references to "**euro**," "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam. References to "**$**" and "**dollars**" are to United States dollars. References to "**cents**" are to United States cents. Certain financial information contained herein are presented in euros. On May 22, 2007, the Noon Buying Rate in New York City for cable transfers in foreign currencies as certified by the Federal Reserve Bank of New York (the "**Noon Buying Rate**") was $1.35 per one euro.

The following table shows the period-end, average, high and low Noon Buying Rates for the euro, expressed in dollars per one euro, for the periods and dates indicated.

Month **U.S. dollar/Euro**	**Period End**	**Average rate***	**High**	**Low**
May 2007 (through May 22, 2007)	1.35	1.35	1.36	1.35
April 2007	1.37	1.35	1.37	1.34
March 2007	1.34	1.32	1.34	1.32
February 2007	1.32	1.31	1.32	1.30
January 2007	1.30	1.30	1.33	1.29
December 2006	1.32	1.32	1.33	1.31

Year **U.S. dollar/Euro**	**Period End**	**Average rate***	**High**	**Low**
2006	1.32	1.26	1.33	1.19
2005	1.18	1.24	1.35	1.17
2004	1.35	1.24	1.36	1.18
2003	1.26	1.13	1.26	1.04
2002	1.05	0.95	1.05	0.86

* The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for annual averages; on each business day of the month (or portion thereof) for monthly average.

Source: Federal Reserve Bank of New York.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or dollar amounts referred to herein could have been or could be converted into dollars or euros, as the case may be, at any particular rate.

SELECTED FINANCIAL DATA

The following tables present selected financial data concerning the Crédit Agricole S.A. Group as of and for the years ended December 31, 2004, 2005 and 2006.

The selected financial data for the Issuer as of and for the years ended December 31, 2004, 2005 and 2006 have been derived from, and should be read in conjunction with, the Issuer's 2006 Annual Report and the audited consolidated financial statements of the Issuer incorporated by reference herein.

The selected financial data and the financial statements from which they are derived have been prepared in accordance with IFRS. Because the regulations on the application of IAS 32 and 39 on financial instruments and IFRS 4 on insurance liabilities became effective only on January 1, 2005, the financial information for 2004 was prepared without the impact of these standards. Consequently, insurance assets and liabilities and financial instruments for the year ended December 31, 2004 have been recognized and valued in accordance with French generally accepted accounting principles. To facilitate interpretation and analysis of the 2005 and 2006 data, however, comparative estimated figures for 2004 have been provided to show the application of IAS 32, IAS 39 and IFRS 4. These estimated figures are unaudited.

Certain differences exist between IFRS and accounting principles generally accepted in the United States of America ("**U.S. GAAP**") which might be material to the financial information herein. In making an investment decision, investors must rely upon their own examination of the Issuer, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and how these differences might affect the financial information herein.

	Year ended December 31,			
Consolidated Income Statement *in millions of euros*	**2004 IFRS**[1]	**2004 FRS estimate**[2] **(unaudited)**	**2005**	**2006**
Net interest and similar income	2,953	7,473	8,935	9,651
Net fee and commission income	2,490	2,865	3,509	3,805
Net gains (losses) on financial instruments at fair value through profit or loss	-	4,152	5,033	5,799
Net gains (losses) on available-for-sale financial assets	-	1,449	2,105	1,905
Net gains (losses) from trading transactions	4,567	-	-	-
Gross income from insurance activities	2,410	-	-	-
Net income (expenses) related to other activities	1	(3,832)	(5,889)	(4,973)
Net banking income	**12,421**	**12,107**	**13,693**	**16,187**
Operating expenses and depreciation, amortization and impairment	(8,751)	(8,579)	(9,166)	(10,355)
Gross operating income[3]	**3,670**	**3,528**	**4,527**	**5,832**
Risk-related costs	(465)	(575)	(643)	(612)
Share of net income of equity affiliates[4]	1,158	1,169	1,490	1,671
Net gains (losses) on other assets	87	37	122	84
Integration-related costs[3]	(551)	(552)	(219)	-
Change in goodwill value	(55)	(55)	(86)	(63)
Income before tax	**3,844**	**3,552**	**5,191**	**6,912**
Income tax	(822)	(754)	(942)	(1,590)
After-tax income from discontinued or held-for-sale operations	-	-	-	(3)
Net income	**3,022**	**2,798**	**4,249**	**5,319**

Consolidated Income Statement *in millions of euros*	Year ended December 31, 2004 IFRS[1]	2004 FRS estimate[2] (unaudited)	2005	2006
Minority interests	298	297	358	399
Net income, Group share	**2,724**	**2,501**	**3,891**	**4,920**

(1) Excluding IAS 32, IAS 39 and IFRS 4, which became applicable as of January 1, 2005.
(2) To make comparisons more meaningful, the 2004 figures have been estimated in accordance with IAS/IFRS, including IAS 32, IAS 39 and IFRS 4. These data have not been audited by the statutory auditors.
(3) In 2004 and 2005, costs relating to the integration of Crédit Lyonnais were recorded separately below the gross operating income level. Such costs were not separately recorded in 2006, and any such costs that were recorded in 2006 were included in the determination of gross operating income.
(4) Represents primarily the Crédit Agricole S.A. Group's share of the net income of the Regional Banks.

Selected Operating Data	Year ended or as of December 31, 2004 IFRS estimate[1] (unaudited)	2005	2006
Return on equity[2]	13.6%	15.8%	17.0%
Cost/Income ratio[3]	70.9%	66.9%	64.0%
Doubtful loans/Gross loans and advances[4]	4.2%	3.1%	2.8%
Specific provisions/Doubtful loans[5]	68.0%	67.7%	60.3%
Assets under management (in billions of euros)	406.7	562.7	636.9

(1) To make comparisons more meaningful, the 2004 figures have been estimated in accordance with IAS/IFRS, including IAS 32, IAS 39 and IFRS 4. These data have not been audited by the statutory auditors.
(2) Defined as net income (before integration-related costs and change in value of goodwill), Group share divided by average shareholders' equity.
(3) Defined as operating expenses divided by net banking income.
(4) Defined as period-end doubtful loans divided by gross loans and advances to customers and banks (including leasing and factoring transactions).
(5) Excluding collective provisions for sector risk and country risk.

Consolidated Balance Sheet *in millions of euros*	At December 31,	
	2005	**2006**
Assets		
Cash, due from central banks and French postal system	6,721	6,194
Financial assets at fair value through profit or loss	339,535	417,852
Derivative hedging instruments	4,947	3,834
Financial assets available for sale	144,267	173,530
Due from banks	258,928	292,207
Loans and advances to customers	187,586	248,145
Valuation adjustment on portfolios of hedged items	4,229	1,621
Held-to-maturity financial assets	19,769	18,007
Current tax assets	116	607
Deferred tax assets	6,503	1,042
Accruals, prepayments and sundry assets	52,992	55,913
Fixed assets held for sale	-	677
Investments in equity affiliates	15,491	17,248
Investment property	3,278	2,971
Property, plant & equipment	2,460	3,931
Intangible assets	511	811
Goodwill	14,110	16,706
Total Assets	**1,061,443**	**1,261,296**
Liabilities and Shareholders' Equity		
Due to central banks and current accounts with French postal system	484	89
Financial liabilities at fair value through profit or loss	243,432	297,284
Derivative hedging instruments	5,607	4,244
Due to banks	114,494	134,239
Customer accounts	318,365	350,811
Debt securities in issue	98,123	162,824
Valuation adjustment on portfolios of hedged items	2,569	307
Current tax liabilities	780	1,195
Deferred tax liabilities	5,822	226
Accruals, deferred income and sundry liabilities	48,838	54,792
Liabilities associated with fixed assets held for sale	-	655
Insurance companies' technical reserves	162,482	186,154
Reserves	4,291	4,154
Subordinated debt	21,248	24,470
Shareholders' equity:		
Shareholders' equity, group share	*30,682*	*35,078*
Share capital and reserves	17,520	17,006
Consolidated reserves	7,126	10,569
Unrealized or deferred gains or losses	2,145	2,583
Net income for the year	3,891	4,920
Minority interests	*4,226*	*4,774*
Total Liabilities and Shareholders' Equity	**1,061,443**	**1,261,296**

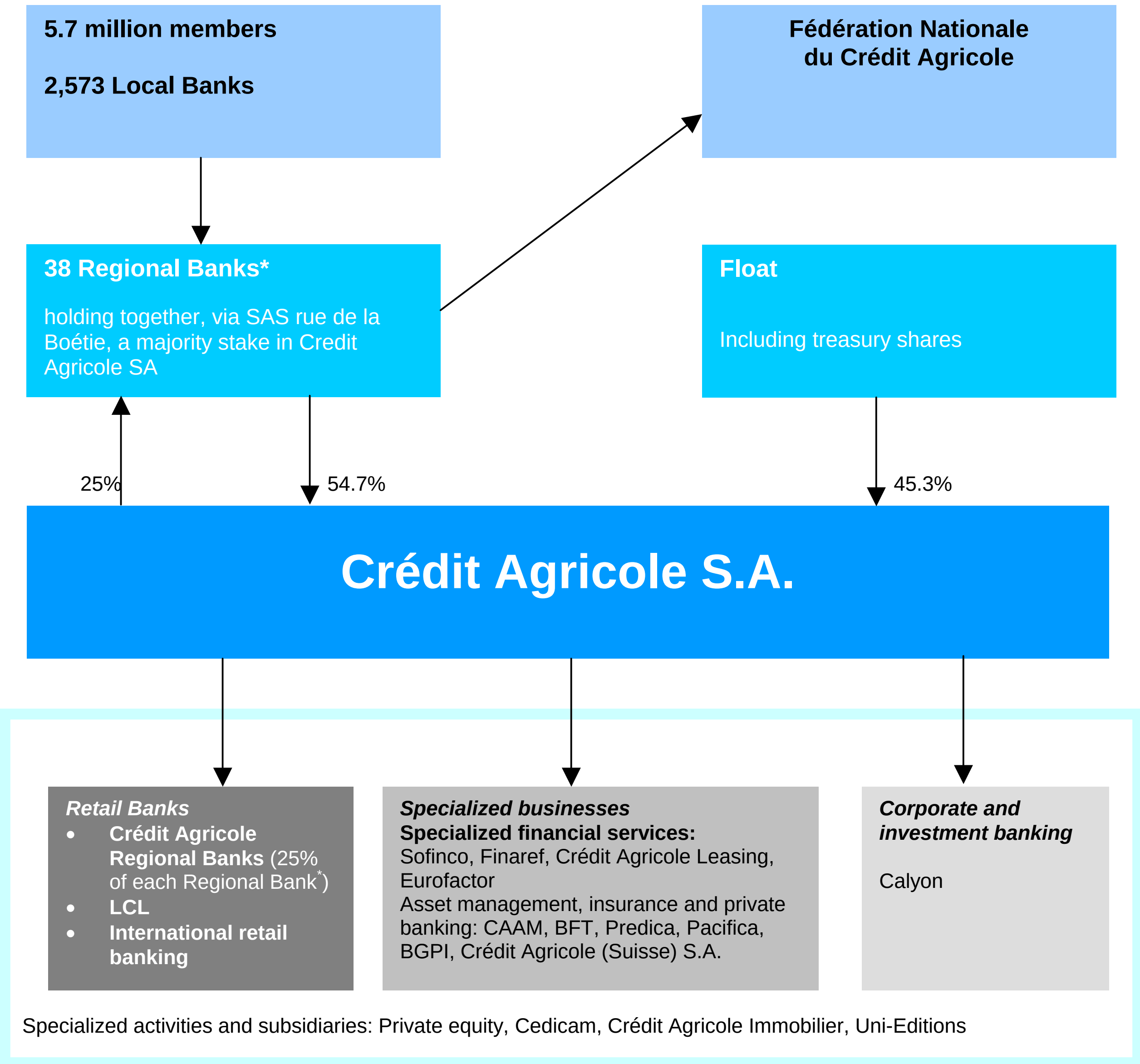
Capital Ratios	At December 31,	
	2005	2006
Total ratio	8.9%	8.8%
Tier 1 ratio	8.4%	8.2%
Risk-weighted assets (in billions of euros)	264	263

BUSINESS

Created in 1920, the Crédit Agricole Group is the largest banking group in France, with 39 Regional Banks (including 38 in which Crédit Agricole holds 25% interests) all strongly anchored in their respective geographical areas. Crédit Agricole S.A. is the lead bank of the Crédit Agricole Group, and coordinates the Group's strategy. With the acquisition of Crédit Lyonnais (now LCL) in 2003, the Crédit Agricole Group strengthened its positions in all its business lines. In recent years, the Crédit Agricole Group has also expanded the international reach of its business lines, which are described below. The key strengths of the Crédit Agricole Group are:

- its status as a mutual banking group;
- a widespread and approachable presence; and
- global reach.

Consisting of Crédit Agricole S.A. and all of the Regional Banks and Local Banks, the Crédit Agricole Group combines a cohesive financial, commercial and legal organization with a decentralized decision-making system. The organizational structure of the Crédit Agricole Group and Crédit Agricole S.A. as of December 31, 2006 is set forth below (adjusted to reflect two mergers of Regional Banks, as described in "Recent Developments"):



* *Excluding the Caisse Régionale of Corsica*

The six business lines of Crédit Agricole S.A. are as follows (net banking income and net income figures are for the year ended December 31, 2006[1]):

French retail banking - Regional Banks*

Contribution to net income:*
€748 million

Banking services for personal customers, farmers, small businesses, companies and public authorities, with a very strong regional presence.

The Regional Banks provide a full range of banking and financial products and services, including mutual funds (money market, bonds, equity), life insurance, lending (particularly mortgage loans and consumer finance), payment systems, banking-related services and wealth management. In addition to life insurance, they also provide a broad range of property & casualty and death & disability insurance.

These services are available both through the local branch network and electronic banking channels (interactive voice server, Internet, interactive TV and mobile phone).

- 20 million customers**
- 7,160 branches
- Market leader in: (source: Banque de France, company data)
  - personal deposits: 24%
  - personal loans: 22%
  - farming sector: 80%
  - small businesses: 27%

** Crédit Agricole S.A. accounts for 38 Regional Banks using the equity method (25%). The Caisse Régionale of Corsica is not consolidated.*

*** Excluding professional and corporate customers.*

French retail banking - LCL

Net banking income:
€3.7 billion

Personal, small business and SME banking, with a strong focus on urban areas and a segmented customer approach.

LCL offers a full range of banking products and services, together with asset management, insurance and wealth management.

These services are available through multiple distribution channels, including branches, telephone, Internet, mobile phone and ATMs.

SMEs have their own dedicated network of commercial advisers through a corporate finance advisory service specifically geared to their needs.

- 6 million customers*
- 1,970 branches, including 50% in towns with over 200,000 inhabitants.

** Excluding professional and corporate customers.*

International retail banking

Net banking income of consolidated subsidiaries:
€824 million

Contribution from companies accounted for by the equity method: €522 million.

Crédit Agricole S.A. holds a very strong position in retail banking in Europe, particularly in the Euro zone, and, to a lesser extent, in Africa and the Middle East and Latin America.

In Italy, Crédit Agricole operates under the Cariparma and FriulAdria banners. A vast majority of these two networks' 663 branches is in Northern Italy. They serve over 1.4 million customers*.

In Greece, Crédit Agricole owns 72% of Emporiki, the No. 4 bank in that country. With 376 branches in Greece, Emporiki has a 10% market share and 1.5 million customers.*

Crédit Agricole also has a significant presence in Portugal, through its 23.8% stake in Banco Espirito Santo, the No. 3 local bank.

Outside the Euro zone, Crédit Agricole operates in Serbia via Meridian Bank, Ukraine via Index Bank and Poland via Lukas S.A.

In Africa, Crédit Agricole S.A. owns Crédit du Maroc, Crédit Agricole Egypt and banks in seven countries in Sub-Saharan Africa, in Cameroon, Senegal, Côte d'Ivoire, Gabon, Congo, Madagascar and Djibouti.

Lastly, Crédit Agricole S.A. is active in Latin America, in Uruguay and Chile.

** Finalized acquisition at the beginning of 2007*

[1] Net banking income from Proprietary asset management and other activities for the year ended December 31, 2006 accounts for the difference between the Crédit Agricole S.A. Group's total net banking income and the sum of the amounts shown for the six main segments. See Note 6.1 to the financial statements of the Issuer incorporated by reference herein.

Specialized financial services

Net banking income:
€2.6 billion

Consumer finance: a European leader with operations in 19 countries (source: company data).

Sofinco and Finaref specialise in consumer finance, distributed in France through retail outlets (cars, household equipment), a direct network of branches, and partnerships with the Regional Banks and LCL, as well as major retailers, mail order companies, car manufacturers and financial institutions (particularly insurance companies).

The consumer finance business operates in nineteen countries, in Europe and in Morocco.

- €49.5 billion in consumer finance outstandings.

Lease finance: No. 2 in France with CA Leasing (source: ASF).

A specialist in lease finance, rental and financing (cars and computer equipment) with services as well as public-private partnerships.

Leader in property leasing.

The Group also has a lease finance operation in Poland with EFL, a leader in vehicle financing.

Lease finance outstandings: €12.7 billion

Factoring: No. 1 in France with Eurofactor (source: ASF); 23% market share

Eurofactor also has major positions in five European countries.

Factored receivables: €35 billion

Asset management, insurance and private banking

Net banking income:
€3.9 billion

Asset management: leader in mutual funds in France (source: Europerformance).

The Group's asset management business, which is conducted principally by the CAAM group, encompasses mutual funds for retail, corporate and institutional investors, and discretionary management services for corporate and institutional investors.

Assets under management: €490 billion.

Insurance: number two insurer in France (source: FFSA)

Life insurance: number two life insurer in France (source: FFSA) offering investment and death and disability products to Regional Bank and LCL customers.

Assets under management: €168 billion.

Property & casualty insurance: a broad range of property and casualty insurance products for retail, farming and business customers, as well as banking-related insurance, sold through the Regional Banks and LCL.

Premium income: €1.5 billion

Private banking: the Crédit Agricole Group is a leading participant in private banking, both in France where it is a leader in the high net worth segment through BGPI, the Regional Banks and LCL, and internationally, with operations in Brazil, Spain, Monaco, Luxembourg and Switzerland (including its subsidiaries and branches in the Bahamas and Singapore).

Assets managed, excluding the Regional Banks and Life insurance premiums with LCL: €88 billion.

Corporate and investment banking - Calyon

Net banking income:
€5.5 billion

In corporate and investment banking, Calyon is among the top three in France and among the top ten in Europe, with operations in 55 countries.

Capital markets and investment banking encompasses capital markets, brokerage and investment banking. The capital markets business operates in the world's key financial centers and is divided into seven product lines: foreign exchange, commodities, fixed-income derivatives, debt capital markets, credit derivatives, equity derivatives and treasury. The brokerage business has three subsidiaries: Cheuvreux, which has a strong presence in Europe; CLSA, a leader in the Asia–Pacific markets; and Calyon Financial, a world leader in options and futures brokerage. Investment banking encompasses corporate finance activities (mergers & acquisitions and equity capital markets).

Financing activities cover structured finance, loan syndication and corporate banking. Structured finance covers the full spectrum of asset and export financing throughout the world, including project finance, aircraft and ship finance, international trade finance, property and hotel finance acquisition financing. Corporate banking is in charge of commercial banking operations, with a full range of value-added products and services.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with "Summary Financial Information" and the audited consolidated financial statements of the Crédit Agricole S.A. Group as of December 31, 2006 and for the years ended December 31, 2006 and 2005 set forth in the 2006 Annual Report incorporated by reference herein. The Crédit Agricole S.A. Group's audited consolidated financial statements as of December 31, 2006 and for the years ended December 31, 2006 and 2005 have been prepared in accordance with IFRS.

Economic and Financial Environment

2006: global growth impetus confirmed

For the third consecutive year, the world economy grew by approximately 5% in 2006, well above its historical growth rate. All zones recorded a good performance, not just China and the United States but also Europe. Oil prices peaked in mid-2006 and then fell significantly, easing fears of inflation. Against this background of firm growth and limited inflation, risk aversion was low and financial markets continued to benefit from abundant liquidity, which monetary tightening in the United States, Europe and Asia failed to stem.

The U.S. economy again proved resilient in 2006. In addition to higher oil prices and interest rates, there were problems in the U.S. residential property market. The correction that began in 2005 was substantial in terms of both market activity and prices. This had a direct negative impact on growth, with a sharp decline in residential investment. However, consumer spending remained firm, due to rising disposable incomes. GDP growth was 3.4% in 2006, slightly higher than the 3.2% seen in 2005. In June, the Federal Reserve (the "Fed"), under its new chairman Ben Bernanke, brought to an end the monetary tightening that had begun two years earlier. The Fed funds rate has since been steady at 5.25%. Inflation remains the number one risk according to the Fed. However, the Fed is taking into account the current slowdown in economic activity and its moderating effect on inflation. A surge in inflation is not a concern for the bond markets, and 10-year interest rates ended the year at 4.6%, only slightly higher than a year previously. The imbalances that characterize the U.S. economy's recent expansion (low consumer savings rate and a large current-account deficit) showed signs of stabilizing. The public deficit even shrank. The dollar lost ground in 2006. The support provided by Fed rate hikes was taken away just as several central banks (in Asia and oil-producing countries) stated their intention to diversify their foreign exchange reserves away from the dollar.

In the Euro zone, the economy was strong, beating even the most optimistic forecasts. Growth was 2.7%, twice the annual average in the previous five years. The expansion was fairly even across the Euro zone. It was driven by higher exports (particularly in Germany) and renewed investment, which finally filtered through into higher employment and consumer spending. Although there is still plenty of progress to be made, the European labor market is improving. The jobless total fell by almost one million and the unemployment rate is at its lowest since the early 1990s. Improved labor market conditions are partly due to demographics, with the retirement of the baby boom generation, and stricter controls over unemployment benefit. However, it is also the result of certain reforms and an upturn in job creation. In fiscal terms, economic expansion has allowed a rapid reduction in public deficits. It has also allowed the European Central Bank (the "ECB") to carry out regular rate hikes without affecting the confidence of economic agents, which remains high. The ECB's refinancing rate ended the year at 3.50%, up from 2.25% as of the end of 2005. Long-term interest rates also rose, although to a lesser extent, and they remain low in absolute terms with 10-year rates under 4%. The drag on growth caused by higher interest rates remains limited, although signs of a slowdown are visible in mortgage and property price trends.

France achieved economic growth of 2.0% in 2006. Activity was enhanced mainly by domestic demand, particularly consumer spending, resulting from the increased purchasing power of incomes. The recovery in business investment that started in late 2005 continued. As a result, employment continued to rise, although only slowly. Exports benefited from the buoyant global economic environment, and particularly from stronger growth in other European countries. However, the foreign trade balance remained negative due to structural competitiveness factors.

Asia remained a major growth driver, particularly China, where growth remained above 10%. 2006 was a good year in Japan, with a 2.2% increase in GDP. However, there remain some doubts about how sustainable this growth is, and particularly about the solidity of consumer spending. Another highlight was the end of Japanese deflation, which prompted the central bank of Japan to abandon the zero interest rate policy it had followed for five years.

Consolidated Results

The Crédit Agricole S.A. Group recorded a strong performance in 2006. Full-year net income (Group share) was €4,920 million, up 26.4% on 2005. The operating environment was broadly positive, leading to strong growth in all of the Crédit Agricole S.A. Group's business lines. The Crédit Agricole S.A. Group also became much more operationally effective, with gross operating income rising by 28.8% and the cost/income ratio improving further, by almost 3 points. Return on equity rose significantly, to 17.0%. These achievements are the result of the Crédit Agricole S.A. Group's commitment to sustainable growth.

In 2006, the Crédit Agricole S.A. Group continued investing to maintain solid organic growth: Major initiatives were undertaken to give the two French retail banking networks fresh commercial impetus. The two networks also stepped up efforts to share production resources, in order to enhance productivity. Specialized business lines enhanced their product ranges; corporate and investment banking continued its development strategy, based on a comprehensive offering, an extensive international network and a progressive and steady investment policy.

At the same time, sources of growth outside France were strengthened. Expansion outside France accelerated in 2006, with a number of targeted acquisitions in high-potential Euro zone countries. These reflected the sector and geographical priorities set out in the development plan announced in late 2005. Of the projected €5 billion investment budget between 2006 and 2008, €4.4 billion was spent in 2006 on:

- the purchase of a 72% stake in Greece's Emporiki Bank S.A. via a tender offer, representing a major step forward in the Group's international development;
- the acquisition of Index Bank in Ukraine, Meridian Bank in Serbia and Egyptian American Bank in Egypt;
- the move to take majority control of Espirito Santo Financial Group's life and property/casualty bancassurance subsidiaries and to increase its stake in Banco Espirito Santo in Portugal (from 22.5% to 23.8%);
- the acquisition of 100% of Ursa Capital LLC, a U.S. holding company specializing in alternative managed accounts and renamed CASAM Americas LLC;
- the creation of FAFS, a 50/50 joint venture with the Fiat group in consumer finance.

This rapid transformation and international expansion resulted in an improved balance of revenues, with the international business accounting for 42% of the total as opposed to 35% previously. Together with the strategic expansion in Italy that came into effect in early 2007 with the purchase of more than 660 Intesa branches, the Crédit Agricole S.A. Group is well on its way to generating 50% of its net banking income outside France, in line with the aims of the 2006-2008 development plan.

Summary Consolidated Income Statement – Main Intermediate Balances

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Net banking income	**13,693**	**16,187**	**+18.2%**
Operating expenses, depreciation and amortization	(9,166)	(10,355)	+13.0%
Gross operating income[(1)]	**4,527**	**5,832**	**+28.8%**
Risk-related costs	(643)	(612)	-4.8%
Income from equity affiliates	1,490	1,671	+12.1%
Net gain/(loss) on disposal of other assets and change in the value of goodwill	36	21	-41.7%
Integration-related costs	(219)	-	n.m.
Income before tax	**5,191**	**6,912**	**+33.2%**
Income tax	(942)	(1,590)	+68.8%
Net income	**4,249**	**5,319**	**+25.2%**
Net income (Group share)	**3,891**	**4,920**	**+26.4%**

(1) *In 2005, before costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A. in 2006, this expense category no longer existed since the integration had been completed.*

Net banking income amounted to €16,187 million, an increase of 18.2% compared with 2005. The increase reflects strong business levels in all business lines, particularly in corporate and investment banking, asset management, private banking and insurance. Revenues also increased as a result of the Crédit Agricole S.A. Group’s acquisitions outside France. At constant scope and exchange rates, net banking income rose by 13.9%. Excluding the release of home purchase savings provisions, net banking income growth remained high at 11.2%.

Operating expenses were held in check, rising by 13.0% to €10,355 million. At constant scope and exchange rates, the increase was even lower, at 8.8%, and related mainly to business growth and ongoing investments.

Gross operating income totaled €5,832 million, up 28.8% compared with 2005 (before costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A.). At constant scope and exchange rates, gross operating income rose by 24.2%. Consequently, the cost/income ratio improved sharply, falling by 3 percentage points to 64.0%.

Risk-related costs (€612 million) remained low, falling by 4.8% compared with 2005, with the risk environment remaining highly favorable. Doubtful loans amounted to €9.1 billion at December 31, 2006, representing 2.8% of gross loans and advances to customers and banks (excluding leasing transactions), down from 3.1% in 2005. Provision cover increased to 80.9%, or 61.4% excluding collective provisions. Adjusted for the acquisition of a portfolio of impaired assets, the coverage rate was 66.5%.

The contribution from equity affiliates amounted to €1,671 million in 2006, (an increase of 12.1%). Income from the Regional Banks (€848 million) accounted for more than half of this figure. Income from other equity affiliates rose by 29.3% year-on-year, mainly due to strong performance at Banca Intesa (an increase of 11.2% based on consensus forecasts), Al Bank Al Saudi Al Fransi: (an increase of 32.3%) and Eurazeo (x3).

Non-operating items contributed a gain of €21 million compared with €36 million in 2005. Pre-tax profit totaled €6,912 million, an increase of 33.2%, or 27.8% excluding costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A. in 2005. Income tax rose by 68.8% to €1,590 million. This reflects a return to normal tax rates after the end of tax loss carryforwards.

After deducting €399 million of minority interests (up 11.5%), net income (Group share) increased by 26.4% to €4,920 million, giving Group return on equity of 17.0% based on average shareholders’ equity. The return on capital allocated to the business lines was 20.4%.

Results by Business Line

Crédit Agricole S.A.'s activities are organized into seven business lines, consisting of:

- French retail banking – Regional Banks;
- French retail banking – LCL;
- International retail banking;
- Specialized financial services;
- Asset management, insurance and private banking;
- Corporate and investment banking; and
- Proprietary asset management and other activities.

The organization of the Group's business lines is described in Note 6 to the financial statements incorporated herein by reference ("Segment reporting").

The organization of activities between business lines did not change in 2006. However, Credit Agricole Egypt – created from the combination of Calyon Egypt with Egyptian American Bank ("EAB"), operating mainly in retail banking – became part of the International retail banking business line. Until September 1, 2006, when the combination took place, Calyon Egypt formed part of the corporate and investment banking business line. This reorganization had a marginal impact, reducing corporate and investment banking gross operating income by €12.3 million (or 0.6%) in 2006.

Allocation of capital

The methods used to allocate capital to each business line and calculate ROE (return on equity) are described in Note 6 to the financial statements incorporated herein by reference ("Segment reporting").

Risk-weighted assets applied for capital allocation purposes

(in billions of euros)	**12/31/2005**	**12/31/2006**
French retail banking	**97.9**	**108.5**
Regional Banks	*57.1*	*63.3*
LCL	*40.8*	*45.2*
International retail banking	**3.2**	**22.1**
Specialized financial services	**38.2**	**41.7**
Asset management, insurance and private banking	**15.3**	**19.0**
Corporate and investment banking	**132.0**	**132.7**

Allocated capital by business line

(in billions of euros)	**12/31/2005**	**12/31/2006**
French retail banking	**6.0**	**6.6**
Regional Banks	*3.6*	*3.9*
LCL	*2.4*	*2.7*
International retail banking	**2.6**	**3.8**
Specialized financial services	**2.3**	**2.5**
Asset management, insurance and private banking	**6.3**	**7.2**
Corporate and investment banking	**8.2**	**8.3**
Capital markets and investment banking	*2.5*	*2.4*
Financing	*5.7*	*5.8*
Total capital allocated to business lines	**25.4**	**28.4**

(in percentages)	**12/31/2005**	**12/31/2006**
French retail banking	23.6%	23.4%
International retail banking	10.2%	13.3%
Specialized financial services	9.1%	8.9%
Asset management, insurance and private banking	25.0%	25.4%
Corporate and investment banking	32.1%	29.0%
Capital allocated to business lines	**100%**	**100%**

For each business line, return on equity is calculated by dividing the corresponding net income (before integration-related costs and change in the value of goodwill and after rebilling any equity surplus/deficit) by the amount of capital allocated to the business at year-end.

2005 net income excludes changes in the value of goodwill and costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A.

Activity and results by business line

Contribution of business lines to Crédit Agricole S.A.'s net income (group share)

(in millions of euros)	**12/31/2005**	**12/31/2006**
French retail banking	1,368	1,438
International retail banking	439	530
Specialized financial services	401	463
Asset management, insurance and private banking	1,225	1,566
Corporate and investment banking	1,253	1,656
Proprietary asset management and other activities	(795)	(733)
Total	**3,891**	**4,920**

1. French retail banking – Regional Banks

Crédit Agricole S.A.'s earnings include only 25% of the results of the 40 Regional Banks (excluding the Caisse Régionale of Corsica, and before taking into account the May 2007 merger of two Regional Banks, as described under "Recent Developments"), which are accounted for by the equity method. Their impact appears exclusively in the "Income from equity affiliates" line.

In 2006, the Regional Banks' contribution to Group income was €848 million, down from €854 million in 2005. After tax on dividends received from the Regional Banks, their contribution to Crédit Agricole S.A.'s consolidated net income was €759 million, a decrease of 2.5%.

In a highly competitive operating environment, with severe pressure on margins and historically low interest rates, the Regional Banks' performance reflects buoyant business levels, a firm grip on operating expenses and prudent risk control. Operational performance is improving constantly.

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Aggregate net banking income in individual accounts	12,181	12,842	+5.4%
Adjusted net banking income*	11,655	12,076	+3.6%
Operating expenses, depreciation and amortization	(6,676)	(6,839)	+2.4%
Aggregate gross operating income	**4,979**	**5,237**	**+5.2%**
Risk-related costs	(648)	(836)	+29.0%
Operating income	**4,331**	**4,401**	**+1.6%**

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Income from equity affiliates	**854**	**848**	**-0.6%**
Tax**	(75)	(89)	+18.7%
Net income (Group share)	**778**	**759**	**-2.5%**

* *Aggregate data of the 40 equity-accounted Regional Banks adjusted for the dividends received from Crédit Agricole S.A.*

** *Tax impact of dividends received from the Regional Banks.*

The Regional Banks achieved business growth in all their markets. In 2006, as part of Crédit Agricole's new market position strategy, they continued the commercial initiatives that began in late 2005. New launches included Codebis and Vivactions in savings products, Goodloc and Prêts Verts 1er Achat in housing-related products, Prêt à Piloter, "DAT évolution 5", professional microcredit and Prêt Repreneur for small business customers, the Nouvelle Vie Jeunes Actifs range for active young people, insurance products, Pulsia 3 and 4 and Jayanne 3 for mid-market customers, Filtreo and Dolceys for high-net-worth customers, Semeria for farmers and specific loans for renewable energy and energy conservation work. These renewed efforts are enhancing customer relationships and increasing the level of products sold per customer.

On- and off-balance sheet customer deposits increased by 6.1% year-on-year to over €485 billion. This growth was due to a strong showing in bank deposits, with a 44.8% increase in term deposit accounts and a 20.1% rise in savings accounts. Growth in savings accounts was enhanced in particular by the good performance of Codebis, which was launched at the start of the year, attracting €3.3 billion in 1,127,000 accounts. However, growth in customer assets was restricted by a substantial net outflow of €5.7 billion (6.6% of the total) from home purchase savings plans, which have become less attractive following tax changes. Demand deposits rose by 5.1% in 2006 after a 8.3% increase in 2005 as customers waited to invest in higher-yielding vehicles.

Off-balance sheet deposits were boosted by very strong inflows, due in particular to the reinvestment of home purchase savings. Life insurance remained the most popular vehicle, with a 12.9% increase. With respect to investments in securities, there was a 9.3% rise in mutual funds (OPCVM), employee investment funds (FCPE) and property investment funds (SCPI) and a 11.6% increase in equities.

The lending market was buoyant due to very low interest rates. The Regional Banks produced €68.9 billion of new loans in 2006, 11% more than the already-high level achieved in 2005. Loan production increased significantly in all customer segments: Demand remained firm in mortgages (€38.9 billion, up 11.2%) and consumer finance (€5.7 billion, up 8.4%), but also in lending to local authorities (€4.1 billion, up 24.5%), businesses (€8 billion, up 13.9%) and professionals and farmers (€11 billion, up 4.2%).

This firm lending activity resulted in a 10.7% increase in the gross loans outstanding of the Regional Banks to €296.2 billion by end-2006, exceeding the 10.2% increase in 2005. Outstandings rose by 14.7% in mortgages and 12.8% in business lending.

Alongside this growth in lending, bad and doubtful loans as a percentage of the total loan book decreased further, finishing the year at 2.3%, down from 2.5% in 2005. However, a cautious provisioning policy was maintained. Provision cover of bad and doubtful loans rose from 69.2% in 2005 to 69.6% (excluding collective provisions) in 2006.

Gross operating income for the Regional Banks, based on an aggregate figure adjusted for dividends and other payments received from Crédit Agricole S.A., was €5,237 million, an increase of 5.2% compared with 2005.

Aggregate net banking income rose by 5.4% to €12.8 billion, and by 3.6% excluding dividends and other payments received from Crédit Agricole S.A. Net banking income benefited from firm growth in fee and commission income (up 9.6%), particularly due to sales of insurance products (up 11.4%), banking services (with the services account in particular generating growth of 13.5%) and account management and payment instruments (up 10.9%). However, transaction commissions fell slightly, by 0.7%. This was due to a high base in 2005, resulting from the IPOs of Sanef, EDF and GDF, and occurred despite a sharp increase in buy/sell transactions concerning securities (up 34.2%) and mutual funds (up 12.5%).

Net banking income also benefited from releases of provisions on home purchase savings plans due to outflows of money from these products following tax changes in 2005. Excluding this impact, net banking income increased by 1.6%.

Despite tough competition and amortization of bank book with higher margins, the net interest income (excluding the yield on CASA shares) was near-flat (+0.1%) year-on-year. Excluding provision releases on home purchase savings plans, net interest income fell by 3.0%.

Operating expenses were firmly under control and totaled €6.8 billion. Staff costs increased due to an increase of 585 employees (0.9%) in the permanent workforce and an 8.9% rise in employee profit-sharing and incentive pay. Commercial investment was also stepped up, mainly due to the roll-out of the new branch concept, with the opening of 86 branches and new advertising campaigns. Overall, this led to a 2.4% rise in operating expenses compared with 2005.

As a result, the Regional Banks' cost/income ratio improved by 0.7 points in 2006, to 56.6%, based on net banking income excluding dividends and other payments received from Crédit Agricole S.A.

Risk-related costs totaled €836 million, up 29% on the historically low 2005 figure, which represented a 17.8% reduction compared with the previous year. The 2006 increase was mainly due to the Regional Banks' policy of increasing provisions, mainly based on Basel II methodology. Credit risks led to a net addition of €491 million to provisions. Risk-related costs represented 33 basis points of risk-weighted assets in 2006.

Overall, after (i) the changeover to IFRS in the Regional Banks' individual financial statements, (ii) the integration of their subsidiaries' accounts and (iii) consolidation adjustments, the Regional Banks' contribution to Group income was €848 million, down from €854 million in 2005. After tax, their contribution to Crédit Agricole S.A.'s consolidated net income was €759 million.

The return on capital allocated to this business line was 17.0%.

2. French retail banking – LCL

The LCL retail banking network continued the very strong performance it achieved in 2005, with gross operating income up by more than 14%.

In highly competitive market conditions, commercial impetus was maintained through continuing TV advertising and innovative promotions (electricity offers, online consumer finance, back-to-school offer for students, etc.). The new LCL brand, which was launched in late August 2005, is now well established with assisted recall of 59% at end-2006. This resulted in the number of personal accounts rising by almost 80,000 during 2006.

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Net banking income	**3,501**	**3,652**	**+4.3%**
Operating expenses, depreciation and amortization	(2,487)	(2,495)	+0.3%
Gross operating income	**1,014**	**1,157**	**+14.1%**
Risk-related costs	(151)	(151)	+0.5%
Pre-tax income	**863**	**1,006**	**+16.5%**
Tax	(259)	(302)	+16.4%
Net income	**604**	**704**	**+16.5%**
Net income (Group share)	**590**	**679**	**+15.2%**

On- and off-balance sheet customer deposits increased by 4.9% to €133.1 billion at end-2006.

Savings products continued to perform well. Savings deposits rose by 14.2% in 2006, confirming the success of the Livret Cerise account and "CSL à taux boosté" promotions. Demand deposits rose by 4.3%, enhanced by firm growth in new customers. However, home purchase savings fell by 14.4%, due to changes in tax rules in late 2005. Overall, on-balance sheet deposits rose by 1.7% to €56.2 billion.

With premium inflows of €5.4 billion, life insurance remained a popular investment choice. Business in force reached €36.3 billion at end-2006, up 10.8% compared with 2005.

The direct securities business rose by 7.4%. LCL maintained its commercial momentum in capital markets operations, with the successful IPOs of ADP (16% of shares allocated) and Natixis (LCL: second bank for number of shares allocated).

The lending business registered strong growth in 2006, with loans outstanding rising by 14.4% to €61.6 billion at year-end.

This good performance was fuelled by the strong growth in mortgage loans that began in 2005 and gathered momentum in the first half of 2006. New mortgage loans reached a record high of €13 billion in 2006 (up from €10.9 billion in 2005), boosting total mortgage loans outstanding by 18.7% to €35.4 billion. Consumer finance outstandings rose by 0.7% in 2006 to €6.8 billion.

Small-business loans outstanding rose by 10%, due to a 23% rise in production, driven in particular by Interfimo loans aimed at independent professionals. Business lending increased substantially. Production was up 28.6%, and growth in loans outstanding accelerated from 4.3% in 2005 to 7.8% in the first half of 2006 and 14.5% in 2006 as a whole.

Bolstered by these buoyant business levels, LCL's net banking income moved up 4.3% to €3,652 million. Excluding the impact of provisions for home purchase savings plans and non-recurring items in 2005, net banking income was up 1.7%. Net banking income was held back by a slight decrease in net interest margins (down 2.3% excluding releases of home purchase savings provisions), in an increasingly competitive market.

Fee and commission income rose by 6.2%, with a 12% rise in insurance commissions and continued firm impetus in securities management commissions (an increase of 9.1%). Fee and commission income made up 47.3% of net banking income in 2006, up from 46.5% in 2005.

Operating expenses were held well in check, edging up only 0.3% over the year to €2,495 million in 2006. Efforts to improve productivity in 2006 included a reduction in the workforce, with average headcount down 838 on a full-time-equivalent basis following the introduction of the 2006/2007 early retirement plan (mainly financed in 2005). In addition, LCL made less use of external service providers and cut IT costs. The resulting savings allowed it to finance further investment in its business premises (61 branch openings and 149 renovations) and communication (13 TV campaigns in 2006 compared with 5 in 2005).

As a result of this excellent cost control, the cost/income ratio fell by a further 2.7 points, from 71.0% to 2005 to 68.3% in 2006.

Risk-related costs remained low, at 33 basis points of risk-weighted assets in 2006, down from 37 basis points in 2005.

Net income (Group share) grew by 15.2% to €679 million, giving a return on equity of 25.9%.

3. International retail banking

In 2006, the international retail banking business line stepped up its acquisition activity, in line with the 2006-2008 development plan. Operations were strengthened significantly in Europe, particularly in the Mediterranean basin.

Two major investments in the Euro zone transformed the Group's positions in Greece and Italy from minority stakes into controlled subsidiaries. In August, the Crédit Agricole S.A. Group acquired Emporiki Bank S.A. in Greece. Then, in late 2006 and early 2007, it acquired Cariparma, FriulAdria and 202 Banca Intesa branches, forming a network of 663 branches in Italy.

It also continued to acquire small units in countries seeing rapid growth in the adoption of banking services:

- In February 2006, the Group acquired 56% of Egyptian retail bank Egyptian American Bank, which was merged on September 1, 2006, with Calyon Bank Egypt to form Credit Agricole Egypt (59.4%-owned by the Crédit Agricole S.A. Group);
- In August 2006, it acquired Index Bank (JSC IndexBank HVB) in Ukraine; and
- In September 2006, it increased its stake in Serbia's Meridian Bank to 100%.

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Net banking income	**317**	**824**	**x2.6**
Operating expenses, depreciation and amortization	(267)	(625)	x2.3
Gross operating income	**50**	**199**	**x3.9**
Risk-related costs	(33)	(73)	x2.2
Income from equity affiliates	452	522	+15.4%
Net gain/(loss) on disposal of other assets and change in the value of goodwill	-	-	-
Pre-tax income	**469**	**648**	**+38.0%**
Income tax	(8)	(76)	x9.9
Net gain/(loss) on work-out or activities held for sale	**-**	**(3)**	**n.m.**
Net income	**461**	**569**	**+23.3%**
Net income (Group share)	**439**	**530**	**+20.6%**

Taking into account these numerous changes in scope in 2006, and since the new subsidiaries were only partially included in the Group's consolidated financial statements during the year, most of the International retail banking business line's contribution continued to come from the Group's stakes in equity affiliates Intesa in Italy and Banco Espirito Santo (BES) in Portugal.

Income from equity affiliates was €522 million, an increase of 15.4% compared with 2005. Banca Intesa remained the main contributor in 2006, with estimated income (based on December 2006 consensus estimates) of €419 million, up 11.2% (compared with €377 million in 2005). Income from other equity affiliates rose by 36.5%, with an improved contribution from Banco Espirito Santo (to €77 million), S.A. Crédit Agricole (Belgique) and Banco del Desarrollo.

Banca Intesa left the Group's scope of consolidation on January 1, 2007, following the merger between Banca Intesa and Sanpaolo to which Crédit Agricole S.A. gave its approval in the agreements signed on October 11, 2006 with Banca Intesa. Consequently, Crédit Agricole S.A.'s stake in the new group is down to 9% and the shareholders' pact, of which Crédit Agricole S.A. was a member, is dissolved. Moreover, with the sale of around 3.6% of the Group's ordinary shares in January 2007, Crédit Agricole S.A.'s financial interest in Intesa Sanpaolo is now 5.8%.

Investments resulted in a sharp increase in International retail banking gross operating income, which rose almost fourfold, from €50 million in 2005 to €199 million in 2006. Net banking income was up by a factor of 2.6 to €824 million, while operating expenses increased by a factor of 2.3 to from €267 million to €625 million. Operating expenses include the cost of setting up or extending retail networks, of integrating and adjusting processes, and head office investments to strengthen the Group's control resources in this business line.

Although Emporiki's contribution was limited to approximately four and a half months, it was the main contributor to gross operating income (€121 million). Its net banking income was €353 million. Emporiki's customer assets rose by 10% in 2006, and loans outstanding grew by 12%, with a 29.6% increase in mortgages. Operating expenses rose in line with business levels and totaled €232 million.

Crédit Agricole Egypt generated gross operating income of €28 million. This includes six months of EAB operating alone, and four months following its combination with Calyon Egypt. Net banking income was €65 million, and operating expenses amounted to €37 million. The main events in 2006 were adjustments to accounting standards, IT migration work, customer segmentation studies and the definition of a three-year plan (2007-2009) intended to increase market share to 2.5%.

Meridian Bank A.D. generated gross operating income of €7 million. Net banking income was €39.5 million, showing Meridian's ability to take advantage of rapid growth in the Serbian market. Meridian invested heavily in 2006, in order to attain its growth targets. It extended its retail network, automated operations and set up specialist entities in areas such as insurance.

At constant scope, the business line's gross operating income rose by 40.0% in 2006. Net banking income was up 13.4%. In Poland, Lukas is developing rapidly, particularly in mortgages. In Morocco, Crédit du Maroc stepped up its expansion. It launched a range of specialist products in high-potential market segments and adopted a new visual identity. Entities in sub-Saharan Africa (particularly Congo and Gabon) significantly strengthened their positions in rapidly growing markets. In Uruguay, Crédit Uruguay Banco continued its strategy of winning new customers against a healthier market background.

Excluding acquisition-related effects, operating expenses rose by 8.3%. The increase mainly relates to property investments in Poland, where there were 41 branch openings and 47 renovations.

Risk-related costs totaled €73 million, including the impact of acquisitions and adjustments to Group standards. At constant scope, risk-related costs fell by 11.4% in 2006.

Operating income came in at €126 million in 2006, up by a factor of more than 7 compared with €17 million in 2005, and unchanged at constant scope.

Income tax was €76 million. This includes an exceptional €54.5 million charge arising from a new tax rule in Greece (act 3513, 05/12/2006) on the taxation of banks' untaxed reserves.

Net loss on work-out or being sold businesses was €3 million, related to the net income of Phoenix Metrolife, being sold, accounted according to IFRS 5 (see Note 1 to the financial statements incorporated herein by reference).

The business line's total net income (Group share) was €530 million in 2006, up 20.6% on 2005 and giving a return on equity of 15.4%.

4. Specialized financial services

2006 was a year of development and customer acquisition for the Specialized financial services business line, which includes the consumer finance, leasing and factoring activities. Through innovation and robust business momentum in all three activities, the business line strengthened its market-leading positions in France and increased its presence abroad.

The acquisition of a 50% stake in Fiat Auto Financial Services (FAFS) at the end of 2006 represents a major step forward. The deal extends the Group's presence in consumer finance to 19 European countries. As this deal was completed on December 28, 2006, the net income of FAFS was not consolidated in 2005.

There was further steady growth in business levels and income in 2006.

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Net banking income	**2,466**	**2,637**	**+6.9%**
Operating expenses, depreciation and amortization	(1,291)	(1,389)	+7.6%
Gross operating income[(1)]	**1,175**	**1,248**	**+6.2%**
Risk-related costs	(398)	(421)	+5.9%
Income from equity affiliates	5	7	+40.8%
Net gain/(loss) on disposal of other assets and change in the value of goodwill	(83)	(59)	-28.4%
Integration-related costs	(25)	-	-
Pre-tax income	**674**	**775**	**+14.8%**
Income tax	(246)	(280)	+13.8%
Net income	**428**	**495**	**+15.4%**
Net income (Group share)	**401**	**463**	**+15.3%**

[(1)] *In 2005, before costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A. In 2006, this expense category no longer existed since the integration had been completed.*

The consumer finance business scored a number of commercial successes in 2006.

After introducing its new visual identity at the start of the year, Sofinco sold its new bank card to 200,000 customers while expanding into the financing of boats (through a partnership with Dufour) and leisure vehicles. At the end of the year, Sofinco launched Credit Lift services for near-prime customers and the e-commerce business was rounded out with the highly innovative ReceiveAndPay payment service.

Finaref also made two major innovations, introducing electronic signatures in France and launching the first contactless revolving credit card in Denmark, in partnership with the Fona retail chain. Distance selling partnerships sealed in late 2005 were implemented, with TF1 subsidiary Téléshopping in the TV shopping segment ("OK Shopping" card), and with La Maison De Valérie (distance selling of household capital goods). La Maison De Valérie is a subsidiary of Redcats, which uses Finaref to manage its Mandarine private-label card. In Belgium, Finalia – set up in partnership with Fortis subsidiary Alpha Crédit – began operations in the third quarter of 2006.

In Poland, Lukas' consumer finance business performed well, with loan production rising by 18% at constant exchange rates as a result of organic growth and network expansion (46 new credit centers).

Overall, the total production of the three consumer finance subsidiaries exceeded €25 billion, up 8.2% on 2005. With 43% of production outside France, the consumer finance business moved closer to its strategic targets for 2008.

This international development is taking place through strong organic growth, efforts to strengthen international partnerships and expansion into new territories.

At year-end, the consumer finance book was €49.5 billion, representing a sharp 33.4% year-on-year increase. Excluding the integration of FAFS (which boosted the consumer finance book by €8.9 billion), growth was still strong at 11%. Outside France, consumer finance outstandings totaled €24.4 billion at year-end, accounting for almost 50% of the total compared with less than 29% two years ago. Outstandings were up by 24.7% excluding FAFS, and were again driven by remarkably strong performance in Italy (Agos Itafinco: +26%), Portugal (Credibom: +57%), Greece (Emporiki Credicom: +116%) and Morocco (Wafasalaf: +25%). In France, cooperation with the retail banking networks continued to develop rapidly: outstandings rose by 17.7% with the Regional Banks (to €3.6 billion) particularly due to the build-up of the TEMA product.

Net banking income in the consumer finance business rose by 8.1% in 2006. Most of the increase can be attributed to organic growth of 6.8%, driven by a firm rise in volumes and achieved despite a fiercely competitive environment that squeezed margins. Acquisitions accounted for the remaining 1.3%: the purchase of CP Leasing in the Czech Republic in the fourth quarter of 2005 (renamed Credium), the full consolidation of Emporiki Credicom in 2006 (previously accounted for under the equity method) following the acquisition of Emporiki and the creation of Finalia in Belgium.

Operating expenses rose by 9.2%. They were well contained in France, but rose faster elsewhere due to acquisitions (accounting for 1.9 points of the increase) and higher business levels, along with spending on sales and marketing (more aggressive promotional campaigns), IT and network development (recruitment and new credit centers). In all, the business line's gross operating income rose by 7.0% (6.2% at constant scope) to €1,109 million.

The factoring business continued to perform well in a highly competitive market, with factored receivables of €35 billion, up 13.7% compared with 2005. Growth was even stronger outside France, at 26.1%. International subsidiaries generated 36% of the Group's factoring revenues in 2006, as opposed to less than 30% two years previously. Germany remained the principal contributor, accounting for 56% of the international business following a 39% rise in revenues in 2006. In France, revenues rose by 7.9%.

The highlight of the year was the launch of new commercial brands and a new visual identity at the end of the first six months.

Marketing efforts led to an 8.3% rise in net banking income. Expenses rose by 6.5%, due to premises-related costs arising from the geographical combination of teams (following the 2005 merger between Transfact and Eurofactor) and the implementation of an integrated information system in April.

Net income rose by 34.2% to €43 million, up from €32 million in 2005.

In leasing, Crédit Agricole Leasing and EFL consolidated their market presence in 2006, with total production up 3.5% to €4.4 billion.

Despite stiff competition and a lack of major deals in the French market, Crédit Agricole Leasing achieved firm production in the sustainable development and public sector financing (an increase of 17%).

Group subsidiaries sealed several major deals in 2006. These include Auxifip, which finances almost 50% of French hospital and police station construction projects through public-private partnerships, and Unifergie, a major player in sustainable development financing, particularly the financing of wind farms and waste processing plants.

In the rapidly-growing Polish market, EFL's production rose by 33.8%, driven mainly by the financing of capital goods and trucks. The successful launch of the property leasing business in 2006 is promising in terms of future development.

Overall outstandings rose by 0.9% to €12.7 billion at the end of 2006, on the back of a 16.4% increase outside France.

The major modernization project, aimed at simplifying the structure by reducing the number of Group companies from 23 to 8, continued in 2006. Crédit Agricole Leasing combined its property leasing entities (Slibail Immo, Slibail Murs, Unicomi) within Finamur. At the end of the year, it launched the medium-term "Puissance 9" project, which has three main aims: (i) to develop expertise in high-margin businesses, (ii) to increase competitiveness in equipment leasing, IT operating leases and long-term leases, and (iii) to expand internationally in order to diversify revenue sources.

Net income, before the change in the value of goodwill, was €34 million, up 3.9% on the 2005 figure before integration-related costs.

The business line's net banking income totaled €2,637 million in 2006. This represents a 6.9% increase, mainly as a result of organic growth (5.8%) in France and abroad. The remaining 1.1 points of growth came from acquisitions in consumer finance.

Operating expenses were up 7.6% (6.1% at constant scope), in line with the pace of business growth in France and internationally. Gross operating income totaled €1,248 million, an increase of 6.2% or 5.5% at constant scope. The cost/income ratio was 52.7%.

Risk-related costs remained low at €421 million. The 5.9% rise in risk-related costs was due to higher business levels, particularly outside France.

After €63 million of impairment charges on Crédit Agricole Leasing goodwill due to the leasing restructuration, net income (Group share) was €463 million, an increase of 15.3% on 2005. Return on equity was 22.3%.

5. Asset management, insurance and private banking

Asset management, insurance and private banking delivered a further significant improvement in commercial performance and income: high level of net new money (an increase of €76.5 billion, excluding CAAM in Italy), assets under management (excluding double-counting) of €637 billion (up 13.2%; at constant scope, i.e. excluding the year's acquisitions, the increase was 11.8%). Net income (Group share) rose by 27.9% to €1,566 million. Return on equity (based on equity allocated to the business line) was 21.7%.

The business line continued to develop new sources of growth in 2006. There was the purchase of a majority stake in the Espirito Santo group's bancassurance business in Portugal in mid-year, followed by the acquisition of Ursa Capital LLC (renamed CASAM Americas) in late 2006 (without any impact on the 2006 net income). Nextra Investment Management, the Banca Intesa asset management subsidiary acquired in late 2005, was also consolidated in 2006.

Gross operating income grew by 17.4% to €2,193 million. At constant scope, the increase was 13.3%. Net banking income rose by 16.2% (11.7% at constant scope) to €3,873 million. Operating expenses rose by 14.7% to €1,680 million, although the increase was only 9.6% at constant scope. The cost/income ratio fell to 43.4%.

Income from equity affiliates rose by 63.2% from €28 million in 2005 to €46 million in 2006. The main contributors were the Portuguese insurance subsidiaries (particularly Tranquilidade Vida, renamed BES Vida), which were accounted for under the equity method until end-June 2006 and fully consolidated thereafter.

The business line also generated a net gain on sales of non-current assets of €23 million, following the reduction in the Group's stake in Crédit Foncier de Monaco from 74% to 67%.

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Net banking income	**3,333**	**3,873**	**+16.2%**
Operating expenses, depreciation and amortization	(1,465)	(1,680)	+14.7%
Gross operating income(1)	**1,868**	**2,193**	**+17.4%**
Risk-related costs	19	(7)	n.m.
Income from equity affiliates	28	46	+63.2%
Net gain/(loss) on disposal of other assets and change in the value of goodwill	(5)	20	n.m.
Integration-related costs	(32)	-	-
Pre-tax income	**1,878**	**2,252**	**+20.0%**
Income tax	(636)	(657)	+3.4%
Net income	**1,242**	**1,595**	**+28.4%**
Net income (Group share)	**1,225**	**1,566**	**+27.9%**

(1) In 2005, before costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A. In 2006, this expense category no longer existed since the integration had been completed.

In asset management, 2006 saw further international development and robust commercial activity in France. The Group won a number of awards for its products, with Atout Vivactions winning L'Agefi's special jury prize and CAAM Volatilité Actions winning the "institutional innovation prize". It also won awards for the quality of its management, with Crédit Agricole winning Mieux Vivre Votre Argent magazine's Corbeille d'Or 2006 award in the 1-year retail bank category, while LCL won third place.

Total assets under management (managed by CAAM Group entities and BFT) exceeded €551 billion at end-2006, an increase of 12.2%. Excluding CAAM Sgr in Italy – due to the fact that the partnership will be dissolved in 2007 following the Intesa-Sanpaolo Imi merger – assets under management totaled €490.4 billion, up 15.7%. At constant scope and valuation methods, assets under management rose by 15.1%, or €66.5 billion.

This growth was driven by very strong net new money, amounting to almost €46 billion outside Italy, along with positive trends in financial markets, which accounted for €18.3 billion of the increase. Specialist funds accounted for 60% of net new money, particularly the range of VaR products and absolute-return funds. Bond funds also contributed 27% of net new money, due to the reinvestment of money withdrawn from home-purchase savings plans.

International expansion continued. In 2006, the Group's international subsidiaries accounted for 43% of net new money. CAAM became the number one foreign asset management company in Spain, with net new money of over €3.5 billion and assets under management of €10.6 billion.

At the end of the year, CASAM (a 50/50 joint venture between CAAM and Calyon operating in structured products and ETFs) managed €44 billion across more than 500 funds. On September 14, 2006, the Group acquired 100% of Ursa Capital LLC (Ursa), a U.S. holding company specializing in alternative managed accounts, which was renamed CASAM Americas. Following the acquisition of Ursa, CASAM now has a fully operational and integrated U.S. company with 44 alternative managed accounts. It has two subsidiaries that are SEC-registered investment advisors: Starview Capital Management (renamed CASAM Advisers) and Lyra Capital, which has a licensing relationship with the Dow Jones Hedge Fund indexes.

In Asia, CAAM already operates in Japan, South Korea, Hong Kong and Singapore and intends to move into China through an asset management joint venture with Agricultural Bank of China (subject to approval by the authorities). In the Pacific zone, CAAM is building its presence in Australia and New Zealand, and opened a sales and representative office in Sydney in late January 2007.

BFT Gestion started a direct alternative asset management business, setting up three hedge funds based in Ireland.

In Italy, following a decision by the Italian competition authority, Intesa Sanpaolo S.p.A. and Crédit Agricole S.A. decided to dissolve their partnership in asset management. The winding-up of CAAM Sgr will take place in 2007.

In future, CAAM will focus its activities in Italy on its original institutional business, and on the newly acquired retail banking network.

In services to institutional investors, CACEIS had considerable commercial success and generated strong earnings in its first full year of existence. CACEIS is consolidated proportionally (50%) in Crédit Agricole S.A.'s financial statements.

The combination of Crédit Agricole S.A. and Caisses d'Epargne activities was finalized in 2006, within three entities: CACEIS CT (issuer services), CACEIS Fastnet (fund administration - resulting from the combination of Fastnet France and Ixis AF on 1 April 2006) and CACEIS Bank (fund administration - resulting from the combination of CA-IS Bank and Ixis IS in October 2006). In 2006, CACEIS carried out harmonization work that is crucial to its future development, adjusting its structures, combining teams and standardizing its systems.

At the end of the year, CACEIS acquired the fund administration activities of FidFund Management S.A. (renames CACEIS Fastnet Suisse) and sold its stake in CACEIS Bank España (former Ixis Urquijo).

There was strong growth in assets outstandings. Assets under custody totaled €1,787 billion at year-end, representing an increase of 16% or €240 billion despite the exit of CACEIS Bank Espana. Assets under administration amounted to €860 billion, up 15% or €112 billion.

In asset management and services to institutional investors, gross operating income rose by 36.6% to €930 million. Excluding the acquisition of Nextra and its merger with CAAM Sgr in early 2006, and excluding the integration of Ursa (renamed CASAM Americas) in the fourth quarter, the increase was 28.2%. Net banking income was €1,828 million, up 24.7% or 17.0% at constant scope. Capital markets were buoyant, and revenue growth reflects strong commercial impetus and an improvement in the asset management mix, with a reduction in the proportion of fixed-income products.

Operating expenses totaled €898 million, up 14.3% or 7.3% at constant scope. The asset management business saw higher technology development costs, due to the growing complexity of products. Expenses also increased due to acquisitions (research, acquisition and integration costs), higher staff levels and new regulations, particularly those that are compliance-related ("MIF" - Markets in Financial Instruments directive).

In private banking, the Group focused on organic growth, seeking to make the most of its new organization. As a result of this strategy, assets under management amounted to almost €88 billion at year-end, not including the assets of high-net-worth individuals managed by Regional Banks and life insurance policies managed by LCL. This represents an increase of 10.5% or €8.4 billion, resulting mainly from a sharp increase in net new money (€6.1 billion). It also reflects the performance of the financial markets, which boosted assets under management by €2.3 billion despite the negative impact caused by the decline in the main currencies (particularly the dollar) against the euro. The exchange rate impact was particularly severe on assets managed in Switzerland, of which 45% is dollar-denominated.

In France, the success of the partnership between BGPI and the Regional Banks resulted in a broader product range and innovative services that are leading to closer relationships with customers. As a result, assets under advisory or management agreements at BGPI surged by more than 23% to €18 billion, making it France's leading dedicated private bank.

Outside France, operations have been unified under the Credit Agricole Private Bank brand, resulting in strong commercial momentum. Together with the development of high-value-added products (structured products, alternative investment products and private equity), this led to strong growth in assets under management and income, while operating margins were maintained. Geographical coverage was enhanced through Crédit Agricole Suisse setting up new operations in the high-growth areas of the Middle East, Latin America and Asia, where a Hong Kong branch was opened in early 2007.

Gross operating income in private banking increased by 51.5% to €184 million, buoyed by a 15.1% rise in net banking income to €592 million while operating expenses increased by only 3.8% to €408 million. Despite adverse exchange-rate effects (the fall in the dollar against the euro), net banking income in the private banking business benefited from strong commercial impetus and robust financial market trends. These factors led to increased revenues from securities, stock market transactions and brokerage activities, structured products and high-end life insurance products.

The life insurance group business saw very strong business levels in a highly buoyant market. Its good performance bolstered Crédit Agricole's position as France's second-largest life insurer. Mathematical reserves rose by 16.8% to €168.5 billion. Excluding BES Vida, which has been fully consolidated since the third quarter of 2006, the increase was 12.4%. Total premium income at Predica, Finaref Vie and BES Vida (excluding policy renewals and Fourgous transfers) was €24.6 billion. Excluding BES Vida, premium income rose by 23.4% to €23.3 billion. Business levels were partly supported by transfers from home purchase savings plans, which suffered from money outflows following changes to tax rules in late 2005.

Excellent commercial performances were recorded across all product ranges (retirement savings, death benefits and long-term care insurance) and all distribution channels (Regional Banks and LCL, but also specialist networks, such as Médicale de France and UAF Patrimoine).

In 2006, Predica repositioned its product range, with the focus on multi-investment policies. This resulted in strong growth in unit-linked premium income (up 82.7%). The proportion of savings inflows relating to unit-linked policies rose from 13% in 2005 to 19% in 2006. Non-unit-linked policies worth more than €1.4 billion were converted into multi-investment policies (as authorized by the Fourgous amendment) with an average rate in unit-linked policies of over 30%.

In property/casualty insurance, the Group generated extremely strong growth in a mature market, and maintained its position as France's second-largest property/casualty bancassurance player.

Net banking income generated by Pacifica, Finaref and BES Seguros totaled €1,483 million, up 22.4% on 2005. The increase was driven by growth in new business resulting from highly competitive pricing. Pacifica sold 1,272,000 new policies in 2006, an increase of 14.6%. At year-end, it had 5.3 million policies, up 13.5%. Finaref sold 1,261,000 new policies, 32% more than in 2005. BES Seguros generated revenues of €62 million.

The insurance business is developing rapidly, due to permanent innovation. Revenues were up 47.7% among small businesses and farmers and 25.6% in personal risk insurance (healthcare and personal accident), due in particular to the success of products that reimburse complementary medicines. Revenues rose by 20.6% in banking-related, legal and related products and by 9.4% in comprehensive household and motor insurance, in which Pacifica differentiated itself in 2006 by introducing breakdown insurance cover. In early 2007, Pacifica announced a new range covering services to individuals under the Borloo plan. A company called Viavita has been set up to handle this business.

Claims ratios remained low. In 2006, Pacifica's combined ratio (the cost of claims and management costs, including commissions paid to distributors, as a percentage of premium income) was 97.3%.

The insurance business generated net income (Group share) of €828 million, up 17.9% on 2005. The diversified and cautious financial policy adopted in 2006 led to a consistent level of reserves, equal to 2.9% of non-unit-linked business in force. Net banking income totaled €1,453 million, an increase of 7.4%. At constant scope, i.e. before the integration of Portuguese subsidiaries BES Vida and BES Seguros, and taking into account a new addition to the provision for sharing in profits. Net banking income rose by 4.6%. Operating expenses increased by 30.5% to €374 million. Excluding tax-related exceptional items, the increase was 17.5%. The rise resulted from projects concerning IT and management systems and communication efforts accompanying business development.

The tax rate fell to 23.3% as the new tax treatment of impairment provisions had a positive impact, as it benefited from reduced taxation of long-term capital gains.

6. Corporate and investment banking

Corporate and investment banking generated strong revenues in 2006, and achieved a sharp improvement in operational efficiency and profitability. The business line generated net income (Group share) of €1,656 million, up 32.2% on 2005. These results are in line with the Group's profitable growth objectives.

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Net banking income	**4,456**	**5,456**	**+22.4%**
Operating expenses, depreciation and amortization	(2,813)	(3,321)	+18.0%
Gross operating income[(1)]	**1,643**	**2,135**	**+30.0%**
Risk-related costs	(3)	10	n.m.
Income from equity affiliates	120	160	+32.5%
Net gain/(loss) on disposal of other assets and change in value of goodwill	14	(5)	n.m.
Integration-related costs	(77)	-	-
Income before tax	**1,697**	**2,300**	**+35.5%**
Income tax	(379)	(577)	+52.1%
Net income	**1,318**	**1,723**	**+30.7%**
Net income (Group share)	**1,253**	**1,656**	**+32.2%**

(1) In 2005, before costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A. In 2006, this expense category no longer existed since the integration had been completed.

Calyon strengthened its positions in all areas of corporate and investment banking.

Revenues increased strongly (by 22.4%, or 23.5% at constant exchange rates) to €5,456 million. The business mix continued to improve, in line with the Group’s business development plan. Revenues in capital markets and investment banking have risen at a CAGR of 27% in the last two years, and accounted for 60.9% of the business line’s net banking income in 2006 as opposed to 55.3% in 2004.

The business portfolio is well balanced, and customer revenues still account for most of the total (83%).

Operating expenses rose by 18% to €3,321 million. The increase in fixed costs was limited to 10.6%, which is moderate given the pace of business growth and the significant investment efforts made during 2006. The workforce grew by 3.8% with the addition of 400 staff (full-time equivalent), mainly in brokerage activities at CLSA and Calyon Financial, and in capital markets front-office activities. Efforts to enhance IT systems in the capital markets and brokerage businesses, as well as in the international network, were maintained.

CIB’s gross operating income rose by 30%, and by 31.4% at constant exchange rates. As a result, the cost/income ratio improved by 2.2 points to 60.9%, bringing the decrease to more than 10 points in two years.

The sharp increase in income from equity affiliates (up 32.5% to €160 million) was driven by Al Bank Al Saudi Al Fransi’s brokerage business.

Net income (Group share) was €1,656 million, up 32.2%. Return on equity (based on capital allocated to the business line) was 20.9%.

Financing activities

(in millions of euros)	2005	2006	Change 2005/2006
Net banking income	**1,873**	**2,135**	**+14.0%**
Operating expenses, depreciation and amortization	(815)	(875)	+7.3%
Gross operating income[(1)]	**1,058**	**1,260**	**+19.2%**
Risk-related costs	2	10	x5.3
Income from equity affiliates	120	158	+31.6%
Net gain/(loss) on disposal of other assets	(6)	(5)	(16.7%)
Integration-related costs	(21)	-	n.m.
Pre-tax income	**1,153**	**1,423**	**+23.5%**
Income tax	(246)	(342)	+39.1%
Net income	**907**	**1,081**	**+19.3%**
Net income (Group share)	**862**	**1,043**	**+21.0%**

[(1)] In 2005, before costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A. In 2006, this expense category no longer existed since the integration had been completed.

Operational and financial performance in the **financing business** improved further in 2006. The operating environment was positive overall, although there was constant pressure on margins. The return on risk-weighted assets remained firm due to increased business levels and faster portfolio turnover through active balance-sheet management.

Net banking income rose 14% to €2,135 million. The structured financing business has leading global positions, and benefited from very strong commercial momentum in leveraged financing, real estate financing, acquisition financing and international trade financing.

The syndication business consolidated its top 10 position, arranging an increasing number of large deals in 2006.

The commercial banking business focused its development on international markets. Net banking income in commercial banking increased, albeit more moderately, reflecting the Group's policy of allocating capital primarily to high value-added businesses.

With growth in operating expenses limited to 7.3%, gross operating income rose by 19.2% to €1,260 million, while the cost/income ratio fell by 2.5 points to 41%. This reflects a very high level of operational efficiency.

The risk environment remained favorable, and there was a €10 million net release from risk provisions.

Net income (Group share) rose by 21% to €1,043 million. After-tax return on equity was 18.6%, an increase of more than 2 points.

Capital markets and investment banking

(in millions of euros)	**2005**	**2006**	**Change 2005/2006**
Net banking income	**2,583**	**3,321**	**+28.6%**
Operating expenses, depreciation and amortization	(1,998)	(2,446)	+22.4%
Gross operating income[(1)]	**585**	**875**	**+49.5%**
Risk-related costs	(5)	-	n.m.
Income from equity affiliates	-	1	n.m.
Net gain/(loss) on disposal of other assets	20	-	n.m.
Integration-related costs	(56)	-	n.m.
Pre-tax income	**544**	**876**	**+61.0%**
Income tax	(133)	(234)	+76.2%
Net income	**411**	**642**	**+56.1%**
Net income (Group share)	**391**	**613**	**+56.9%**

(1) In 2005, before costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A. In 2006, this expense category no longer existed since the integration had been completed.

Net banking income in **Capital markets and investment banking** maintained its rapid pace of growth, rising by almost 29% to €3,321 million. In line with the intended changes to Calyon's business mix, this segment's contribution to total corporate and investment banking revenues is increasing steadily, and was 60.9% in 2006.

In capital markets, there was excellent performance in interest-rate derivatives, strong growth in credit derivatives and collateralized debt obligations (CDOs) and further steady growth in equity derivatives, in line with the 2006-2008 development plan.

2006 was a record year in brokerage, for both CA Cheuvreux and CLSA's equities business and Calyon Financial's listed derivatives business. Revenues rose by 33% to record levels in 2006.

The investment banking segment completed some major deals, particularly in Europe, as well as strengthening its network by extending it further outside France.

Operating expenses increased by 22.4% to €2,446 million. In addition to higher variable remuneration arising from strong business levels, this rise was due to significant investment aimed at enhancing capital markets IT systems and bolstering the workforce in all capital markets and investment banking activities.

Gross operating income increased by 49.5% to €875 million, while the cost/income ratio fell by nearly 4 percentage points to 73.7%.

Net income surged by 56.9% to €613 million and after-tax return on equity was 26.4%.

7. Proprietary asset management and other activities

The contribution from proprietary asset management and other activities to net income (Group share) improved from €(795) million in 2005 to €(733) million in 2006.

(in millions of euros)	2005	2006	Change 2005/2006
Net banking income	**(380)**	**(255)**	**-33.0%**
Operating expenses, depreciation and amortization	(843)	(845)	+0.2%
Gross operating income[(1)]	**(1,223)**	**(1,100)**	**-10.1%**
Risk-related costs	(77)	30	n.m.
Income from equity affiliates	31	88	x2.9
Net gain/(loss) on disposal of other assets and change in the value of goodwill	110	65	-41.1%
Integration-related costs	(85)	-	n.m.
Pre-tax income	**(1,244)**	**(917)**	**-26.4%**
Income tax	661	391	-40.9%
Net income	**(583)**	**(526)**	**-10.0%**
Net income (Group share)	**(795)**	**(733)**	**-7.8%**

[(1)] In 2005, before costs relating to the integration of Crédit Lyonnais with Crédit Agricole S.A. In 2006, this expense category no longer existed since the integration had been completed.

This favorable development was partly due to the **private equity** business, which generated net banking income of €165 million, 80.7% more than the 2005 figure of €91 million. This reflects firm business levels in all three segments: (i) private equity (direct stakes in unlisted companies) through Crédit Agricole Private Equity (CAPE), (ii) equity and long-term financing in the farming and food industries and (iii) mid-cap corporate finance through Crédit Agricole Capital Investissement & Finance (CACIF).

Crédit Agricole Private Equity's strategy is to continue developing its third-party management activities and achieve significant year-on-year growth in investment volumes. New investment vehicles launched in 2006 saw rapid development: Capenergie, the first institutional fund focused on renewable energies, Meridiam Infrastructure, which provides equity and near-equity infrastructure financing to public-private partnerships, and Exitis, which provides liquidity solutions for equity portfolios.

Net banking income consists of revenues from equity interests and the investment portfolio, management fees and net gains on the portfolio of assets measured at fair value.

With operating expenses almost unchanged in 2006, gross operating income more than doubled, rising by 114% to €139 million. The business line's contribution to Group income rose by a factor of 2.1 from €59 million in 2005 to €126 million in 2006.

Excluding the private equity business, there was an increase in financial management revenues related to home purchase savings plans (releases of provisions) and investment portfolios. However, financing costs rose by €148 million as a result of Crédit Agricole S.A.'s acquisitions, and there was a decrease in income from ALM activities.

Income from equity affiliates rose by €57 million, due to a sharp increase at listed equity interest Eurazeo.

Net income from disposals of other assets (€62 million) includes the gain on selling the 35% stake in CAAM Sgr Italie to Banca Intesa and the gain on selling the minority stake in Portuguese insurance subsidiaries Partran and Tranquilidade to ESFG.

Crédit Agricole S.A. Consolidated Balance Sheet

As of the end of 2006, Crédit Agricole S.A. Group's total assets rose to €1,261 billion from €1,061 billion in 2005. This represents an increase of 18.8% or €200 billion.

The net effect of changes in consolidation scope in 2005 and 2006 had no material impact on total balance sheet assets and accounted for 3.3% of the increase. Newly consolidated companies (primarily Emporiki, FAFS, BES Vida and BES Seguros, Egyptian American Bank, JSC Index Bank HVB) increased balance sheet assets by €42 billion. Conversely, due to the main currencies' depreciation against the euro, exchange rate fluctuations between end-2005 and end-2006 produced a minor negative impact of 0.2% on total assets.

On a like-for-like basis and at constant exchange rates, total assets were up almost €160 billion, a rise of 15.1% year-on-year.

This increase was fuelled by the Group's commercial growth and substantial gains in repo activity as part of Calyon's trading and arbitrage businesses. The weight of repo business relative to the Group's total assets (more than 10%) and its strong increase over the year (up €36.6 billion, or 34.5%) came from growth in trading and arbitrage, which are heavy users of this type of financial instrument. The repo business is mainly focused in Paris, which accounted for 79% of securities bought under repurchase agreements.

Assets

The main items on the asset side of the balance sheet consist of financial assets at market value through profit or loss (33%), loans and advances to customers and banks (43%) and available-for-sale financial assets (14%), all of which contributed to growth in balance sheet assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss amounted to €417.9 billion. Most of this portfolio consists of securities (94%) that are classified under financial assets at fair value through profit or loss either as a result of a genuine intention to trade them, primarily securities bought under repurchase agreements (€98.7 billion), trading securities in the form of bonds and other fixed-income securities (€98.5 billion) or shares and other variable-income securities (€35.4 billion), as well as derivative financial instruments held for trading (€125.4 billion). This category also comprises securities (6%) that are classified as financial assets at fair value through profit or loss as a result of an option taken by the Group; the majority of these (€23.7 billion) are assets backing unit-linked insurance policies, of which the 25.5% growth compared with 2005 was driven by the strength of new inflows on these products.

Financial instruments at market value through profit or loss increased by 23.1% year-on-year, in line with both the performance of the financial markets and growth in the Group's business. The increase stemmed mainly from securities held for trading (mainly in the form of bonds), which were multiplied by a factor of 2.3 to €98.5 billion in 2006 from €43.2 billion in 2005, a 12.8% increase in securities bought under repurchase agreements as part of Calyon's trading and arbitrage businesses, and a 9.4% rise in derivative financial instruments held for trading (mainly interest rate derivatives). Conversely, trading securities in the form of shares and other variable-income securities decreased by 19.1%.

The 24% year-on-year increase in financial assets designated as at market value through profit or loss mainly concerns unit-linked insurance policies, which rose by €4.8 billion. This reflects valuation effects and also the strength of new inflows on these products.

Loans and advances to customers and banks

This category includes unlisted financial assets with fixed or determinable payments, net of impairment provisions. Total outstandings amounted to €540 billion, a significant increase of 21% (€93.8 billion) on 2005.

Customer loans outstanding (including lease finance operations) amounted to €248.1 billion at year-end, an increase of 32.3% (€60.6 billion) over the 2005 amount. Of this, 13% was due to acquisitions, chiefly Emporiki and FAFS. Customer business in international retail banking is building up rapidly. It accounted for €20.6 billion of loans outstanding in 2006 compared with €2.2 billion in 2005, which is in line with the Group's strategic development plan.

In a climate of robust credit demand, especially from personal and middle-market corporate customers, net outstandings increased by over €36 billion in 2006 (up 19.2%), reflecting the buoyancy of the LCL retail banking network and of Sofinco's business in consumer credit, as well as Calyon's strong commercial performance in corporate and investment banking.

Most of the rise in loans and advances to customers applied to "Other loans and advances to customers", which grew by €37.2 billion, and securities bought under repurchase agreements, which increased by €16.3 billion. In a low-risk environment, provisions for impairment of customer loans increased by 4.9% or €358 million owing to the newly consolidated companies. These provisions include €1.8 billion in collective provisions.

Loans and advances to customers and banks amounted to €292 billion at December 31, 2006, a rise of 12.9%, or €33.3 billion over the year. This category mainly includes Group internal transactions (€209 billion), primarily time deposits and accounts from Crédit Agricole S.A. to the Regional Banks. The components of this item reflect the financial mechanisms between Crédit Agricole S.A. and the Regional Banks. Its strong 10% increase (€18.8 billion) in 2006 mirrors the growth in the Regional Banks' lending activity.

Amounts due from banks outside the Group grew by 21.1% (€14.5 billion) in 2006, to €83.1 billion. This increase was primarily due to two items: loans and advances (up €1 billion) and additional securities bought under repurchase agreements, which increased €13.9 billion in 2006 in step with the expansion in Calyon's business.

Available-for-sale financial assets

Available-for-sale financial assets increased by €29.3 billion from end-2005 to end-2006, to a total of €173.5 billion. These include bonds, equities, and treasury bills and similar items, which can neither be booked as financial assets at market value through profit or loss nor held to maturity, and are marked to market at year end. €2.9 billion of provisions were booked against impairment of available-for-sale securities and receivables. Net unrealized gains on available-for-sale financial assets were €10 billion, including €7.2 billion in insurance policyholders' with-profits entitlements recognized in accordance with IFRS 4.

Held-to-maturity financial assets

This category encompasses securities with fixed or determinable payments that the Group intends and has the capacity to hold until maturity. They are recognized at amortized cost using the effective interest method. The amount remained relatively unchanged over the year, totaling €18 billion at year-end 2006 compared with €19.8 billion in 2005 (down 8.9%).

Goodwill increased by €2.6 billion to €16.7 billion, as a result of the acquisitions made during the year (primarily Emporiki, the Portuguese insurance subsidiaries, JSC Index Bank and EAB).

Liabilities

Liabilities mainly consist of financial liabilities at fair value through profit or loss (24%), amounts due to customers and banks (38%), debt represented by a security (13%) and insurance company technical reserves (15%), which together account for more than 90% of the Group's liabilities excluding shareholders' equity.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss amounted to €297.3 billion. This category is composed exclusively of debt instruments that are measured at market value at year-end through profit or loss, as the Crédit Agricole S.A. Group does not use the fair value option on financial liabilities. They include derivative financial instruments held for trading (€120 billion), securities sold under repurchase agreements (€109.4 billion), securities sold short (€39.8 billion) and debt represented by a security (€28 billion).

Trading securities moved up by a robust 22.1% (€53.9 billion) in 2006, mainly due to gains in repo business (a rise of 34.5% or €28.1 billion), securities sold short (up 39.5% or €11.3 billion), and debt represented by a security, which rose by 47% from €19.1 billion in 2005 to €28.1 billion in 2006. Valuation effects also contributed to the increase.

Amounts due to customers and banks

Amounts due to customers and banks topped €485 billion, rising by more than €52 billion in 2006 (up 12% on 2005). Amounts due to banks, which chiefly consist of Crédit Agricole Group internal transactions, increased by nearly €20 billion (up 17.2%). Most of this increase was in deposits and borrowings (up 11.1%, or €8.2 billion) and securities sold under repurchase agreements (up €7.3 billion, or 43.7%).

Amounts due to customers totaled €350.8 billion at December 31, 2006. The increase of €32.4 billion (10.2%) reflects growth in bank deposits at the entities of Crédit Agricole S.A. Group both in France and abroad. Because of Crédit Agricole Group's internal financial mechanisms, savings deposits at the Regional Banks (passbook accounts, home purchase savings schemes, savings bonds and time accounts, 'PEP' popular savings plans, etc.) are centralized on the balance sheet of Crédit Agricole S.A., which accounted for 47% or over €165 billion. The increase in amounts due to customers is attributable mainly to other amounts due to customers (time deposits, savings certificates, etc.), which expanded by 49.5% from €56.1 billion in 2005 to €83.8 billion in 2006 owing to solid demand for these products in retail banking in France (LCL and the Regional Banks). Securities sold under repurchase agreements, which grew by 23.5% to €9.6 billion, also contributed to this increase. Amounts deposited in special savings schemes edged up 0.7% over the year to €199.1 billion, while current accounts in credit remained stable at €54.6 billion (up 0.5%). An analysis of amounts due to customers by type of customer shows that a substantial 73% of deposits came from personal and small businesses customers. An analysis by geographic region highlights the Group's growth abroad: amounts due to foreign customers represented 27% of the total at end-2006, compared with 19% in 2005 and less than 16% in 2004.

Debt represented by a security

Debt represented by a security rose by 65.9% or €64.7 billion to €162.8 billion at December 31, 2006. The Group raised an additional €35.6 billion on the capital markets by issuing negotiable debt instruments and €24.1 billion of bonds.

Insurance company technical reserves

Insurance company technical reserves increased by €23.7 billion (or 14.6%) to €186.2 billion on the back of business growth at Predica and Pacifica, the Group's life- and non-life insurance subsidiaries; insurance liabilities were valued under French GAAP, in compliance with international regulations at year-end.

Capital funds

Shareholders' equity (group share) of Crédit Agricole S.A. Group, including income for the year and before payment of the 2006 dividend, grew by 14.3% or €4,396 million to €35.1 billion at December 31, 2006. The main contributor to this increase was the income generated over the period (€4,920 million). Other contributors include higher unrealized gains on available-for-sale securities (€551 million), which are included in shareholders' equity, and the positive impact of these same factors on equity affiliates' shareholders' equity (€178 million). These effects were partly offset by €1,188 million in dividend payouts for 2005 (after deducting dividends received by the Regional Banks and the subsidiaries).

Including minority interests (€4.8 billion) and subordinated debt (€24.5 billion), gross *capital funds* amounted to €64.3 billion, a rise of €8.2 billion on 2005. This essentially reflects the increase in shareholders' equity and the issue of €3.2 billion in perpetual subordinated notes as part of Crédit Agricole S.A.'s liability management process.

Prudential ratios

Crédit Agricole S.A. Group European solvency ratio

In accordance with regulations, the Crédit Agricole S.A. Group has calculated its European solvency ratio on a half-yearly basis since it was listed on the stock market on December 14, 2001.

This calculation is shown in the table below, which details the risks of the Crédit Agricole S.A. Group measured in credit risk equivalents (after counterparty weighting) and the regulatory capital levels on the dates indicated, calculated in accordance with the French CRBF regulations on solvency ratios (91-05) and capital (90-02).

(in billions of euros)	**12/31/2005**	**12/31/2006**[1]
Risk		
Credit risk	222.9	248.1
Market risk	23.3	15.5
Interest rate risk	*17.8*	*4.8*
Equity risk	*0.2*	*0.6*
Settlement risk	*0.4*	*0.4*
Foreign exchange risk	*1.5*	*0.8*
Commodity risk	*0.0*	*0.0*
Risks calculated by internal model	*3.4*	*8.9*
Total weighted risks (denominator)	**246.2**	**263.6**
Available capital		
Tier 1	20.7	21.6
Tier 2	16.5	18.8
Tier 3	0.7	0.9
Deductions	(16.1)	(18.2)
Total available capital	**21.8**	**23.1**
Tier 1 solvency ratio	**8.4%**	**8.2%**
Total solvency ratio	**8.9%**	**8.8%**

[1] *After reforms applicable to financial conglomerates.*

As of the end of 2006, the total solvency ratio was 8.8%, compared with 8.9% at December 31, 2005. At December 31, 2006, the Tier 1 solvency ratio was 8.2%, compared with 8.4% at December 31, 2005. The ratios at December 31, 2006 reflect application of the reforms under the Financial Conglomerates Directive (see paragraph below on solvency ratio reform).

Changes in the various components of this ratio are analyzed below:

- risk-weighted assets were €263.6 billion as of December 31, 2006, up €17.4 billion in 2006 (an increase of 7%). Credit risk increased by nearly €25.2 billion in 2006 (up 11.3%), mainly reflecting the increase in weighted risks for international retail banking and specialized financial services following the acquisition of Emporiki by the first business line and of Fiat Auto Financial Services (FAFS) by the second business line. Over the same period, market risk decreased by €7.8 billion from its December 31, 2005 level, due mainly to the use of Calyon's internal Value at Risk model to measure its interest rate risk;
- tier 1 capital amounted to €21.6 billion at year-end 2006, up €0.9 billion from 2005. Prior-year retained earnings, together with a short-term advance from the Regional Banks, along with other resources, allowed the Group to finance the acquisition of Emporiki and FAFS;
- tier 2 capital increased by nearly €2.3 billion to €18.8 billion, mainly following issuances of redeemable subordinated notes and perpetual subordinated notes;
- tier 3 capital included in the ratio was €0.9 billion in 2006 compared with €0.7 billion in 2005; and
- deductions increased by €2.1 billion, principally due to the increase in the value of equity affiliates.

Solvency ratio reform

Since January 1, 2006, when the European Financial Conglomerates Directive came into effect, in order to comply with the new reporting rules, Crédit Agricole S.A. has been required to:

- produce a "non-insurance" banking ratio that eliminates insurance companies' contribution to weighted risks from the numerator and their capital from the denominator;
- monitor assets to ensure complementarily that the Group's consolidated capital covers both its overall banking capital requirements and the solvency margin requirements of its insurance companies.

The proposed transposition of the European CRD system (2006-48-EC and 2006-49-EC) into French law was adopted on February 20, 2007, in the form of two decrees, one on "capital requirements applicable to credit institutions and investment companies", the other amending CRB and CRBF regulations.

Until January 1, 2008, all financial institutions may continue to report their ratios in CAD/ESR format (European solvency ratio). In the interests of achieving greater international convergence, beginning December 31, 2006, the regulatory authority revised the eligibility limits for inclusion in capital in accordance with the following rules: the 15% limit of core capital for innovative hybrid instruments has been maintained, and minority interests (excluding those in special purpose vehicles) will be excluded from the current 25% limit. Hybrid instruments, minority interests and preference shares may not account for more than 50% of total core capital.

Since the period ended September 30, 2005, the Crédit Agricole Group has produced a consolidated table of its CRD risk-weighted assets on a quarterly basis.

Beginning with the period ending June 30, 2007, during the parallel calculation phase preceding application of the new ratio, Crédit Agricole will report its CRD ratio to the Banking Commission at the different reporting levels required, in the requisite COREP regulatory format.

TERMS AND CONDITIONS OF THE NOTES

The following terms and conditions, subject to completion and amendment, will be endorsed on each of the Notes.

The issuance outside the Republic of France of the US$1,500,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the "**Notes**") of Crédit Agricole S.A. (the "**Issuer**") was decided by the *Responsable de la Direction de la Gestion Financière* of the Issuer in a *décision d'émission* dated May 24, 2007, acting pursuant to a resolution of the board of directors (*conseil d'administration*) of the Issuer dated May 15, 2007. The Notes are issued with the benefit of a fiscal agency agreement (the "**Fiscal Agency Agreement**") dated May 31, 2007 between the Issuer, Citibank, N.A. as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall, where the context so admits, include any successor for the time being of the Fiscal Agent) and calculation agent (the "**Calculation Agent**", which expression shall, where the context so admits, include any successor for the time being of the Calculation Agent) and the other paying agents named therein (together, the "**Paying Agents**", which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents or any additional paying agents appointed thereunder from time to time). Reference below to the "**Agents**" shall be to the Fiscal Agent, the Paying Agents and/or the Calculation Agent, as the case may be. Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents. References below to "Conditions" are, unless the context otherwise requires, to the numbered paragraphs below.

1. DEFINITIONS

For the purposes of these Conditions:

"**144A Global Note**" means the one or more fully registered global certificates, without coupons, representing the Notes offered pursuant to Rule 144A under the Securities Act.

"**Account Holders**" has the meaning set forth in Condition 2.

"**Accrued Interest**" is only applicable with respect to an Interest Period whose Interest Payment Date is an Optional Interest Payment Date and means, with respect to the period from (and including) the immediately preceding Interest Payment Date (or in the case of the first Interest Payment Date, the Issue Date) to (but excluding) the date of the occurrence of a Supervisory Event, the amount of interest accrued on the Notes during such period as calculated by the Calculation Agent.

"**Agents**" has the meaning set forth in the preamble to these Conditions.

"**Applicable Banking Regulations**" means, at any time, the capital adequacy or own funds regulations then in effect of the regulatory authority in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other relevant jurisdiction) having authority to adopt capital adequacy or own funds regulations with respect to the Issuer.

"**BIS Press Release**" has the meaning set forth in Condition 3.

"**Business Day**" has the meaning set forth in Condition 7.

"**Calculation Agent**" has the meaning set forth in the preamble to these Conditions.

"**Clearstream, Luxembourg**" means Clearstream Banking, S.A, *société anonyme*, Luxembourg.

"**Compulsory Interest Payment Date**" means each Interest Payment Date as to which at any time during a period of one year prior to such Interest Payment Date:

(i) the Issuer has declared or paid a dividend (whether in cash, shares or any other form but excluding a dividend paid only in newly issued shares), or more generally made a payment of any nature, on any class of share capital or on other equity securities issued by the Issuer, or on the T3CJ, or on Deeply Subordinated Obligations or under any Support Agreement, in each case to the extent categorized as Tier 1 Capital, unless such payment on Deeply Subordinated Obligations or under Support Agreements was required to be made as a result of a dividend or other payment having been made on any class of share capital or on other equity or Parity Securities issued by the Issuer;

(ii) the Issuer has redeemed, repurchased or otherwise acquired any class of its share capital or the T3CJ, by any means, with the exception of repurchases of share capital for purposes of making shares available to cover employee stock option, stock attribution or stock purchase programs, regularization of the Issuer'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 the Issuer's share capital; or

(iii) any subsidiary of the Issuer has declared or paid a dividend on any Parity Securities, unless such dividend was required to be paid as a result of a dividend or other payment having been made on any class of share capital or on other equity securities issued by the Issuer or on any other Parity Securities qualifying as consolidated Tier 1 Capital of the Issuer,

provided, however, that if a Supervisory Event occurred prior to such Interest Payment Date and is continuing, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Supervisory Event had occurred prior to the relevant event described in sub-paragraph (i), (ii) or (iii) above.

For the avoidance of doubt, there will be no Compulsory Interest Payment Date as a result of a redemption or repurchase by the Issuer or any subsidiary of the Issuer of any Parity Securities, Deeply Subordinated Obligations (including the Notes) or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes.

"**Consolidated Net Income**" means the consolidated net income (excluding minority interests) of the Issuer, as calculated and set out in the audited annual consolidated accounts of the Issuer adopted by the Issuer's shareholders' general meeting.

"**CRBF Regulation**" has the meaning set forth in Condition 3.

"**Current Principal Amount**" means at any time the principal amount of the Notes, calculated on the basis of the Original Principal Amount of the Notes as such amount may be reduced, on one or more occasions, pursuant to the application of the Loss Absorption mechanism and/or reinstated on one or more occasions following a Return to Financial Health, as the case may be, pursuant to Conditions 5.1 and 5.2.

"**Deeply Subordinated Obligations**" means deeply subordinated obligations of the Issuer, whether in the form of notes or loans or otherwise, which rank *pari passu* among themselves and with the Notes, senior to the principal in respect of the T3CJ and any classes of share capital issued by the Issuer, and behind the present and future *prêts participatifs* granted to the Issuer, the present and future *titres participatifs* issued by the Issuer, Ordinarily Subordinated Obligations and Unsubordinated Obligations. For the avoidance of doubt, the T3CJ are not to be considered as Deeply Subordinated Obligations.

"**DTC**" means The Depository Trust Company, New York, New York.

"**End of Supervisory Event**" means, following a Supervisory Event, the first date on which either of the following events occurs:

(a) if the Supervisory Event occurred pursuant to paragraph (a) of the definition of Supervisory Event, the total risk-based consolidated capital ratio of the Issuer, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations; or

(b) if the Supervisory Event occurred pursuant to paragraph (b) of the definition of Supervisory Event, the notification by the SGCB to the Issuer that it has determined, in its sole discretion, in view of the financial condition of the Issuer, that the circumstances which resulted in the Supervisory Event have ended.

An End of Supervisory Event shall be deemed to occur pursuant to paragraph (a) above on the date on which the Issuer determines that the total risk-based consolidated capital ratio has been restored to the relevant level.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

"**Existing Support Agreements**" means the following support agreements:

(a) the Support Agreement, dated as of January 30, 2003 and as amended from time to time, between the Issuer and CA Preferred Funding LLC relating to CA Preferred Funding LLC's 7.0% Noncumulative Preferred Securities;

(b) the Support Agreement, dated as of August 6, 2003, between the Issuer and CA Preferred Funding LLC, relating to the 7.0% Noncumulative Company Preferred Securities of CA Preferred Funding LLC; and

(c) the Support Agreement, dated as of December 19, 2003, between the Issuer and CA Preferred Funding LLC, relating to the 6.0% Noncumulative Company Preferred Securities of CA Preferred Funding LLC.

"**First Call Date**" means May 31, 2017.

"**Fiscal Agency Agreement**" has the meaning set forth in the preamble to these Conditions.

"**Fiscal Agent**" has the meaning set forth in the preamble to these Conditions.

"**Fixed Rate Interest Amount**" has the meaning set forth in Condition 4.

"**Fixed Rate Interest Payment Date**" has the meaning set forth in Condition 4.

"**Fixed Rate Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Fixed Rate Interest Payment Date, and each successive period beginning on (and including) a Fixed Rate Interest Payment Date and ending on (but excluding) the next succeeding Fixed Rate Interest Payment Date until (and including) the last Fixed Rate Interest Payment Date.

"**Floating Rate Interest Amount**" has the meaning set forth in Condition 4.

"**Floating Rate Interest Payment Date**" has the meaning set forth in Condition 4.

"**Floating Rate Interest Period**" means the period beginning on (and including) the First Call Date and ending on (but excluding) the first Floating Rate Interest Payment Date and each successive period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date.

"**Global Notes**" means the Rule 144A Global Note and the Regulation S Global Note.

"**Hybrid Securities Limit**" has the meaning set forth in Condition 3.

"**Interest Amount**" means a Fixed Rate Interest Amount and/or a Floating Rate Interest Amount, as the case may be.

"**Interest Payment Date**" means a Fixed Rate Interest Payment Date or a Floating Rate Interest Payment Date, as the case may be.

"**Interest Period**" means a Fixed Rate Interest Period or a Floating Rate Interest Period, as the case may be.

"**Issue Date**" means May 31, 2007.

"**Issuer**" means Crédit Agricole S.A.

"**London Business Day**" means any day that is not a Saturday or Sunday, and that is not a day on which banking institutions are generally authorized or obligated by law, regulations or executive order to close in London.

"**Loss Absorption**" has the meaning set forth in Condition 5.

"**LIBOR**" has the meaning set forth in Condition 4.

"**Noteholders**" means the holders of the Notes.

"**Optional Interest Payment Date**" means any Interest Payment Date other than a Compulsory Interest Payment Date.

"**Ordinarily Subordinated Obligations**" means subordinated obligations of the Issuer, whether in the form of notes or loans or otherwise, which rank in priority to the present and future *prêts participatifs* granted to the Issuer, the present and future *titres participatifs* issued by the Issuer, Support Agreement Claims, Deeply Subordinated Obligations and the Notes.

"**Original Principal Amount**" means the principal amount of the Notes on the Issue Date (that is, US$1,500,000,000) not taking into account any Loss Absorption or Reinstatement.

"**Parity Securities**" means any preferred securities or preferred or preference shares issued by any subsidiary of the Issuer (including in particular CA Preferred Funding LLC), the proceeds of which are eligible as consolidated *fonds propres de base* for the Issuer, to the extent that such subsidiary benefits from any Support Agreement.

"**Paying Agents**" has the meaning set forth in the preamble to these Conditions.

"**Reinstatement**" has the meaning set forth in Condition 5.

"**Regulation S Global Note**" means the one or more fully registered global certificates, without coupons, representing the Notes offered pursuant to Regulation S under the Securities Act.

"**Relevant Date**" has the meaning set forth in Condition 8.

"**Return to Financial Health**" has the meaning set forth in Condition 5.

"**Supervisory Event**" means the first date on which either of the following events occurs:

(a) the total risk-based consolidated capital ratio of the Issuer, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations; or

(b) the notification by the SGCB to the Issuer, that it has determined, in its sole discretion, in view of the deteriorating financial condition of the Issuer, that the foregoing paragraph (a) of this definition would apply in the near term.

A Supervisory Event shall be deemed to occur pursuant to paragraph (a) above on the date on which the Issuer determines that the total risk-based consolidated capital ratio has fallen below the relevant level.

"**Support Agreement**" means the Existing Support Agreements and any other guarantee, support agreement or other agreement or instrument issued by the Issuer in favor of an issuer of Parity Securities and having a similar effect to the Existing Support Agreements, if claims under such guarantee, support agreement or other agreement or instrument rank behind present and future *prêts participatifs* granted to the Issuer, present and future *titres participatifs* issued by the Issuer, Ordinarily Subordinated Obligations and Unsubordinated Obligations and in priority to any principal payments to holders of T3CJ and any classes of share capital issued by the Issuer.

"**Support Agreement Claim**" means any claim against the Issuer by any subsidiary of the Issuer pursuant to a Support Agreement.

"**SGCB**" means the *Secrétariat général de la Commission bancaire* which reference shall, where applicable, include any other authority having supervisory authority with respect to the Issuer.

"**T3CJ**" means undated hybrid capital securities in the amount of €1,839 million issued by the Issuer to an entity wholly-owned by the Regional Banks on June 26, 2003.

"**Tier 1 Capital**" has the meaning set forth in Condition 3.

"**Unsubordinated Obligations**" means unsubordinated obligations of the Issuer which rank in priority to Ordinarily Subordinated Obligations.

2. FORM, DENOMINATION AND TITLE

The Notes are issued in fully registered form in denominations of US$100,000 and integral multiples of US$1,000 in excess thereof, in the form of one or more Global Notes, as described below. The Notes will be eligible for clearance through DTC, Clearstream, Luxembourg and Euroclear.

The Notes sold in reliance on Rule 144A will be represented by one or more permanent global certificates in fully registered form (together the "**Rule 144A Global Note**") and the Notes sold to non-U.S. persons in offshore transactions in reliance on Regulation S will be represented by one or more permanent global certificates in fully registered form (together the "**Regulation S Global Note**" and, together with the Rule 144A Global Note, the "**Global Notes**"). The Global Notes will be registered in the name of a nominee of, and deposited with a custodian for, DTC.

For the purposes of these Conditions, "**Account Holder**" shall mean any authorized financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with DTC. The Notes and certificates are not issuable in bearer form. Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

A Global Note is exchangeable for individual certificated Notes in definitive, fully registered form without interest coupons only in the following limited circumstances:

- DTC notifies the Issuer that it is unwilling or unable to continue as depositary for such Global Note or DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, at a time when DTC is required to be so registered in order to act as depositary, and in each case the Issuer fails to appoint a successor depositary within 90 days of such notice,

- the Issuer notifies the Fiscal Agent in writing that such Global Note shall be so exchangeable,

- if there shall have occurred and be continuing an Event of Default with respect to the Notes,

- the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available, or

- the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by a Global Note in definitive form.

In all cases, Notes in definitive form delivered in exchange for a Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in the Fiscal Agency Agreement, unless the Issuer determines otherwise in accordance with these Terms and Conditions and in compliance with applicable law.

3. STATUS OF THE NOTES AND SUBORDINATION

The Notes are deeply subordinated notes of the Issuer issued pursuant to the provisions of article L. 228-97 of the French *Code de commerce*, as amended in particular by law n°2003-706 on financial security dated August 1, 2003.

The proceeds of the issue of the Notes will be treated, for regulatory purposes, as consolidated *fonds propres de base* for the Issuer subject to the limits on the portion of the Issuer's *fonds propres de base* that may consist of hybrid securities in accordance with Applicable Banking Regulations (the "**Hybrid Securities Limit**") and the interpretation of the SGCB. The initial principal amount of the Notes could exceed this limit at the time the Notes are issued. *Fonds propres de base* ("**Tier 1 Capital"**) shall have the meaning given to it in Article 2 of *Règlement* n° 90-02 dated February 23, 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF Regulation**") or otherwise recognized as *fonds propres de base* by the SGCB. The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated October 27, 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the "**BIS Press Release**"). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled "*Modalités de calcul du ratio international de solvabilité*".

The principal and interest on the Notes (which constitute *obligations* under French law) are direct, unconditional, unsecured, undated and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all other present and future Support Agreement Claims and Deeply Subordinated Obligations, senior to the principal in respect of the T3CJ of the Issuer, and shall be subordinated to the present and future *prêts participatifs* granted to the Issuer and present and future *titres participatifs*, Ordinarily Subordinated Obligations and Unsubordinated Obligations of the Issuer.

In the event of liquidation of the Issuer, the Notes shall rank in priority to any payments to any classes of share capital issued by the Issuer and any reimbursement of the T3CJ.

There will be no limitations on issuing debt, at the level of the Issuer or of any consolidated subsidiaries.

4. INTEREST AND INTEREST SUSPENSION

4.1 General

The Notes bear interest on their Current Principal Amount at a fixed rate of 6.637 per cent per annum (the "**Fixed Interest Rate**") from (and including) May 31, 2007 (the "**Issue Date**") to but excluding May 31, 2017, payable in equal semi-annual payments in arrears on November 30 and May 31 of each year (each, a "**Fixed Rate Interest Payment Date**"), commencing on November 30, 2007 and ending on May 31, 2017, and thereafter at a floating rate per annum equal to the Floating Interest Rate as determined by the Calculation Agent in accordance with Condition 4.3 below payable quarterly in arrears on the last day of each February, May, August and November in each year (each, a "**Floating Rate Interest Payment Date**"), commencing on August 31, 2017.

Interest will cease to accrue on the Notes on the due date for redemption thereof unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, interest will continue to accrue at the relevant rate as specified in the preceding paragraph (as well after as before judgment) on the Original Principal Amount of the Notes until the day on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholder.

4.2 Fixed Interest Rate

4.2.1 The amount of interest (the "**Fixed Rate Interest Amount**") payable on the Notes on the Fixed Rate Interest Payment Date will be the product of the Current Principal Amount of the Notes and the Fixed Interest Rate, multiplied by the 30/360 day count fraction (with a Calculation Period equal to the related Fixed Rate Interest Period, subject to Condition 4.2.2) and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

4.2.2 If interest is required to be calculated in respect of the Fixed Rate Interest Period where the Current Principal Amount of the Notes is less than their Original Principal Amount for a portion thereof, it shall be calculated by the Calculation Agent by applying the Fixed Interest Rate to the Current Principal Amount of the Notes as determined from time to time within the Regular Period, multiplying such product by the 30/360 day count fraction for each relevant portion of a Regular Period, adding the results for all such portions and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards). The Calculation Agent will cause such Fixed Rate Interest Amount to be notified to the Issuer and the Fiscal Agent and will cause the notice thereof to be given in accordance with Condition 11 as soon as possible after its determination but in no event later than the fourth Business Day thereafter.

4.3 Floating Interest Rate

4.3.1 The Notes bear interest at the Floating Interest Rate from and including May 31, 2017, payable on each Floating Rate Interest Payment Date. The "**Floating Interest Rate**" for each Floating Rate Interest Period shall be equal to three-month US$ LIBOR for such Floating Rate Interest Period plus 1.2325 per cent per annum.

All percentages resulting from any calculations on the Notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (*e.g.*, 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest 0.01 dollar (with 0.005 being rounded upward).

4.3.2 Determination of Floating Interest Rate and Calculation of Floating Rate Interest Amount by the Calculation Agent

The Calculation Agent will, as soon as practicable on each Interest Determination Date in relation to each Floating Rate Interest Period, calculate the amount of interest (the "**Floating Rate Interest Amount**") payable in respect of each Note for such Floating Rate Interest Period. The Floating Rate Interest Amount will be calculated by applying the Floating Interest Rate for such Floating Rate Interest Period to the Current Principal Amount of such Note as determined, if the Current Principal Amount of the Notes is less than the Original Principal Amount for a portion of such Floating Rate Interest Period, from time to time within such Floating Rate Interest Period, multiplying the product by the Actual/360 day count fraction for each relevant portion of such Floating Rate Interest Period, adding the results for all such portions and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

4.3.3 Publication of Floating Interest Rate and Floating Rate Interest Amount

The Calculation Agent will cause the Floating Interest Rate and the Floating Rate Interest Amount for each Floating Rate Interest Period and the relevant Floating Rate Interest Payment Date to be notified to the Issuer and the Fiscal Agent, and the Calculation Agent will cause notice thereof to be given in accordance with Condition 11 on or as soon as practicable after the Interest Determination Date. If the Notes become due and payable under Condition 6.2(b) or 6.3 or under Condition 9 after the First Call Date other than on a Floating Rate Interest Payment Date, the Floating Rate Interest Amount and the Floating Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously described by the Calculation Agent in accordance with this Condition 4 until the Notes are actually repaid but no publication of the Floating Interest Rate or the Floating Rate Interest Amount so calculated need be made.

4.3.4 Certain Definitions

For the purposes of this Condition 4:

"**30/360**" means a Calculation Period of 30 days divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

"**Actual/360**" means the actual number of days in the Calculation Period divided by 360.

"**Calculation Period**" means any period in respect of which a calculation of interest is to be made under Condition 4.2 or under Condition 4.3.

"**Interest Determination Date**," for a Floating Rate Interest Period, means the second London Business Day preceding the first day of that Floating Rate Interest Period.

"**LIBOR**" means, for each Floating Rate Interest Period, the interest rate (determined by the Calculation Agent as of the Interest Determination Date immediately preceding such Floating Rate Interest Period) on the basis of the offered rate (expressed as a percentage per annum) for deposits in dollars having a three-month maturity, commencing on the second London Business Day immediately following such Interest Determination Date, which appears on Reuters LIBOR Page as of approximately 11:00 a.m., London time, on such Interest Determination Date. With respect to an Interest Determination Date on which no rate appears on Reuters LIBOR Page as of approximately 11:00 a.m., London time, on such Interest Determination Date, the Calculation Agent shall request the principal London offices of each of four major reference banks (which may include an affiliate of the Issuer) in the London interbank market selected by the Calculation Agent (after consultation with the Issuer) to provide the Calculation Agent with a quotation of the rate at which deposits of dollars having a three-month maturity, commencing on the second London Business Day immediately following such Interest Determination Date, are offered by it to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on such Interest Determination Date in a principal amount equal to an amount of not less than $1,000,000 that is representative for a single transaction in such market at such time. If at least two such quotations are provided, LIBOR for such Interest Determination Date shall be the arithmetic mean of such quotations as calculated by the Calculation Agent. If fewer than two such quotations are provided, LIBOR for such Interest Determination Date shall be the arithmetic mean of the rates quoted as of approximately 11:00 a.m., New York City time, on such Interest Determination Date by three major banks in the City of New York (which may include an affiliate of an Initial Purchaser or the Issuer) selected by the Calculation Agent (after consultation with the Issuer) for loans in dollars to leading European banks having a three-month maturity, commencing on the second London Business Day immediately following such Interest Determination Date and in a principal amount equal to an amount of not less than $1,000,000 that is representative for a single transaction in such market at such time. If the banks selected as aforesaid by the Calculation Agent are not quoting such rates, LIBOR for such Interest Determination Date shall be LIBOR determined with respect to the immediately preceding Interest Determination Date.

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

"**Reuters LIBOR Page**" means the display designated on Reuters Screen LIBOR01, Inc. or any successor service or page for the purpose of displaying LIBOR offered rates of major banks, as determined by the Calculation Agent, or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for dollar deposits, as determined by the Calculation Agent.

4.4 Compulsory Interest and Optional Interest

4.4.1 On any Compulsory Interest Payment Date

The Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of "Compulsory Interest Payment Date"), pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Compulsory Interest Payment Date.

Interest accrued and payable on any Compulsory Interest Payment Date is not subject to reduction in accordance with Condition 5.1.

4.4.2 On any Optional Interest Payment Date

For so long as the compulsory interest provisions do not apply, the Issuer may elect not to pay interest on any Optional Interest Payment Date.

On any Optional Interest Payment Date, the Issuer may, at its option, pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Optional Interest Payment Date, but the Issuer shall have, subject to such election and decision having been made as described above, no obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Notice of non-payment of all or any interest under the Notes on any Optional Interest Payment Date shall be given to the Noteholders in accordance with Condition 11. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date.

Save as otherwise provided, any interest not paid on an Optional Interest Payment Date will be forfeited and accordingly will no longer be due and payable by the Issuer.

The amount of Accrued Interest in respect of the Interest Period ending immediately prior to any Optional Interest Payment Date may be reduced following a Supervisory Event, as provided in Condition 5.1.

Payment of interest will automatically be suspended upon the occurrence of a Supervisory Event (and until the occurrence of an End of Supervisory Event), unless the relevant Interest Payment Date is a Compulsory Interest Payment Date.

4.5 Optional Interest and Supervisory Event

4.5.1 Interest Payable on Optional Interest Payment Dates Following the Occurrence of a Supervisory Event

In the event that a Supervisory Event has occurred during the Interest Period immediately preceding an Optional Interest Payment Date:

(x) the accrual of interest, if any, in respect of the Notes shall automatically be suspended. In addition, the amount of Accrued Interest may be reduced to absorb losses in accordance with Condition 5.1; and

(y) no interest on the Notes shall accrue nor be payable by the Issuer with respect to the remaining period in such Interest Period or any other Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event, unless an event triggering a Compulsory Interest Payment Date subsequently occurs.

Such interest may be paid on the next succeeding Optional Interest Payment Date occurring as from the date of the End of Supervisory Event.

4.5.2 Interest Payable on Optional Interest Payment Dates after End of Supervisory Event

At the option of the Issuer, any Accrued Interest, to the extent not reduced to absorb losses in accordance with Condition 5.1, may be paid on the first Optional Interest Payment Date falling on or after the date of the End of Supervisory Event. Any Accrued Interest not paid by the Issuer on such first Optional Interest Payment Date will be forfeited.

In respect of any Optional Interest Payment Date which occurs on or after the End of Supervisory Event, interest on the Notes will recommence accruing on its Current Principal Amount, on the basis of the number of days elapsed during the period from (and including) the date of End of Supervisory Event to (but excluding) the next succeeding Interest Payment Date as calculated by the Calculation Agent in accordance with Condition 4.2 or, as the case may be, 4.3. At the option of the Issuer, such interest may be paid on the next succeeding Optional Interest Payment Date occurring as from the date of the End of Supervisory Event (inclusive). Any such interest not paid by the Issuer on such first Optional Interest Payment Date will be forfeited.

5. LOSS ABSORPTION AND RETURN TO FINANCIAL HEALTH

5.1 Loss Absorption

In the event of the occurrence of a Supervisory Event, the board of directors of the Issuer will convene an extraordinary shareholders' meeting within the three months following the occurrence of the Supervisory Event in order to propose a share capital increase or any measure regarded as necessary or useful to remedy the Supervisory Event. If the share capital increase or any proposed measures are not accepted by the extraordinary shareholders' meeting or if the share capital increase is not sufficiently subscribed to remedy the Supervisory Event, or if the Supervisory Event remains on the last day of the calendar quarter following the quarter during which the Supervisory Event has occurred, the Issuer will implement, within 10 Business Days (as defined in Condition 7.2) following the last day of this calendar quarter, a reduction of the amount of Accrued Interest, if any, and thereafter, if necessary, of the Current Principal Amount of the Notes ("**Loss Absorption**"). A Loss Absorption will firstly be implemented by partially or fully reducing the amount of the Accrued Interest, if any. If the total reduction of Accrued Interest is not sufficient for the purpose of the Loss Absorption, a further Loss Absorption will be implemented by partially or fully reducing the Current Principal Amount of the Notes.

The amounts by which Accrued Interest and, as the case may be, the then Current Principal Amount of the Notes are reduced (the "**Reduction Amounts**") will be equal to the amount of the insufficiency of the share capital increase or any other proposed measures aiming at an increase of the Tier 1 Capital to remedy the Supervisory Event.

Notwithstanding any other provision, the Current Principal Amount of each Note shall never be reduced to an amount lower than one cent of one dollar.

For the avoidance of doubt, the first remedy to the Supervisory Event will be a share capital increase. To the extent such increase of share capital or other measures are not sufficient, the Loss Absorption will be applied first against the amount of Accrued Interest, if any, and thereafter, if necessary, against the Current Principal Amount of the Notes as herein described.

Accrued Interest and the Current Principal Amount of the Notes pursuant to the above provision may be reduced on one or more occasions, as required.

In the event that other Deeply Subordinated Obligations which would be subject to such reductions are outstanding, such reductions will be applied on a pro-rata basis among the Notes and such other Deeply Subordinated Obligations.

Interest accrued and payable on any Compulsory Interest Payment Date is not subject to reduction.

Notice of any Supervisory Event and of any End of Supervisory Event shall be given to the Noteholders in accordance with Condition 11. Such notice shall be given as soon as practicable following the occurrence of a Supervisory Event and of any End of Supervisory Event. Notice of any reduction of the Current Principal Amount of the Notes shall be given to the Noteholders in accordance with Condition 11. Such notice shall be given at least seven Business Days prior to the relevant reduction of the Current Principal Amount.

5.2 Return to Financial Health

If a positive Consolidated Net Income is recorded for at least two consecutive financial years reported following the End of Supervisory Event (a "**Return to Financial Health**"), the Issuer shall increase the Current Principal Amount of the Notes (a "**Reinstatement**") in a maximum amount that will ensure that any such Reinstatement (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event.

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the Current Principal Amount of the Notes up to the Original Principal Amount (which shall also constitute a "**Reinstatement**") prior to:

(i) any declaration or payment of a dividend (whether in cash, shares or any other form but excluding a dividend paid only in additional shares), or more generally any payment of any nature, by the Issuer on any class of share capital or on other equity securities issued by the Issuer, in each case to the extent categorized as Tier 1 Capital, on the T3CJ, or on Deeply Subordinated Obligations or under any Support Agreement, unless such payment on Deeply Subordinated Obligations or under Support Agreements was required to be made as a result of a dividend or other payment having been made on any class of such share capital or on other such equity securities issued by the Issuer; or

(ii) any declaration or payment by any subsidiary of the Issuer of a dividend on any Parity Securities, unless such dividend was required to be paid as a result of a dividend or other payment having been made on any class of such share capital or on other such equity securities issued by the Issuer or on any other Parity Securities; or

(iii) any optional redemption by the Issuer of the Notes in accordance with their terms.

No payments will be made to holders of the T3CJ, of shares of any class whatsoever of the share capital of the Issuer or of any other equity securities issued by the Issuer, in each case to the extent categorized as Tier 1 Capital, before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer.

No such Reinstatement shall be made as a result of a redemption or repurchase by the Issuer or any subsidiary of the Issuer of any Parity Securities, other Deeply Subordinated Obligations or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes or in the event of a redemption, repurchase or other acquisition by the Issuer of the T3CJ or of any class of its share capital.

The amount of any Reinstatement will not exceed the amount of the latest positive Consolidated Net Income of the Issuer.

For the avoidance of doubt, any Reinstatement shall be made in a maximum amount that will ensure that such Reinstatement does not trigger the occurrence of a Supervisory Event or, except with respect to Condition 5.2 (iii) above, a worsening of a Supervisory Event.

In the event that other Deeply Subordinated Obligations are outstanding and may also benefit from a reinstatement or an increase of their Current Principal Amount in accordance with their terms, any Reinstatement will be applied on a pro-rata basis with other reinstatements or increases of the principal amount made on such other Deeply Subordinated Obligations.

Such Reinstatement or increase of the Current Principal Amount of the Notes shall be made on one or more occasions in the conditions described above until the Current Principal Amount of the Notes has been reinstated to the Original Principal Amount (save in the event of occurrence of another Supervisory Event).

Any Accrued Interest that has been reduced pursuant to Condition 5.1 shall not be reinstated pursuant to this Condition 5.2.

Notice of any Return to Financial Health shall be given to the Noteholders in accordance with Condition 11. Notice of any Reinstatement and any increase of the Current Principal Amount of the Notes shall be given to the Noteholders in accordance with Condition 11.

6. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition 6.

6.1 No Final Redemption

The Notes are undated obligations in respect of which there is no fixed redemption date.

6.2 Issuer's Call Options Subject to the Approval of the SGCB

(a) General Call Option

On the First Call Date and on the Interest Payment Date falling on or about each tenth anniversary thereafter, the Issuer, subject to having given not less than 30, and not more than 60, days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to prior approval of the SGCB, may, at its option, redeem all but not some of the Notes at their Original Principal Amount, plus accrued and unpaid interest to (but excluding) the redemption date.

(b) Redemption for Regulatory Reasons or Taxation Reasons

(i) If by reason of any change in French law, any change in Applicable Banking Regulations, or any change in the official application or interpretation of such laws or regulations, becoming effective on or after the Issue Date, securities in the nature of the Notes cease to be eligible as Tier 1 Capital for the Issuer (except as a result of the application of Hybrid Securities Limit), the Issuer may, at its option, at any time, subject to having given not more than 60 nor less than 30 day's notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at any time. The redemption price shall be equal to (1) the greater of (A) the Base Redemption Price, and (B) the Make-Whole Amount, if the redemption date is prior to the First Call Date, or (2) the Base Redemption Price, if the redemption date is on or after the First Call Date. The due date for redemption of which notice hereunder may be given shall be no earlier than the latest date on which the proceeds of the Notes could qualify as Tier 1 Capital.

(ii) If by reason of any change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), or any other change in the tax treatment of the Notes, becoming effective on or after the Issue Date, interest payment under the Notes is no longer tax-deductible by the Issuer for purposes of French corporate income tax (*impôts sur les bénéfices des sociétés*), the Issuer may, at its option, at any time, subject to having given not more than 60 nor less than 30 day's notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at any time. The redemption price shall be equal to (1) the greater of (A) the Base Redemption Price, and (B) the Make-Whole Amount, if the redemption date is prior to the First Call Date, or (2) the Base Redemption Price, if the redemption date is on or after the First Call Date. The due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for purposes of French corporate income tax (*impôts sur les bénéfices des sociétés*).

(iii) If by reason of a change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8, the Issuer may, at any time, subject to having given not more than 60 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at any time up to and including the First Call Date and on any Interest Payment Date thereafter. The redemption price shall be equal to (1) the greater of (A) the Base Redemption Price, and (B) the Make-Whole Amount, if the redemption date is prior to the First Call Date, or (2) the Base Redemption Price, if the redemption date is on or after the First Call Date. The due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

(iv) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, (including any additional amounts which would be payable pursuant to Condition 8.2 but for the operation of such French law), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at any time up to and including the First Call Date and on any Interest Payment Date thereafter. The redemption price shall be equal to (1) the greater of (A) the Base Redemption Price, and (B) the Make-Whole Amount, if the redemption date is prior to the First Call Date, or (2) the Base Redemption Price, if the redemption date is on or after the First Call Date. The due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

(v) The following definitions shall apply in connection with the calculation of the redemption price for any redemption of Notes effected pursuant to this paragraph (b).

"**Adjusted Yield**" means (a) the Bond Yield plus (b) 0.5%.

"**Base Redemption Price**" means, for any Note, 100% of the Original Principal Amount of such Note plus accrued and unpaid interest thereon through (but excluding) the Special Event Redemption Date.

"**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 Business Day prior to the Special Event Redemption Date.

"**Comparable Bond Issue**" means, with respect to any Special Event Redemption Date, the bond selected by the Quotation Agent that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity and denominated in dollars to the remaining term of the Notes 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.

“**Make-Whole Amount**” means an amount, as determined by a Quotation Agent, equal to (i) the present value of the Original Principal Amount of a Note (that is, US$100,000, or an integral multiple of US$1,000 in excess thereof, per Note) discounted from the First Call Date, *plus* (ii) the present values of scheduled annual interest payments from the Special Event Redemption Date to and including the First Call Date (assuming in each case that no such interest payments are deferred or cancelled), *plus*, (iii) all interest accrued and unpaid in respect of a Note through (but excluding) the Special Event Redemption Date. 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.

“**Primary Bond Dealer**” means any credit institution or financial services institution that regularly deals in bonds and other debt securities.

“**Quotation Agent**” means a Primary Bond Dealer in London, that is selected by the Issuer but is not affiliated with the Issuer.

“**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., London time, on the Calculation Date.

“**Special Event Redemption Date**” means a redemption date for the Notes that occurs pursuant to this paragraph (b).

6.3 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price provided that the prior approval of the SGCB shall have to be obtained.

6.4 Cancellation

All Notes which are purchased or redeemed by the Issuer pursuant to paragraphs 6.2 to 6.3 of this Condition 6 will be cancelled and accordingly may not be reissued or sold.

7. PAYMENTS AND CALCULATIONS

7.1 Method of Payment

Payments in respect of principal and interest on the Notes will be made in dollars by credit or transfer to a dollar-denominated account (or any other account to which dollars may be credited or transferred) specified by the payee. Except in the case of definitive Notes, such payments shall be made to the Account Holders (including the depositary banks for Euroclear and Clearstream, Luxembourg) for the benefit of the Noteholders and all payments validly made to such Account Holders in favor of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment. Payments in respect of principal on the Notes in definitive form which are redeemed by the Issuer (other than in the event of a partial call, as set out in paragraph 6.2 of Condition 6) pursuant to paragraphs 6.2 or 6.3 of Condition 6 will be made against surrender and presentation of the Notes at the specified office of the Paying Agent.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged by the Issuer, the Fiscal Agent or any Paying Agent to the Noteholders in respect of such payments.

7.2 Payments on Business Days

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined below), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of this Condition, "**Business Day**" means any day, not being a Saturday or a Sunday, (i) on which exchange markets and commercial banks are open for business in Paris, London and New York and (ii) on which DTC, Clearstream, Luxembourg and Euroclear are operating.

7.3 Fiscal Agent, Paying Agents and Calculation Agent

The name and specified office of the initial Fiscal Agent, the name and specified office of the initial Paying Agents and the name and specified office of the initial Calculation Agent are as follows:

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT
Citibank, N.A.
Agency & Trust
388 Greenwich Street, 14th Floor
New York, New York, 10013
United States

The Issuer reserves the right at any time to terminate the appointment of the Fiscal Agent, Paying Agent(s) and Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Calculation Agent, or any Paying Agent acts, provided that there will at all times be (i) a Fiscal Agent and (ii) so long as any Note is outstanding, a Calculation Agent. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent fails to make any calculations in relation to the Notes, the Issuer shall appoint some other leading bank engaged in the dollar interbank market to act in its place, subject to having given notice to the Noteholders in accordance with Condition 11 not more than 45 nor less than 30 days prior to such appointment. None of the Fiscal Agent, Paying Agent(s) or Calculation Agent may resign their duties without a successor having been so appointed. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Noteholders as specified in Condition 11.

7.4 Certificates to be final

All certificates, communications, opinion, determinations, calculation, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of these Conditions whether by the Calculation Agent or the relevant banks in the London or New York interbank market (or any of them) shall (in the absence of willful default or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents, the Fiscal Agent, the relevant banks in the London or New York interbank market, and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

8. TAXATION

8.1 Withholding Tax Exemption

Since the Notes constitute *obligations* under French law and are issued outside of France through an international syndicate, payments of interest and other revenues made by the Issuer in respect of the Notes to Noteholders who are not concurrently shareholders of the Issuer benefit under present law (as interpreted in the Instruction of the *Direction Générale des Impôts* 5 I-11-98 dated September 30, 1998) from the exemption from withholding tax provided for in Article 131 *quater* of the French *Code Général des Impôts* (General Tax Code) . Accordingly, such payments do not give the right to any tax credit from any French source.

8.2 Additional Amounts

Notwithstanding Condition 8.1, if French law should require that payments of principal or interest in respect of any Note held by any Noteholder be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such deduction or withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a Noteholder (or beneficial owner (*ayant droit*)):

(a) who is subject to such taxes, duties, assessments or other governmental charges in respect of such Note by reason of his having some present or former connection with the Republic of France other than the mere holding of such Note; or

(b) who could avoid such deduction or withholding by making a declaration of non-residence or similar claim for exemption or reduction of the applicable deduction or withholding but fails to do so; or

(c) more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 days; or

(d) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) who would be able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

For this purpose, the "**Relevant Date**" in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the moneys payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given in accordance with Condition 11 to Noteholders that such moneys have been so received.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 8.

8.3. Supply of Information

Each Noteholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be required by the latter in order for it to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN Council Meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

9. EVENT OF DEFAULT

If any judgment is issued for the insolvent judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer has been liquidated for any other reason, then the Notes shall become immediately due and payable as described below.

The rights of the Noteholders in the event of a liquidation of the Issuer will be calculated on the basis of the Original Principal Amount of the Notes together with interest accrued and due in accordance with the Conditions and any other outstanding payments under the Notes. No payments will be made to the Noteholders before all amounts due, but unpaid, to all other creditors of the Issuer (including creditors of Unsubordinated Obligations of the Issuer, creditors of Ordinarily Subordinated Obligations of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer, but excluding Deeply Subordinated Obligations and Support Agreement Claims, which will be paid pro rata with the Notes) have been paid by the Issuer, as ascertained by the judicial liquidator.

No payments will be made to holders of shares of any class whatsoever of the share capital of the Issuer and no reimbursement of the T3CJ will be made before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer, as ascertained by the judicial liquidator.

10. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Issuer may at any time call a meeting of the Noteholders to seek their approval of the modification of or amendment to, or obtain a waiver of, any provision of the Notes. This meeting will be held at the time and place determined by the Issuer and specified in a notice of such meeting furnished to the Noteholders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

If at any time the holders of at least 10% in principal amount of the then outstanding Notes request the Fiscal Agent to call a meeting of the Noteholders for any purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Fiscal Agent will call the meeting for such purpose. This meeting will be held at the time and place determined by the Fiscal Agent, after consultation with the Issuer, and specified in a notice of such meeting furnished to the Noteholders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

Noteholders who hold a majority in principal amount of the then outstanding Notes will constitute a quorum at a Noteholders' meeting. In the absence of a quorum, a meeting may be adjourned for a period of at least 20 days and not more than 45 days. At the reconvening of a meeting adjourned for lack of quorum, there shall be no quorum requirement. Notice of the reconvening of any meeting may be given only once, but must be given at least ten days and not more than 15 days prior to the meeting.

At any meeting when there is a quorum present, if applicable, holders of at least 50% in principal amount of the Notes represented and voting at the meeting may approve the modification or amendment of, or a waiver of compliance for, any provision of the Notes except for specified matters requiring the consent of each Noteholder, as set forth below. Modifications, amendments or waivers made at such a meeting will be binding on all current and future Noteholders. In addition, modifications, waivers or amendments may be made without a meeting by written consent of holders of a majority of the principal amount of the outstanding Notes.

Notwithstanding the procedures mentioned above, no amendment or modification will apply to the Notes, without the consent of each Noteholder, with respect to the following matters:

- to change the stated interest on the Notes;
- to reduce the principal amount of or interest on the Notes;
- to change the status of the Notes so as to further subordinate principal or interest thereon;
- to change the currency of payment of principal or interest on the Notes; and
- to impair the right to institute suit for the enforcement of any payment in respect of the Notes.

In addition, no such amendment or notification may, without the consent of each Noteholder (the following item being, for the purposes of this Condition 10, "**Reserved Matters**"), reduce the percentage of principal amount of Notes outstanding necessary to make these modifications or amendments to the Notes.

It shall not be necessary for any act of Noteholders under this Condition to approve the particular form of any proposed amendment, modification or waiver, but it shall be sufficient if such act shall approve the substance thereof.

Without prejudice to the provisions hereof relating to the Reserved Matters, no consent of the Noteholders is or will be required for any modification or amendment requested by the Issuer or by the Fiscal Agent, with the consent of the Issuer, to:

- surrender any right or power of the Issuer in respect of the Notes or the Fiscal Agency Agreement;
- cure any ambiguity in any provision, or correct any defective provision, of the Notes; or
- change the terms and conditions of the Notes or the Fiscal Agency Agreement in any manner which the Issuer and the Fiscal Agent mutually deem necessary or desirable so long as any such change does not, and will not, adversely affect the rights or interest of the Noteholders as a class.

Notwithstanding anything to the contrary in this Condition 10, no amendment or modification to the status of the Notes may be approved until the prior consent of the SGCB has been obtained in relation thereto.

11. NOTICES

Any notice to the Noteholders will be given (i) so long as the Notes are represented by Global Notes, by delivery of the relevant notice to DTC and any other relevant securities clearing system for communication by each of them to entitled participants, or (ii) in the case of definitive Notes, by first-class mail, postage prepaid, to the address for each holder appearing in the Note register.

12. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

13. FURTHER ISSUES

The Issuer may from time to time, subject to the prior written approval of the SGCB but without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes with respect to their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

14. GOVERNING LAW AND JURISDICTION

The Notes are governed by, and shall be construed in accordance with, the laws of the State of New York, except that the provisions of the Notes described in Condition 3 are governed by, and shall be construed in accordance with, the laws of the Republic of France.

The Issuer has consented to the jurisdiction of any state or federal court located in The Borough of Manhattan, City of New York, in relation to any legal action or proceeding (i) arising out of, related to or in connection with the Notes and (ii) arising under any U.S. federal or state securities laws. The Issuer will appoint CT Corporation as its agent for service of process in any such action.

CLEARANCE AND SETTLEMENT OF THE NOTES

General

The Notes are being offered and sold only:

- to qualified institutional buyers in reliance on Rule 144A ("**Rule 144A Notes**"), or
- to persons other than "U.S. persons" (as defined in Regulation S) in offshore transactions in reliance on Regulation S ("**Regulation S Notes**").

The Notes will be issued in fully registered global form in minimum denominations of US$100,000 and integral multiples of US$1,000 in excess thereof. Notes will be issued on the Issue Date therefor only against payment in immediately available funds.

The Rule 144A Notes will be represented by one permanent global certificate (which may be subdivided) in definitive, fully registered form without interest coupons (the "**Rule 144A Global Note**"). The Rule 144A Global Note will be deposited upon issuance with Citibank, N.A., as custodian (the "**Custodian**") for DTC in New York, New York and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC (including Euroclear and Clearstream, Luxembourg as described below under "—Depositary Procedures").

The Regulation S Notes will be represented by one permanent global certificate (which may be subdivided) in definitive, fully registered form without interest coupons (the "**Regulation S Global Note**", together with the Rule 144A Global Note, the "**Global Notes**" and each a "**Global Note**"). The Regulation S Global Note will be deposited upon issuance with the Custodian for DTC and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC, including Euroclear and Clearstream, Luxembourg, as described below under "—Depositary Procedures". Prior to the 40th day after the later of the commencement of the offering and the Issue Date of the Notes (the "**Distribution Compliance Period**"), interests in the Regulation S Global Note may only be held through Euroclear or Clearstream, Luxembourg, as participants in DTC, either directly for investors that have accounts with Euroclear or Clearstream, Luxembourg, or indirectly through financial institutions that are account holders in Euroclear or Clearstream, Luxembourg.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described in Condition 2.

The Notes will bear a restrictive legend as described in the Fiscal Agency Agreement. In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear or Clearstream, Luxembourg), which may change from time to time.

Exchanges Between the Regulation S Global Note and Rule 144A Global Note

During the Distribution Compliance Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A and the transferor first delivers to the Paying Agent a written certificate to the effect that the Notes are being transferred to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act, purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the States of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Distribution Compliance Period, only if the transferor first delivers to the Paying Agent a written certificate to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S.

Transfers involving an exchange of a beneficial interest in the Regulation S Global Note for a beneficial interest in the Rule 144A Global Note or vice versa will be effected in DTC by means of an instruction originated by the Paying Agent.

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as it remains such an interest.

Depositary Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "**Participants**") and facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "**Indirect Participants**"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC's records reflect only the identity of Participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Pursuant to procedures established by DTC:

- upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the Initial Purchasers with portions of the principal amount of the Global Notes, and
- ownership of such interests in the Global Notes will be maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including, in case of the Regulation S Global Note, Euroclear and Clearstream, Luxembourg) that are Participants or Indirect Participants in such system. Euroclear and Clearstream, Luxembourg will hold interests in the Regulation S Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream, Luxembourg. The depositaries, in turn, will hold interests in the Global Notes in customers' securities accounts in the depositaries' names on the books of DTC.

All interests in the Global Notes, including those held through Euroclear or Clearstream, Luxembourg, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg will also be subject to the procedures and requirements of these systems. The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of beneficial owners of interests in the Global Notes to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the Notes, see Condition 2.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or holders thereof for any purpose.

Payments in respect of the principal of and premium, if any, and interest on a Global Note registered in the name of DTC or its nominee will be payable by the Paying Agent to DTC in its capacity as the registered holder under the Fiscal Agency Agreement. The Issuer and the Paying Agent will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Issuer, the Paying Agent or any agent of the Issuer or the Paying Agent has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or Indirect Participant's records relating to, or payments made on account of beneficial ownership interests in, the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes, or

- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Paying Agent or the Issuer. Neither the Issuer nor the Paying Agent will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Issuer and the Paying Agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream, Luxembourg participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants.

Transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between Participants in DTC, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream, Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account with DTC interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in the Global Note among participants in DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. Neither the Issuer nor the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg and their book-entry systems has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

TAXATION

United States Federal Income Taxation

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following summary describes certain U.S. federal income tax considerations with respect to the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). The summary deals only with U.S. Holders that purchase Notes at their issue price as part of the initial offering and that hold such Notes as capital assets. It does not purport to be a comprehensive description of all tax considerations that may be relevant to any particular investor. The Issuer has assumed that U.S. Holders are familiar with the tax rules applicable to investments in securities generally and with any special rules to which they may be subject. This summary does not address considerations that may be relevant to investors subject to special tax rules, such as dealers in securities or currencies, certain financial institutions, tax-exempt entities, life insurance companies, persons liable for alternative minimum tax, persons holding Notes as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings or investors whose functional currency is not the U.S. dollar. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below.

Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the U.S. federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

As used herein, a "**U.S. Holder**" of a Note means a beneficial owner that is, for U.S. federal income tax purposes, an individual who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or any political subdivision thereof, or any other person that is subject to U.S. federal income tax on a net income basis in respect of its investment in the Notes.

U.S. Tax Status; Payments of Interest

The Notes will be treated as equity of the Issuer for U.S. federal income tax purposes. In accordance with their treatment as dividends for U.S. federal income tax purposes, payments of interest on the Notes generally will be includible in a U.S. Holder's income on the date of receipt without regard to the U.S. Holder's method of tax accounting. Interest payments on the Notes generally will constitute foreign-source income for foreign tax credit purposes and will not be eligible for the dividends-received deduction available to domestic corporations.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by certain non-corporate U.S. Holders before January 1, 2011 will be subject to taxation at a maximum rate of 15% if the dividends are "qualified dividends." Interest received with respect to the Notes will be qualified dividends if (i) the Issuer is eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service (the "**IRS**") has approved for purposes of the qualified dividend rules and (ii) the Issuer was not, in the year prior to the year in which the interest payment was made, and is not, in the year in which the interest payment is made, a passive foreign investment company ("**PFIC**"). The Issuer expects to be eligible for the benefits of the comprehensive income tax treaty between the United States and France which has been approved by the IRS for the purposes of the qualified dividend rules. Based on the Issuer's audited financial statements and relevant market data, the Issuer believes that it was not a PFIC for U.S. federal income tax purposes with respect to its 2006 taxable year. In addition, based on its audited financial statements and its current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market data, the Issuer does not anticipate becoming a PFIC for the foreseeable future. Accordingly, subject to certain exceptions for short-term and hedged positions, the Issuer expects that, under current law, interest received in respect of the Notes will be qualified dividends.

However, a legislative proposal recently introduced in the U.S. Congress generally would, if enacted, deny qualified dividend treatment in respect of interest payments on the Notes after the date of enactment. It is not possible to predict whether or in what form this proposal will be enacted into law.

U.S. Holders should consult their own tax advisers regarding the availability of the reduced dividend rate in light of their own particular circumstances.

Sale, Exchange or Retirement

Upon the sale, exchange or other taxable disposition of Notes, a U.S. Holder generally will recognize U.S.-source gain or loss in an amount equal to the difference between the amount realized on the sale and the U.S. Holder's tax basis in such Notes. Such gain or loss will generally be long-term capital gain or loss if the U.S. Holder has held the Notes for more than one year. Net long-term capital gain recognized by certain non-corporate U.S. Holders before January 1, 2011 generally will be taxed at a maximum rate of 15%. The deductibility of capital losses is subject to limitations.

In accordance with the treatment of the Notes as equity for U.S. federal income tax purposes, U.S. Holders generally will not be required to account separately for accrued interest realized upon a sale, exchange, or retirement of the Notes, and instead will treat amounts received in respect of accrued interest as part of the amount realized for purposes of determining gain or loss realized upon the sale, exchange, or retirement.

Information Reporting and Backup Withholding

Payments in respect of the Notes that are paid within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the U.S. Holder (i) is a corporation or other exempt recipient, or (ii) in the case of backup withholding, provides a taxpayer identification number and certifies that it has not lost its exemption from backup withholding. Noteholders that are not U.S. Holders generally are not subject to information reporting or backup withholding; however, any such holder may be required to provide a certification to establish its non-U.S. status in connection with payments received within the United States or from certain U.S.-related payors. The amount of backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund provided the required information is furnished to the IRS.

French Taxation

The following is a summary of certain tax considerations that may be relevant to holders of Notes who (i) are non-French tax residents, (ii) do not hold their Notes in connection with a business or profession conducted in France and (iii) do not concurrently hold shares of the Issuer. This summary is based on laws, regulations and administrative circulars now in effect, all of which are subject to change, possibly with retroactive effect, or different interpretations. Investors should consult their own tax advisors in determining the tax consequences to them of purchasing, holding and disposing of Notes, including the application to their particular situation of the French tax considerations discussed below.

Payments on the Notes issued by the Bank

Since the Notes constitute *obligations* under French law and are issued outside of France through an international syndicate, payments of interest and other revenues made by the Issuer in respect of the Notes benefit under present law (as interpreted in the *Instruction* of the *Direction Générale des Impôts* 5 I-11-98 dated September 30, 1998) from the exemption provided for in Article 131 *quater* of the French *Code Général des Impôts* (General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

Taxation on sale, disposal or redemption of Notes

Non-French resident holders of Notes who do not hold the Notes in connection with a business or profession conducted in France will not be subject to any French income tax or capital gains tax on the sale, disposal or redemption of Notes. Transfers of Notes made outside France will not be subject to any stamp duty or other transfer taxes imposed in France.

European Union

On June 3, 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since July 1, 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interests, products, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method or for the tax certificate procedure, withhold an amount on interest payments. The rate of such withholding tax equals 15% during the first three years, 20% during the subsequent three years and 35% until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on April 18, 2002 (the "**OECD Model Agreement**") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above, and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect from July 1, 2005.

The Savings Directive has been implemented in French law under Article 242 *ter* of the *French Code Général des Impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

PLAN OF DISTRIBUTION

The Issuer and the representatives of the Initial Purchasers have entered into a purchase agreement dated May 23, 2007 (the "**Purchase Agreement**") with respect to the offer and sale of the Notes. Subject to the terms and conditions stated in the Purchase Agreement, each Initial Purchaser named below, for which the Joint Book-Running Managers are acting as representatives, will severally agree to procure subscribers for, or failing which, to subscribe and pay for, the following principal amounts of Notes, at a price equal to 100% of their principal amount, less underwriting discounts agreed upon between the Issuer and the Initial Purchasers in the Purchase Agreement:

Initial Purchasers	Principal Amount of Notes
Calyon Securities (USA) Inc.	$480,000,000
Citigroup Global Markets Inc.	$480,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$480,000,000
Deutsche Bank Securities Inc.	$30,000,000
Fortis Bank nv-sa	$30,000,000
Total	**$1,500,000,000**

The Purchase Agreement provides that the obligations of the Initial Purchasers to procure subscribers for, or failing which, to subscribe and pay for, the Notes, are subject to certain conditions. The Initial Purchasers are severally but not jointly obligated to procure subscribers for, or failing which, to subscribe and pay for, all of the Notes allocated to them under the Purchase Agreement. The Purchase Agreement may be terminated under certain circumstances.

The Issuer has agreed to reimburse the Initial Purchasers in respect of certain of their expenses incurred in connection with the issue of the Notes. In addition, the Issuer has agreed to indemnify the Initial Purchasers against liabilities or to contribute to payments which they may be required to make in that respect.

The Initial Purchasers may, from time to time, engage in investment and commercial banking transactions with and perform services for the Issuer in the ordinary course of their business for which they received and will receive compensation. Until 40 days after the commencement of the offering, any offer or sale of the Notes that is made within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if made otherwise than in accordance with Rule 144A.

Calyon Securities (USA) Inc. is an affiliate of the Issuer.

The Issuer expects that delivery of the Notes will be made against payment therefore on or about the fifth business day following the date of pricing of the Notes (this settlement cycle being referred to as "**T+5**"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or succeeding business days should consult their own advisor.

Selling Restrictions

General Restrictions

Each Initial Purchaser has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Offering Memorandum or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Offering Memorandum or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any circular, offering memorandum, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

United States

The Notes have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only (a) to "qualified institutional buyers" as defined in Rule 144A under the Securities Act and (b) to non-U.S. persons in offshore transactions in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S. Offers and sales of Notes in reliance on Rule 144A will be made only by broker-dealers who are registered as such under the Exchange Act.

In respect of sales outside the United States, each Initial Purchaser has represented and agreed that, except for sales described in (a) of the preceding paragraph:

(i) it has not offered or sold, and will not offer or sell, the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons; and

(ii) it will have sent to each distributor or dealer to which it sells Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph and not otherwise defined in this Offering Memorandum have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with Rule 144A or pursuant to another valid exemption from the registration requirements of the Securities Act.

France

No prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Notes that has been approved by the *Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the *Autorité des marchés financiers*. Each of the Initial Purchasers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, the Notes 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, the Offering Memorandum or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will only be made in France through an international syndicate to qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2, D. 411-1, D.411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*, except that qualified investors shall not include individuals. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the *Code monétaire et financier* and applicable regulations thereunder.

European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of Notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area (the "**EEA**"), from the requirement to produce a prospectus for offers of securities. Accordingly any person making or intending to make any offer within the EEA of Notes which are the subject of the placement contemplated in this Offering Memorandum should only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither the Issuer nor any of the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of Notes contemplated in this Offering Memorandum.

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any Notes may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; or

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts,

provided that no such offer of Notes shall result in a requirement for the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Initial Purchaser has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes which are the subject of the offering contemplated by this Offering Memorandum in circumstances in which Section 21(1) of the FSMA would not, if the Issuer were not an authorized person, apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

LEGAL MATTERS

Cleary Gottlieb Steen & Hamilton LLP, Paris, France, is acting as U.S. and French legal counsel to the Issuer. Davis Polk & Wardwell, New York, New York and Paris, France, is acting as U.S. legal counsel to the Initial Purchasers.

INDEPENDENT STATUTORY AUDITORS

The Issuer's financial statements as of December 31, 2005 and 2006 and for the years then ended (including comparative financial information for 2004, in the case of the 2005 financial statements, but not the estimated 2004 financial data reflecting IAS 32/39 and IFRS 4), and the financial statements of the Crédit Agricole Group as of the same dates and for the same years, incorporated by reference herein, have been audited by Ernst & Young et Autres and PriceWaterhouseCoopers Audit as joint independent statutory auditors (*Commissaires aux comptes*), as stated in their reports appearing in the documents incorporated by reference herein.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN IFRS AND U.S. GAAP

The consolidated financial statements of Crédit Agricole S.A. conform to International Financial Reporting Standards as adopted by the European Union ("**IFRS**") for the fiscal years beginning January 1, 2005. Certain differences exist between IFRS and accounting principles generally accepted in the United States of America ("**U.S. GAAP**"), which might be material to the consolidated financial statements of Crédit Agricole S.A.. The matters described below summarize certain differences between IFRS and U.S. GAAP that may be material to the results of operations and financial position of Crédit Agricole S.A..

Crédit Agricole S.A. has not prepared a reconciliation of its consolidated financial statements to U.S. GAAP and has not attempted to quantify the impact of such differences. Crédit Agricole S.A. has also not attempted to identify and prepare the additional footnote disclosures that might be required to conform to U.S. GAAP. Had Crédit Agricole S.A. undertaken any such quantification or reconciliation, other potentially significant accounting and disclosure differences may have come to its attention, which are not identified below. The following summary does not include all differences which exist between IFRS and U.S. GAAP, but only those identified and potentially affecting Crédit Agricole S.A. significantly. Accordingly no assurance is provided that the following summary of differences between IFRS and U.S. GAAP is complete. The effect of such differences may be, individually or in aggregate, material, and in particular, it may be that total shareholders' equity, determined on the basis of U.S. GAAP, would be materially different due to these differences from shareholders' equity under IFRS. In making an investment decision, investors must rely upon their own examination of Crédit Agricole S.A., the terms of the offering and available financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and how those differences might affect the available financial information presented.

There may also be significant differences between the presentation of consolidated financial statements and the footnote disclosure thereto in comparison to what would be required under U.S. GAAP. These differences have not been addressed in the discussion below, except for the differences stated in the paragraph "Presentation of Financial Statements".

All differences identified are based on applications of IFRS and U.S. GAAP as of December 31, 2006.

Presentation of Financial Statements

Income Statement

IFRS requires that entities adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amount disclosed for each prior period presented for the effect of changes in accounting principles, as if it had always been applied, rather than presenting the cumulative effect of such changes in the income statement as required by U.S. GAAP. This difference was eliminated by FAS 154, "Accounting Changes and Error Corrections". FAS 154 requires voluntary changes in accounting principles to be retrospectively applied to prior years' financial statements and is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. However, when a new accounting pronouncement includes specific transitional provisions, those provisions should be followed. Under previous rules, voluntary changes in accounting principles were applied prospectively by including the cumulative effect in net income of the period.

Statement Of Recognized Income and Expense

IAS 1, "Presentation of Financial Statements", requires presentation of a Statement of Recognized Income and Expense (SORIE) that displays profit or loss for the period and each item of income and expense for the period recognized directly in equity or presentation of those items of income and expense as a separate category highlighted within the statement of changes in equity. FAS 130, "Reporting Comprehensive Income", requires the presentation of a statement of comprehensive income, showing all movements in equity from non-owner sources as a primary financial statement. U.S. GAAP permits one of three possible disclosure formats: a single primary statement of income and comprehensive income containing both net income and other comprehensive income, a two-statement approach (a separate statement of comprehensive income to include net income and other comprehensive income items as under IFRS and a statement of income), or a separate category highlighted within the primary statement of changes in shareholders' equity (as under IFRS).

Pensions and other Employee Benefits

Defined benefit plans

For defined benefit plans, the pension costs and related pension asset or liability are estimated in accordance with IAS 19, "Employee Benefits", and FAS 87, "Employers' Accounting for Pensions", respectively, and using the projected unit credit method. Each period of service gives rise to an additional unit of benefit entitlement measured separately to build up the final obligation. Under this method, the cost of providing these benefits is charged to the income statement to spread the cost over the service lives of employees.

IAS 19 requires that the actuarial gains or losses may be recognized immediately, in profit and loss or equity, or amortized into profit and loss using the corridor method. FAS 87 does not permit recognition of all actuarial gains and losses in a statement other than the primary income statement as in the case of IFRS. Under both IFRS and U.S. GAAP, net cumulative unrecognized actuarial gains and losses for defined benefit plans exceeding the corridor (the greater of 10% of the present value of the defined benefit obligation or 10% of the fair value of any plan assets) may be recognized in income over the average remaining service lives of the employees. Crédit Agricole S.A. does not use the "corridor" method and recognizes all actuarial gains and losses in profit and loss.

Recognition and measurement

Under IFRS, assumptions should be unbiased and mutually compatible. They represent the best estimates for the company. Financial assumptions should be based on market expectations at the balance sheet date. The currency and the term of the corporate bonds should be consistent with the currency and the term of the employee benefits obligations.

Under U.S. GAAP (FAS 87, FAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", and FAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"), accounting for pension costs and similar benefits is prescriptive as to the use of actuarial assumptions, frequency of actuarial valuations and methods and recognition actuarial gains and losses. FAS 87 requires assets to be assessed at fair value and the assessment of liabilities to be based on current settlement rates.

Effective for the fiscal year ending after December 15, 2006, FAS 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans", an amendment to FAS 87, FAS 88, FAS 106 and FAS 132 (R), requires that the employer recognizes the funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or a liability in the balance sheet with an offsetting amount in accumulated other comprehensive income in order to recognize changes in that funded status in the year in which the changes occur. Such funded status is not recognized under IAS 19. In compliance with FAS 87 and prior to December 31, 2006, an additional minimum pension liability was recognized if the positive difference between the accumulated benefit obligation and the fair value of the plan assets was greater than the accrued liability. Such additional minimum liability was not recognized under IAS 19.

Past service cost

Past service cost arises when an enterprise initiates a plan that grants benefits for prior service or amends a plan. IFRS requires that all past service costs related to retirees and vested active employees be expensed immediately. U.S. GAAP requires that prior service costs related to both vested and unvested amounts be amortized over the average remaining service period of active plan participants if the plan participants are mainly active employees or over the average remaining life expectancy of retirees if the plan participants are mainly retirees.

Curtailments and settlements

Under IFRS, gains and losses on curtailments/settlements are recognized when they occur. A curtailment/settlement occurs when the entity is demonstrably committed to reduce the number of employees in the plan/the benefits for future services or to settle all or part of the plan obligation. Gains and losses on curtailments/settlements include changes in the present value of the defined benefit obligation, any resulting changes in the fair value of the plan assets and any related actuarial gains and losses and past service cost that had not previously been recognized.

U.S. GAAP has certain relatively complex rules which may lead to only partial recognition of unamortized actuarial gains/losses and prior service costs depending on whether it is a curtailment or a settlement.

Defined Contribution plans

Crédit Agricole S.A. is also the plan sponsor to a number of defined contribution plans. For defined contribution plans, there is no difference between IFRS and U.S. GAAP, except that under IFRS, corresponding mathematical reserves for internal insured plans should be recognized as an employee benefit liability rather than as an insurance mathematical reserve.

Share-Based Payments

IFRS 2, "Share-Based Payment", requires expenses relating to share-based payments to be measured at the fair value of the services received and to be recognized in the income statement. The fair value of the services received from employees is generally determined by reference to the fair value of the share options granted.

Compensation expense is measured on the grant date based on the value of the options granted and is recognized over the vesting period of the options. The entity shall recognize a corresponding increase in equity if the services were received in an equity-settled share-based payment transaction (which is mainly Crédit Agricole S.A.'s situation) or a liability if the services were acquired in a cash-settled share-based payment transaction. Fair value is determined using an option-pricing model (Crédit Agricole S.A. mainly uses the Black and Scholes Formula). When the options are exercised and new shares are issued, the proceeds received net of any transaction costs are credited to share capital (par value) and the surplus to share premium. If own shares have been purchased in connection with stock options, their value is credited to equity.

Under U.S. GAAP, stock based compensation requires either a fair value-based accounting methodology (FAS 123, "Accounting for Stock-Based Compensation", as amended by FAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure", an amendment of FAS 123) or an intrinsic value based methodology under APB Opinion No. 25, "Accounting for Stock Issued to Employees". A fair value methodology is the preferred approach. If the intrinsic value method is used, certain disclosures of the pro forma effect of using the fair value method are required. Under the fair value-based method, compensation expense is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The fair value is determined using an option-pricing model. Under the intrinsic value method, for fixed stock option plans, compensation is the excess, if any, of the fair value of the stock at the measurement date over the exercise price of the option. Most fixed stock option plans have no intrinsic value at the measurement date, which is usually the grant date, and no compensation expense is therefore recognized. For variable stock option plans, the measurement date does not occur at the grant date and accrued compensation expense is adjusted at each balance sheet date for changes in the stock price until the measurement date is known.

In December 2004, the FASB published FAS 123 (revised 2004), "Share-Based Payments" ("FAS 123R") to replace FAS 123 and supersede APB 25. FAS 123R requires companies to recognize compensation cost for the value of options granted in exchange for employee services, based on the grant date fair value of those instruments. FAS 123R is effective for public entities for the first fiscal year beginning after June 15, 2005 (for example, Crédit Agricole S.A. would have applied FAS 123R from January 1, 2006).

Financial Instruments

Classification and measurement

Under IAS 39, "Financial Instruments: Recognition and Measurement", measurement of financial assets depends on their classification in one of the following categories: held-to-maturity financial assets; loans and receivables; financial assets at fair value through profit or loss and available-for-sale financial assets. This classification determines the measurement and recognition as follows:

- Loans and receivables are initially measured at fair value (plus transaction costs that are directly attributable to the acquisition or issue of the financial asset). After initial recognition, they are measured at amortized cost using the effective interest method and tested for impairment on each reporting date.

- Held-to-maturity financial assets consist of non-derivative instruments with fixed or determinable payments and fixed maturity for which the positive intent and ability to hold to maturity is demonstrated. They are initially measured at fair value (including transaction costs), and subsequently measured at amortized cost using the effective interest method. They are tested for impairment on each reporting date and where necessary, an impairment loss is recognized through profit and loss.

- Financial assets at fair value through profit or loss include (i) financial assets held for trading, including derivative instruments that do not qualify for hedge accounting, and (ii) financial assets that Crédit Agricole S.A. has irrevocably designated upon initial recognition as held at fair value through profit or loss.

- Available-for-sale financial assets ("AFS") are those that are otherwise not classified as loans and receivables, held-to-maturity financial assets, or financial assets designated at fair value through profit or loss. Available-for-sale financial assets are initially measured at fair value plus transaction costs, and are subsequently measured at fair value with unrealized gains or losses from fair value changes reported in shareholders' equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is de-recognized, at which time the cumulative gains or losses previously recognized in equity are recognized in profit or loss. Interest income, calculated on AFS debt instruments using the effective interest rate method, is recognized in profit or loss. Dividends on AFS equity instruments are recognized in profit or loss when the right to receive payment is established.

IAS 39 allows, under certain circumstances, an entity to designate financial assets or financial liabilities to be measured at fair value with changes in value recognized in profit or loss ("fair value option").

The U.S. GAAP provisions on classification and measurement of the financial assets are similar, other than the fair value option provisions.

In particular, under FAS 115, "Accounting for Certain Investments in Debt and Equity Securities", debt securities must be classified according to management's intent to hold the security in one of the following categories: trading, held-to-maturity, or available-for-sale. Equity securities are classified as either trading or available-for-sale. Debt securities and equity securities that have readily determinable fair values should be classified into one of the following three categories based upon intentions for holding the securities:

- Held-to-maturity securities ("**HTM**") - Debt securities that Crédit Agricole S.A. has both the positive intent and the ability to hold to maturity are classified as HTM. Only debt securities can be classified as held-to-maturity because, by definition, equity securities have no maturity date.

- Trading assets - Securities that are bought and held principally for the purpose of selling them in the near term.

- Available-for-sale securities ("**AFS**") - Investments not classified as trading securities nor as HTM.

However, for non-consolidated equity investments that have no readily determinable fair value (i.e. prices/quotations currently available):

- The cost method would be required when Crédit Agricole S.A. holds less than 20% of the stock of the investee and has little or no influence on the operating results or financial policies of an investee; these investments are carried at cost and reviewed quarterly for impairment if a decline in fair value is not a mere temporary condition.

- The equity method is required when Crédit Agricole S.A. has significant influence over the investee.

Financial assets within the IFRS 'loans and receivables' category are outside the scope of FAS 115. Under U.S. GAAP, such financial assets are accounted for at amortized cost similar to the way they are accounted for under IFRS.

Under U.S. GAAP, there is no option to designate any financial asset on initial recognition as at fair value through profit or loss, unless these are hybrid instruments. FAS 155, "Accounting for Certain Hybrid Financial Instruments" amended FAS 133, "Accounting for Derivative Instruments and Hedging Activities" to allow the option to designate the hybrid instruments as being accounted for at fair value through the profit and loss account. FAS 155 is effective for fiscal years beginning after September 15, 2006.

Differences exist between financial statements based on IFRS and those based on U.S. GAAP in the treatment of gains and losses on foreign-currency-denominated debt securities. Differences arise for debt securities that are not denominated in the investor’s functional currency that are classified as available-for-sale.

Under IAS 39 (and IAS 21, “The Effects of Changes in Foreign Exchange Rates”), foreign exchange gains and losses on those securities (as well as other monetary items) are reported in net profit or loss (unless the security or other monetary item is designated as a hedging instrument). The portion of a change in fair value that is not due to a foreign exchange gain or loss is reported in equity. Under U.S. GAAP, FAS 115 requires the total change in fair value of the available-for-sale security to be reported in equity, including any part that relates to foreign exchange movements.

Impairment

IAS 39 provides a list of observable data that constitutes objective evidence that a financial asset may be impaired. A significant or prolonged decline in the fair value of an equity instrument below its cost is also objective evidence of impairment. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale cannot be reversed through profit or loss. Reversal of impairment loss recognized on a debt instrument classified as available-for-sale is permitted under IFRS if, in a subsequent period, the fair value of that debt instrument increases and the increase can be objectively linked to an event occurring after the impairment loss is recognized in the income statement.

Under FAS 115, when fair value declines below amortized cost, for individual securities classified as either available for sale or held to maturity, an enterprise should determine whether the decline in value is “other than temporary”. If the decline in fair value is “other than temporary”, the following applies:

- the cost basis of the individual security is written down to fair value as a new cost basis,
- the amount of the write-down is included in current earnings (i.e., accounted for as a realized loss), and
- the new cost basis is not changed for subsequent recoveries in fair value.

Reversal of an impairment loss is expressly prohibited under U.S. GAAP.

Under FAS 114, “Accounting by Creditors for Impairment of a Loan”, an amendment to FAS 5 and FAS 15, a loan is considered impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement.

Interest income after impairment recognition

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, IFRS requires interest income thereafter to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. That rate is the effective interest rate prevailing at initial recognition of the asset.

FAS 114 amended by FAS 118, “Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures”, does not address how a creditor should recognize, measure or display interest income on an impaired loan. FAS 118 allows a creditor to use existing methods for recognizing interest income on impaired loans, including a cash basis method, a cost recovery method, or some combination of both.

On December 12, 2003, the AICPA issued Statement of Position (“SOP”) 03-03 which addresses the accounting for differences between the contractual cash flows and cash flows expected to be collected from an investor’s initial investment in loans or debt securities acquired in a transfer if those differences are attributable to credit quality. This SOP is effective for loans acquired in accounting periods beginning after December 15, 2004. This SOP limits the yield that may be accreted (accretable yield) to the excess of the investor’s estimate of undiscounted expected principal, interest, and other cash flows (cash flows expected at acquisition to be collected) over the investor’s initial investment in the loan. The investor (transferee) should recognize the accretable yield as interest income on a level-yield basis over the life of the loan. Subsequent increases in cash flows expected to be collected generally should be recognized prospectively through adjustment of the loan’s yield over its remaining life. Decreases in cash flows expected to be collected should be recognized as impairment as opposed to prospective decline in yield.

Collective impairment

An asset that has been assessed individually for impairment under IFRS and found not to be impaired should be included in a collective assessment of impairment. In performing such a collective assessment of impairment, an entity groups asset by similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

Under U.S. GAAP, large groups of smaller balance homogeneous loans may be evaluated collectively for impairment. However, U.S. GAAP does not provide for a two-stage approach in which balances are first assessed for impairment individually and then assessed for impairment collectively.

Transfers of Financial Assets

IAS 39 and FAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities", both provide guidance for transfers of financial assets. Both require an evaluation of whether a transferor has surrendered control of transferred assets to determine whether a transfer is accounted for as a sale or as a secured borrowing. However, IFRS focuses primarily on the transfer of substantially all risks and rewards before dealing with the transfer of control, whereas U.S. GAAP only focuses on the transfer of control. Differences between IFRS and U.S. GAAP in the criteria for sale treatment may lead to significant differences in reported results depending on whether IAS 39 or FAS 140 is applied.

Distinction between Liabilities and Equity

Under IFRS, an instrument is classified as equity when it does not contain an obligation to transfer economic resources. An entity recognizes separately the components of a financial instrument that (a) creates a financial liability of the entity and (b) grants an option to the holder of the instrument to convert it into an equity instrument of the entity. For example, a bond or similar instrument convertible by the holder into a fixed number of ordinary shares of the entity is a compound financial instrument. From the perspective of the issuer, such an instrument comprises two components: a financial liability (a contractual arrangement to deliver cash or another financial asset) and an equity instrument (a call option granting the holder the right, for a specified period of time, to convert it into a fixed number of ordinary shares of the entity).

Under U.S. GAAP, FAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", provides guidance on how financial instruments with characteristics of both liabilities and equity are to be measured and classified in the balance sheet. FAS 150 requires an issuer to classify a financial instrument that is within its scope as a liability (or asset in some circumstances) when the financial instrument embodies an obligation of the issuer. For instance, where a financial instrument (such as conventional convertible debt) comprises a debt and equity element U.S. GAAP normally does not permit an allocation of part of the proceeds of the conversion option. The financial instrument is treated as one unit and recorded as a liability in its entirety.

FAS 150 specifically requires an issuer to classify the following freestanding instruments as liabilities (or assets in some circumstances):

- Mandatory redeemable shares, which the issuing company is obligated to buy back in exchange for cash or other assets;

- Financial instruments, other than outstanding shares that do or may require the issuer to buy back some of its equity shares in exchange for cash or other assets. These instruments include put options and forward purchase contracts; and

- Unconditional obligations that can be settled with equity shares, the monetary value of which are fixed, tied solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuer's equity shares.

Put Options granted to Minority Shareholders

Under IFRS, put options granted to minority shareholders of controlled subsidiaries are recognized as financial liabilities in the consolidated financial statements and no minority interest is recognized. The difference, if any, between the present value of the exercise price and the minority interest that would otherwise be accounted for, is recognized as part of goodwill. The goodwill will be adjusted at each closing date to reflect the variation of the liability, due to changes in the exercise price of the options or to changes in the time value. Accordingly, there will be no impact on the income statement. If the option expires and is not exercised, the liability will be reversed together with the related goodwill and the minority interest will be reinstated with no impact in the income statement.

Under U.S. GAAP, these put options on minority shareholders are generally in the scope of FAS 150, which generally requires these options to be classified as liabilities, initially and subsequently measured at fair value, with changes in fair value recognized in earnings.

Derivatives and Hedging

IAS 39 and FAS 133 guidelines for hedging activities are generally similar. Both require that derivatives be initially recorded at fair value on the balance sheet as either financial assets or liabilities. Both also require that derivatives be subsequently measured at fair value regardless of any hedging relationship that might exist. Both IFRS and U.S. GAAP permit special accounting treatment for financial and derivative instruments that are designated as hedged items or as hedging instruments if certain criteria are met (hedge accounting). However, there are differences between the standards in what transactions will qualify for hedge accounting and in how some of the hedge accounting provisions are applied, as discussed in the following paragraphs.

Hedged items

IFRS and U.S. GAAP are quite similar in defining the hedged items, except for the following with regard to fair value hedges. FAS 133 and IAS 39 prohibit non-interest bearing immediately callable deposits to be hedged items in fair value hedges. However, the European Union modified IAS 39 in deleting the relevant part of IAS 39 that contained this prohibition. As a result under IFRS, non-interest bearing demand deposits may be included within the hedged item in fair value hedges.

If the hedged item is a financial asset or financial liability, IFRS permits the designation of any risk where effectiveness can be measured as a hedged risk, including any portion of interest rate risk exposure. Under U.S. GAAP, the hedged risk should be the risk of changes in the overall fair value or cash flow, benchmark interest rates, foreign currency exchange rates, or the creditworthiness of the "obligor".

In addition, under IFRS, a separately measurable portion of an interest rate exposure - such as a risk-free interest rate or benchmark interest rate component of the total interest rate exposure of a hedged financial instrument - may be designated as a hedged risk. U.S. GAAP explicitly narrows interest rate exposures that may be hedged by defining benchmark interest rates to be limited, in US financial markets, to interest rates on direct treasury obligations of the U.S. government and LIBOR.

Under IAS 39, held-to-maturity investments can be a hedged item with respect to currency exchange risk and credit risk, but the interest rate risk and prepayment risk of a held-to-maturity investment cannot be a hedged item. FAS 133 permits an entity to hedge currency exchange risk, credit risk and the entire fair value of prepayment options in held-to-maturity investments, while prohibiting hedging of interest rate risks.

Non-financial assets and non-financial liabilities can only be designated, under IAS 39 and FAS 133, as a hedged item (i) for foreign currency risks, or (ii) in their entirety for all risks. However, there is an exception under FAS 133 that allows a recognized loan servicing right and a non-financial firm commitment with financial components to be designated as a hedged item in a fair value hedge as if they were financial assets or financial liabilities.

Finally, under IFRS, it is possible to hedge the foreign exchange risk of a firm commitment to acquire a business in a business combination. U.S. GAAP does not allow hedging such risks.

Portfolio hedging of interest rate risk

IFRS permits an entity to designate an amount of assets or liabilities in a given time period bucket, scheduled on expected re-pricing dates of a portfolio (fair value hedge accounting for a portfolio hedge of interest rate risk) and more generally permits designation of a fair value portfolio hedge of interest rate risk only, in which the hedged item is a portion of the portfolio of financial assets or financial liabilities that share the risk being hedged. Using the expected maturities rather than the contractual prepayment terms of the instruments results in better measurement of the hedged risk and helps achieve hedge effectiveness. The changes in the fair value of this hedged item are reflected in a single separate line item within assets or liabilities. The carrying amounts of the individual assets or liabilities in the portfolio are not adjusted. Under U.S. GAAP, this practice is prohibited.

Basis adjustment

Under IFRS, where the hedge of a forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity may be transferred from equity and included in the initial measurement of that non-financial asset or liability (basis adjustment). U.S. GAAP does not permit such basis adjustments. FAS 133 requires entities to reclassify the gains and losses in accumulated other comprehensive income into earnings in the same period or periods during which the asset acquired or liability incurred affects earnings (such as in the periods that depreciation expense, interest expense, or cost of sales is recognized).

Hedging items

Only instruments that involve a party external to the reporting entity can be designated as hedging instruments under IFRS. IFRS focuses on the fact that internal derivative contracts are eliminated in consolidation and, therefore, should not qualify for hedge accounting in the consolidated financial statements. IAS 39 indicates that, if in addition to the internal derivative another entity of the group enters into a derivative with an external party that offsets the exposure hedged in the internal derivative, hedge accounting is permitted under IAS 39. IAS 39 generally excludes this being based on a net basis. However, IAS 39 adds that "As regards foreign currency risk, provided that the internal derivatives represent the transfer of foreign currency risk on underlying non-derivative financial assets or liabilities, hedge accounting can be applied because IAS 39 permits a non-derivative financial asset or liability to be designated as a hedging instrument for hedge accounting purposes for a hedge of a foreign currency risk. Accordingly, in this case the internal derivative contracts can be used as a basis for identifying external transactions that qualify for hedge accounting in the consolidated financial statements even if they are offset against each other. However, for consolidated financial statements, it is necessary to designate the hedging relationship so that it involves only external transactions."

Under U.S. GAAP, a foreign currency derivative that has been entered into with another member of the consolidated group can be a hedging instrument in the consolidated accounts only if that other member has entered into an offsetting contract with an unrelated third party to hedge the exposure it acquired from issuing the derivative to the affiliate that initiated the hedge (§36). However two main differences with IFRS should be emphasized:

- Non-derivative financial instruments only qualify as hedging instruments when the hedged item is either an unrecognized firm commitment or a net investment in a foreign operation. Therefore the approach described under IAS 39 which consists in designating in the consolidated financial statements the external hedged monetary item as a hedging instrument itself generally does not apply under U.S. GAAP.
- U.S. GAAP provides an exception that allows the internal derivatives to qualify as cash flow hedge in the consolidated financial statements when the internal derivatives are offset on a net basis if strict criteria are met.

A GAAP difference also arises due to the fact that under U.S. GAAP, the criteria under FAS 133 must be met for a hedge of foreign currency in a forecasted intercompany transaction. This criteria does not exist under IAS 39, as such hedges qualify for hedge accounting even if the operating unit that has the foreign currency exposure is not a party to the hedging instrument, or if another member of the consolidated group that is party to the hedging instrument has a different functional currency as the operating unit with the foreign currency exposure. Since the guidance under IFRS is less restrictive, more foreign currency hedges would qualify for hedge accounting.

IFRS allows designation of a non-derivative (such as a foreign currency borrowing) as a hedging instrument for foreign currency risk. FAS 133 precludes designating a non-derivative financial instrument as a hedge of an asset, liability, unrecognized firm commitment, or forecasted transaction except that a non-derivative instrument denominated in a foreign currency may be designated as a hedge of the changes in the fair value of an unrecognized firm commitment attributable to foreign currency exchange risk or a net investment in a foreign operation.

Effectiveness

U.S. GAAP allows, assuming stringent conditions are met, a short-cut method that assumes perfect effectiveness for certain hedging relationships involving interest rate swaps. This exemption from assessing prospective and retrospective effectiveness is not allowed under IFRS.

Under FAS 133 effectiveness should be measured every quarter, whereas under IAS 39 effectiveness should be measured at each reporting period.

Neither FAS 133 nor IAS 39 imposes a method for assessing effectiveness. However, U.S. GAAP provides more detailed guidance on methodologies to assess hedge effectiveness than IAS 39. FAS 133 presents three types of "dollar offset" methods that can be applied in assessing the effectiveness of a cash flow hedge: change in variable cash flows method, hypothetical derivative method and change in fair value method. Among the latter, the "change in variable cash flows" method is prohibited under IAS 39.

Embedded derivatives

Both IAS 39 and FAS 133 require derivatives that are "embedded" in other instruments to be accounted for separately as derivatives in their own right if the economic characteristics of the embedded derivative are not closely related to the economic risks and characteristic of the host contract.

Both IAS 39 and FAS 133 require an assessment of whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

The main differences between IFRS and U.S. GAAP are due to:

- a different application of the "closely related" principle in some circumstances; and
- scope differences: contracts that are out of the scope of FAS 133 because they meet the definition of a normal purchase or sale are not assessed for embedded derivatives under U.S. GAAP. IAS 39 may require separation of embedded derivatives even if the host contract is outside its scope of application.

Deferred Tax

Tax rates

Under IFRS, deferred tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. U.S. GAAP prohibits the use of substantively enacted tax rates. The concept of enacted (versus substantively enacted) is not influenced by the likelihood of enactment or the perception that the enactment is routine.

Recognition of deferred tax assets and liabilities

Deferred tax assets are only recognized under IFRS if it is probable that sufficient taxable profit will be available against which the temporary difference can be utilized. Under U.S. GAAP, a deferred tax asset is recognized in full but is then reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized.

IFRS include an exception to the recognition of deferred tax or liability when the temporary difference arises from the initial recognition of an asset or a liability that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit. Under U.S. GAAP there is no such exception.

Under IFRS, deferred taxes are set up on intercompany profit eliminations at the tax rate applicable to the purchaser's tax jurisdiction. Under U.S. GAAP, the difference between the consolidated carrying amount and the tax basis of the purchaser is not considered to be a temporary difference but instead the income taxes recognized by the seller are deferred in consolidation. Thus, if there is a difference between the tax rates applicable to the buyer's and the seller's tax jurisdictions, different amounts of deferral on intercompany profit/loss eliminations would be required under IFRS and U.S. GAAP. Also, the deferrals under U.S. GAAP are treated as deferred tax charges and credits and not as deferred tax assets and liabilities.

Financial Guarantees

Under U.S. GAAP, Fin 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others", requires that when a guarantee is issued in a standalone arm's length transaction with an unrelated party, the liability recognized at the inception of the guarantee should be the premium received or receivable by the guarantor. There is no such requirement under IFRS.

Insurance and Reinsurance Contracts

Classification

IFRS 4, "Insurance Contracts", introduces a definition of an insurance contract based on the concept of insured event and significant insurance risk transfer. This definition applies to both insurance (and reinsurance) contracts issued and reinsurance contracts held. The classification of contracts as insurance or investment contracts determines subsequent valuation and income recognition (see specific rules below).

U.S. GAAP does not provide a single accounting model for insurance contracts. The classification, subsequent valuation and income recognition rules for contracts are done by reference to numerous accounting pronouncements, including most notably FAS 60, "Accounting and Reporting by Insurance Enterprises", FAS 97, "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments" and FAS 120, "Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts". FAS 60 distinguishes between short duration contracts (coverage generally one year or less) and long-duration (coverage generally greater than one year). Non-life contracts are generally considered short duration contracts and accounted for under FAS 60. Life insurance contracts that are more "traditional" in nature, such as whole life contracts, are usually accounted for as long-duration contracts under FAS 60. Life insurance contracts that are characterized by the flexibility and discretion granted to one or both parties to the contract are generally accounted for under FAS 97. FAS 97 also covers certain types of contracts that may be classified as investment contracts under IAS 39 for IFRS purposes. FAS 120 addresses the accounting for some participating life insurance contracts. Reinsurance contracts are principally subject to the requirements of FAS 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts".

Discretionary participation feature

The concept of a discretionary participation feature ("**DPF**") is unique to IFRS accounting. Most insurance or investment contracts contain a guaranteed benefit, in that the benefits are either fixed in amount or are not subject to the discretion of Crédit Agricole S.A..

Some of them may also contain a DPF, which is a feature that entitles the holder of the contract to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of Crédit Agricole S.A.; and
- that are contractually based on: (i) the performance of a specified pool of contracts or a specified type of contract; (ii) realized and/or unrealized investment returns on a specified pool of assets held by Crédit Agricole S.A.; or (iii) the profit or loss of Crédit Agricole S.A., fund or other entity that issues the contract.

Under IFRS, for contracts with discretionary participating features, Crédit Agricole S.A. may elect to apply shadow accounting. The measurement of the contract liabilities is then adjusted by a deferred participation liability equal to the share in the recognized but unrealized gains and losses on investments due to policyholders in respect of their insurance contracts.

Under U.S. GAAP, this type of participation is described as policyholder dividends, and guidance is provided on accounting for dividends paid out of insurance contracts. Entities must recognize a liability for the expected dividend payout based on an estimate of the amount to be paid. There are no requirements to disclose the portion of equity that arises from contracts that pay dividends. However, any dividend payments or declarations in excess of the liability are charged to profit or loss when paid or declared. The possibility of such dividends being paid on financial instruments (investment contracts) is not contemplated in U.S. GAAP. Current U.S. GAAP filers have adopted the insurance accounting guidelines for measuring the obligations under such contracts.

Measurement

The existing accounting policies for insurance contracts issued and reinsurance contracts held (including related intangible assets like deferred acquisition costs) and investment contracts with a discretionary participation feature are exempt from IFRS hierarchy and need not be changed on adoption of IFRS 4, except for the following five requirements:

- provisions for possible claims under contracts that are not in existence at the reporting date (such as catastrophe and equalization provisions) are prohibited;
- insurance liabilities must be tested for adequacy;
- reinsurance assets must be tested for impairment;
- insurance liabilities shall be de-recognized when and only when they are discharged or cancelled or expire; and
- reinsurance assets and income or expense should not be offset against the related insurance liabilities and expenses or income.

Thus, while U.S. GAAP has specific measurement guidance for the insurance assets and liabilities associated with insurance contracts and reinsurance contracts, IFRS allows entities to essentially continue with their accounting policies developed under their local GAAP.

Investment contracts without a discretionary participation feature are accounted for as financial liabilities under IAS 39. This implies in particular that payments for such contracts may no longer be reported as revenues.

Provisions

Restructuring provisions

Under IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”, a present obligation exists only when the entity is “demonstrably committed’ to the restructuring. An entity is usually demonstrably committed when there is legal obligation, or when the entity has a detailed formal plan for the restructuring and is unable to withdraw because it has started to implement the plan or announced its main features to those affected before balance sheet date. However, a current provision is unlikely to be justified if there will be a delay before the restructuring begins, or the restructuring will take an unreasonably long time to complete.

FAS 146, “Accounting for Costs Associated with Exit or Disposal Activities” requires that a liability for costs associated with exit or disposal activities, other than in a business combination, is recognized when the liability is incurred. The liability is to be measured at fair value and is evaluated each reporting period. Subsequent changes to the liability are measured using the credit-adjusted risk-free rate that was used to measure the liability initially. Under FAS 146, even when management has committed itself to a detailed exit plan it does not follow automatically that the costs of the exit plan may be accrued for. Instead each cost is examined individually to determine when it is incurred. Costs to terminate contracts can be provided for only at cease-use date. Costs related to one-time termination benefits for employees can be provided for when certain specific criteria are met, which include that it is remote that the plan can be withdrawn. Under U.S. GAAP, provisions for termination benefits may also be recorded based on ongoing benefits granted to employees in case of termination in accordance with the provisions of either FAS 88, or FAS 112,”Employers’ Accounting for Post Employment Benefits-an amendment of FAS 5 and 43”.

Revenue Recognition

Fees and initial direct cost/interest recognition

Under IFRS, the calculation and recognition of effective interest rates under IAS 39 requires an estimate of "all fees and points paid or received between parties to the contract" that are an integral part of the effective interest rate be included. Certain loan fee income and incremental directly attributable loan origination costs are amortized to the income statement over the life of the loan as part of the effective interest calculation.

Under U.S. GAAP, FAS 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases", also generally requires all fees and costs associated with originating a loan to be recognized as interest. Certain loan fee income and direct but not necessarily incremental loan origination costs, including an apportionment of overheads, are amortized to the income statement account over the life of the loan as an adjustment to interest income. FAS 91 has specific provisions for situations when the stated interest rate is not constant throughout the term of the loan: if the loan's stated interest rate increases during the term of the loan, interest income shall not be recognized to the extent that the net investment in the loan would increase to an amount greater than the amount at which the borrower could settle the obligation.

Business Combinations and Goodwill

Mutual organisations

Business combinations are accounted for using the purchase method. However, as IFRS 3, "Business Combinations", does not apply to business combinations between mutual organisations, mergers between Cooperative Regional Banks of Crédit Agricole Group are accounted for at net book value in accordance with French GAAP.

FAS 141, "Business Combinations", apply to combinations of mutual enterprises. However, the FASB has delayed the effective date of FAS 141 for combinations of mutual enterprises pending development of specific interpretative guidance (including effective date provisions) on how to apply the purchase method to combinations of mutual enterprises. Since the final decisions on such project have not been reached, mutual enterprises should continue to follow current practices in accounting for combinations of mutual enterprises.

Impairment of goodwill

IFRS requires an impairment review of goodwill annually and whenever indicators of impairment arise, at the Cash Generating Unit ("**CGU**") level or groups of CGUs. A CGU is typically at a lower level than a reporting unit as defined under U.S. GAAP. CGUs may be aggregated for purposes of allocating goodwill and testing for impairment. Groupings of CGUs for goodwill impairment testing cannot be larger than a segment determined in accordance with IAS 14, "Segment Reporting". If some of the goodwill allocated to a CGU was acquired in a business combination during the current annual period, the CGU is required to be tested for impairment before the end of the current period.

Under U.S. GAAP, goodwill is also reviewed for impairment, at the reporting unit level, at least annually or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Goodwill is assigned to an entity's reporting unit, a reporting unit (an operating segment) or one level below an operating segment (referred to as a component). However, the U.S. GAAP impairment model is different from IFRS.

Under IFRS, a one-step impairment test is performed. The recoverable amount of the CGU (i.e., the higher of its fair value less costs to sell and its value in use) is compared to its carrying amount. The impairment loss is recognized as the excess of the carrying amount over the recoverable amount including the goodwill. The impairment loss shall be allocated first to reduce the carrying amount of the goodwill allocated to the CGU, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

FAS 142, "Goodwill and Other Intangible Assets", requires a two-step impairment test:

- The fair value and the carrying amount of the reporting unit including goodwill should be compared. If the fair value of the reporting unit is less than the book value, goodwill is considered to be potentially impaired; then
- The goodwill impairment should be measured as the excess of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill should be determined by allocating

fair value to the various assets and liabilities included in the reporting unit in the same manner as the amount of goodwill recognized in a business combination.

Contingent consideration

If part of the purchase consideration is contingent on a future event, such as achieving certain profit levels, IFRS requires an estimate of the amount to be included as part of the cost at the date of the acquisition where it is probable that it will be paid and it can be reliably measured. Any revision to the estimate is subsequently adjusted against goodwill.

Under FAS 141, contingent consideration is generally excluded from the initial purchase price. The additional cost and any related goodwill are only recognized when the contingency is resolved and the amount is payable. Contingent consideration may be based on maintaining or achieving specific earning levels over future periods, or on a security maintaining or achieving a specific market price. When a contingent consideration based on earnings is achieved, the acquiring company records the current fair value of the additional consideration as an adjustment to goodwill.

Business combinations achieved in stages

Step acquisitions under IFRS 3 require the revaluation of previous interests at fair value until control is obtained. Under U.S. GAAP, the revaluation of previous interests in the acquirer's net assets is not allowed. Under U.S. GAAP, when an acquiring company buys less than 100 percent of the acquired entity, it adjusts the assets and liabilities only for its proportionate ownership interest. In a step acquisition, each investment tranche is reflected in the consolidated financial statements at its basis.

Restructuring provisions in the context of business combinations

Under IFRS, the acquirer may only recognize restructuring provisions as part of the acquired liabilities only when the acquiree has at the acquisition date an existing liability for restructuring recognized in accordance with IAS 37.

Under U.S. GAAP, restructuring provisions may be recorded in the context of an acquisition, if as of the acquisition date, management, having the appropriate level of authority, has begun to assess and formulate a plan to exit an activity of the acquired entity. The plan must be completed as soon as possible, but no more than one year after the consummation date and management must communicate the termination or relocation arrangements to the employees of the related activity to be terminated.

Subsequent adjustments

IFRS permits adjustments to the provisional fair values recognized at the date of acquisition, provided those adjustments are made within 12 months of the acquisition date. Adjustments after the 12 months must be recognized in the income statement.

Under U.S. GAAP, adjustments may be made during the allocation period, which cannot extend beyond one year following the date of the acquisition. The allocation period is opened only until the information necessary to complete the purchase price allocation has not been obtained. With the exception of tax loss carry forwards, adjustments related to pre-acquisition contingencies that are finalized after the allocation period should be recognized in the income statement. In addition, favorable adjustments to restructuring provisions are always recognized as changes to goodwill, even if they materialize after the allocation period.

Subsequent adjustments - tax

Under IFRS, if a deferred tax asset relating to the acquiree is identified but not recognized at the time of acquisition and is subsequently recognized, the deferred tax income is recognized in the income statement.

The acquirer adjusts goodwill as if the deferred tax asset had been recognized at the acquisition date. The reduction in the carrying amount of goodwill is recognized in the income statement as an expense.

Under U.S. GAAP, the subsequent recognition of a deferred tax asset of either the acquirer or the acquiree not previously recognized at the time of the business would be applied first to eliminate any goodwill related to the acquisition, second to eliminate any non-current intangible assets related to the acquisition, and third, to reduce income tax expense.

Minority interests

Under IFRS, minority interests at acquisition are measured as the minority's proportion of the net fair value of the identifiable acquired assets, liabilities and contingent liabilities assumed.

Under U.S. GAAP, minority interests generally are based on the minority share of the book value of the assets and liabilities as reported by the subsidiary. When consolidating the assets and liabilities of an acquired subsidiary that is not wholly owned, the fair value adjustments are limited to the amount attributable to the parent company's ownership percentage. As a result, the assets and liabilities of the subsidiary may be included on a mixed basis in the consolidated financial statements.

Consolidation

Subsidiaries

Entities controlled by Crédit Agricole S.A. are consolidated. Control is presumed when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Under U.S. GAAP, a dual consolidation decision model exists. Under this model, consolidation decisions are evaluated based on a variable interest model and a voting interest model. The variable interest model is first applied. If the variable interest model is not applicable, the voting interest model is then used.

The application of the variable interest model is discussed below under the caption "Special purpose entities". Under the voting interest model, the usual condition for a controlling financial interest is the exercise of exclusive control through the ownership either directly or indirectly of over 50% of the outstanding voting shares. There are exceptions to this general rule in cases where control is likely to be temporary or if it could be shown not to reside with the majority owner due, for example, to bankruptcy and foreign exchange restrictions.

Joint ventures

Although the definitions of the enterprises under joint control are similar under IFRS and U.S. GAAP, interests in joint venture entities may be accounted for under either the proportionate consolidation method or the equity method under IFRS but would be accounted for using the equity method under U.S. GAAP if the variable interest model is not considered applicable.

Special purpose entities

IFRS require the consolidation of special purpose entities ("**SPEs**") where the substance of the relationship indicates that an entity controls the SPE. Indicators of control arise where:

- The SPE conducts its activities on behalf of the entity according to its specific business needs; or
- The entity has the decision-making power to obtain the majority of the benefits of the SPE; or
- The entity has other rights to obtain the majority of the benefits of the SPE; or by setting up an "autopilot" mechanism, the entity has delegated these decision-making powers, or
- The entity has the majority of the residual or ownership risks of the SPE, or of its assets.

The FASB Interpretation N° 46, "Consolidation of Variable Interest Entities: an interpretation of ARB N°51" ("**FIN 46**"), requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. In December 2003, the FASB released a revised version of FIN 46 ("**FIN 46R**") clarifying certain aspects of FIN 46 and providing certain entities with exemptions from the requirements of FIN 46. This version was effective immediately.

Under FIN 46R, an enterprise that holds variable interest in a qualifying special-purpose entity or a "formerly qualifying SPE" as described in FAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FASB Statement No. 125", does not consolidate that entity unless that enterprise has the unilateral ability to cause the entity to liquidate or to change. The rules in FAS 140 were issued to provide rules for determining whether a transfer of financial assets constitutes a sale. FAS 140 provides conditions that an SPE must meet to be considered a qualifying SPE. The scope exception also applied to an SPE that meet requirements of FAS 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", to be considered qualifying and was grandfathered under the provisions of FAS 140.

Due to differences in criteria applied under IFRS and U.S. GAAP to determine whether an SPE should be consolidated, the scope of consolidation under IFRS and U.S. GAAP might be different.

Discontinued operations

Under IFRS, a discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Under U.S. GAAP, the definition of a discontinued operation is narrower, as a component is considered a discontinued operation if the operations and cash flows have been or will be eliminated, and if the entity will not have significant continuing involvement (a component comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity). It may be a reportable segment, an operating segment, a reporting unit, a subsidiary or an asset group.

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