Summary

Target:	CREDIT LYONNAIS SA	**SIC Codes:**	6021 6210 6282 6300 0
Country:	France	**Industrial Sectors:**	Banks (Retail)
Activities:	RETAIL/INVESTMENT/CORPORATE BANKING & ASSET MANAGEMENT& INSURANCE		
Bidder:	CREDIT AGRICOLE SA		
Country:	France	**SIC Codes:**	6021 6210 6282 6099 0
Activities:	RETAIL/INVESTMENT BANKING & ASSET MANAGEMENT & OTHER FINANCIAL		

Date Announced:	2002/12/16	**Date Completed:**	
Deal Status:	Pending	**Deal Type:**	Public
Deal Attitude:	Friendly	**Cross Border:**	No
% Capital Owned:	17.79	**% Capital Bid For:**	82.21
Competitive Status:	Single bidder		
Regulatory Referral:	No referral		
Consideration Type:	Cash plus Ordinary Shares or Cash or Ordinary Shares		

Deal Value (m)	Rate to STG 1.585		**Target Financials (m)**	Rate to STG 1.585	
	1) EUR	**2) STG**		**1) EUR**	**2) STG**
Ordinary Offer Value	19259.826	12151.310	**Bank Earnings**	742	468.139
Other Equity Value	0.000	0.000	**Shareholders Funds**	8445	5328.076
Total Equity Value	19259.826	12151.310	**Risk Weighted Assets**	118566	74805.046
Minorities	1401	883.912	**Tier 1 Ratio**	7.8	7.8
Total Equity Value + Minorities	20660.827	13035.221	**Total Capital Ratio**	11	11

Deal Ratios		**Performance Ratios**			
Price/Bank Earnings	25.957	**Cost/Income Ratio**	71.479	**Net Interest Margin**	1.56
Price/Book	2.28	**Interest Income Ratio**	0	**Return on Assets**	0.305
		Bad Debt Ratio	0.671	**Return on Avg. Assets**	0.31
		Return on Equity	8.786	**Return on Avg. Equity**	9.01

Accounts Source:	RESULTS FOR 12MTHS TO 30/06/02(FROM INTERIMS)	**Reliability:**	Unaudited
Deal Value Source:	BIDDER PRESS RELEASE (14-12-2002)	**Reliability:**	Accurate

Advisors

Advisors	To Bidder	To Target/Divestor
Financial	Goldman Sachs and Schroder Salomon Smith Barney and JP Morgan	Morgan Stanley and NM Rothschild & Sons
Legal		

Target Financials

Profit & Loss for Year Ended:	30/06/02	**Balance Sheet for Year Ended:**	30/06/02
Interest & Discount Income:	0	**Loans & Advances to Customers:**	94774
Interest Expense:	0	**Loans & Advances to Banks:**	38134
Net Interest Income:	0	**Cash & Treasury Deposits:**	47382
Commission Income:	0	**Equity Investments:**	13729
Commission Expense:	0	**Intangible Assets:**	0
Net Commission Income:	2166	**Long Term Business Assets:**	28355
Profit(Loss) on Financial Trans.:	0	**Associates/JV's:**	595
Other Operating Income:	0	**Tangible Fixed Assets:**	0
Total Other Income:	4594	**Other Assets:**	19976
Total Income:	6760		
Staff Costs:	0	**Customer A/C's(Current A/C's):**	77331
Depreciation:	324	**Customer A/C's(Term/Savings A/C's):**	0
Amortisation:	0	**Deposits by Banks:**	67351
Other Admin Costs:	4508	**Debt Securities Issued:**	34746
Total Costs:	4832	**Provisions:**	2496
Operating Profit:	1928	**Other Liabilities:**	24515
Bad Debt Charge:	636	**Deferred Tax:**	0
Provisions/Adjustments:	92	**Long Term Business Liabs.:**	26660
Exceptionals:	-20		
Net Profit Before Tax:	1180	**Ordinary Share Equity:**	8445
Tax:	366	**Preference Share Equity:**	0
Net Profit After Tax:	814	**Shareholder Funds:**	8445

Minority Items:	72	**Minority Interests:**	1401
Preference Share Dividends:	0	**Total Assets:**	242945
Attributable Profit:	742	**Risk Weighted Assets:**	118566
Financial Currency:	EUR	**Tier 1 Ratio**	7.8
Exchange Rate to £ STG:	1.585	**Total Capital Ratio:**	11

Accounts Source:	RESULTS FOR 12MTHS TO 30/06/02(FROM INTERIMS)	**Reliability:**	Unaudited
Deal Value Source:	BIDDER PRESS RELEASE (14-12-2002)	**Reliability:**	Accurate

Deal Value

Deal Value Source:		BIDDER PRESS RELEASE (14-12-2002)
Deal Value Reliability:		Accurate
Deal Breakdown:	**Cash Value**	**Share Value**
Ordinary Shares:	19259.826	19258.966
Options:	0	0
Preference Shares:	0	0
Convertible Shares:	0	0
Redeemable Shares:	0	0
Other Equity Shares:	0	0
Total Equity Value:	19259.826	19258.966
Minorities:	1401	1401
Total Equity Value + Minorities	20660.827	20659.967

Share Data

No of Ordinary Shares:		343925456
	Initial	**Final**
Cash Offer Value:	56	56
Share Offer Value:	55.9975	55.9975
	Target Shares	**Bidder Shares**
Initial Offer Ratio:	4	5

Final Offer Ratio:	4	5
	Initial	**Final**
Extra Payment Value:	148.24	148.24
Ratio For Ords:	1	1
Ratio For Prefs:	0	0
Ratio For Others:	0	0
	Number of Options	**Exercise Price of Options**
1)	0	0
2)	0	0
3)	0	0

Type	**Number of**	**Cash Offer Per Share**	**Share Ratio**	
			Target	**Bidder**
Preference Shares	0	0	0	0
Convertible Shares	0	0	0	0
Redeemable Shares	0	0	0	0
Other Equity Shares	0	0	0	0

Share Prices				
	Time	**Target**	**Bidder**	**Bid Premia %**
BEFORE	**1 Day**	38.94	15.15	43.811
	1 Week	36.6	15.7	53.005
	2 Weeks	35.79	16.32	56.468
	3 Weeks	34.95	17.4	60.229
	4 Weeks	35.35	17.89	58.416
	30 Day Average	36.011	16.76	55.508
	2 Months	38.45		45.644
	3 Months	43.8		27.854
	Day Before Final Increased Offer		0	
AFTE	**1 Day**	0	0	
	1 Week	0	0	
	2 Weeks	0	0	
	3 Weeks	0	0	

R	**4 Weeks**	0	0
	1 Day before completion	0	0

Pre-Bid Speculation Data					
Pre-Bid Speculation Date	22/11/02	**Target Share Price**	38.940	**Bid Premia %**	43.811

Comments

OVERVIEW

On the evening of 22nd November 2002, the French government announced that it had decided to sell its entire 10.9% equity stake in Crédit Lyonnais. At a board meeting on the next day, the 23rd of November, BNP Paribas decided to take advantage of this "unique opportunity" by resolving to offer to acquire the stake for a total of some €2.2 billion euros, equating to a price of €58 (*) per Crédit Lyonnais share. The BNP Paribas bid subsequently submitted pursuant to the board meeting was accepted by the French government, though the acquisition of the 10.9% stake remained subject to approval from the French Committee for Credit institutions and Investment Enterprises ("Comité des Etablissements de Crédit et des Entreprises d'Investissement" or CECEI). Subsequent to the announcement by BNP Paribas that it had succeeded (subject to regulatory approval) with its bid for the 10.9% stake, the following events/announcements transpired:

26/11 Crédit Lyonnais responded to BNP-Paribas' acquisition of the 10.9% stake in the bank by noting "the success of the independent expansion strategy pursued by Crédit Lyonnais since its privatisation and the impact of this positive progress on the bank's equity valuation", whilst simultaneously authorising Credit Lyonnais' Chairman to ask the BNP-Paribas Chairman to make his intentions clear.

01/12 It was announced that, on the evening of 29 November, 2002, BNP-Paribas had informed Crédit Lyonnais that, as at the close of trading on Thursday 28 November 2002, BNP-Paribas' stake in Crédit Lyonnais amounted to 5.32%, excluding the 10.9% stake to be purchased from the French State.

04/12 BNP Paribas issued a press release in which it stated that it believed there to be "significant opportunities for industrial cooperation with Credit Lyonnais that would considerably enhance the performance of the two banks across all business lines and in a way which would serve the interests of shareholders and employees alike". According to BNP Paribas, its proposal "entails a common approach which would form the basis of further joint work on areas of potential cooperation, without prejudice to existing partnerships. BNP Paribas wishes therefore to see the agreement of the Board of Directors of Credit Lyonnais, in accordance with good corporate governance, to open dialogue on the basis of this proposal, as it has done with other shareholders". BNP Paribas further expressed its desire "to conclude extensive co-operation agreements covering most of the two banks' core business activities", which would "respect the partnerships already in existence, and particularly Crédit Lyonnais' partnerships with members of its Core Shareholder Group", and to "open discussions rapidly with a view to developing the broadest co-operation" between the two banks.

05/12 Credit Lyonnais announced (inter alia) that it had been informed of a letter received on 4th December 2002, in which BNP Paribas indicated that it was seeking approval from the CECEI "to acquire a very significant holding in the share capital of Crédit Lyonnais". Against this background and in view of the volume of shares acquired by BNP Paribas since 25 November, the

Board of Crédit Lyonnais believed it "necessary to seek clear and exhaustive information on BNP Paribas' intentions" before deciding whether or not to hold the discussions which BNP Paribas had previously stated it wished to pursue. According, the Chairman of Credit Lyonnais was to recontact the Chairman of BNP Paribas "if appropriate" once BNP Paribas had explained its precise intentions regarding its interest in the share capital of Crédit Lyonnais.

06/12 Crédit Lyonnais announced that it had been informed that Crédit Agricole held 12.17% of the share capital of Crédit Lyonnais with effect from 4 December 2002.

09/12 BNP Paribas announced that it had applied to the CECEI for permission to hold between 10% and 20% of the capital of Credit Lyonnais and that it had now provided all the answers to the questions asked by the Chairman of Credit Lyonnais on behalf of its Board of Directors. BNP Paribas reiterated that it wished for:

- the prompt opening of the dialogue which, while respecting existing partnerships, will allow both groups to develop jointly industrial initiatives to be implemented in the interests of their shareholders, their clients and their employees, who have built Credit Lyonnais and BNP Paribas into two highly performing and respected businesses;

- the appointment of two representatives of BNP Paribas to the Board of Credit Lyonnais to replace the two representatives of the French State.

11/12 Crédit Lyonnais announced that it had been informed that Crédit Agricole held 17.40% of the share capital of Crédit Lyonnais with effect from 10 December 2002.

11/12 Crédit Lyonnais' Board of Directors held a meeting, following which a press release was issued by the bank in which it "noted the clarifications given by BNP Paribas regarding the friendly nature of its planned proposals and the size of its intended stake in CL, for which it was seeking approval by the CECEI. Crédit Lyonnais further indicated that Crédit Agricole had "expressed a keen interest in pressing ahead with plans to bring two banks together, which have been under review for several months, and discussing these plans with Crédit Lyonnais rapidly". Accordingly, it was announced that Credit Agricole's Board of Directors had "asked Crédit Lyonnais' Chairman and its CEO to look closely at Crédit Agricole's proposals". In relation to BNP Paribas' request to be represented by two board members, the Board of Directors had decided to consider the possibility of co-opting two directors to replace the French State's representatives, once the CECEI has reached a decision on BNP Paribas' acquisition of the French State's stake. BNP Paribas' response was to indicate that it had taken note of the Crédit Lyonnais' press release, which underlined the friendly nature of BNP Paribas' proposal, and which indicated that Crédit Agricole had expressed its strong interest to carry out a broader merger process, a project seemingly underway for several months.

16/12 Credit Agricole formally announced its proposed friendly union with Credit Lyonnais through a joint communique, with the following terms available under the terms of the public bids which it was envisaged would be made jointly by Credit Agricole and its Sacam Developpement subsidiary:

- a basic offer of five of its own shares plus €148.24 euros for every four Credit Lyonnais shares held (equating to an offer of €56 per Lyonnais share);

- a full cash alternative at €56 per share;

- a full share alternative of 37 Credit Agricole shares for every 10 Credit Lyonnais shares.

According to the announcement made by the parties, Credit Agricole had secured commitments from a number of Credit Lyonnais' shareholders to the effect that such shareholders would accept their holdings (aggregating to a 21.32% stake) to the offer - the shareholders in question were AGF (10.09% holding), Commerzbank (3.86%), BBVA (3.73%) and Banca Intesa (3.64%).

(*) According to press sources, competing bids for the 10.9% stake were made by Societe Generale (€47 per share), Credit Agricole (€44) and AGF (€42 per share, in relation to a 3.5% portion of the 10.9% stake).

PROFILE OF PARTIES

Crédit Agricole S.A., formerly known as the Caisse Nationale de Crédit Agricole ("CNCA"), was created by public decree in 1920 to distribute advances to and monitor the Caisses Régionales on behalf of the French State. In 1988, the French State privatized CNCA in a mutualisation process, transferring 90% of its interest in CNCA to the Caisses Régionales de Crédit Agricole Mutuel (the "Caisses Régionales" or "Regional Banks", comprising 48 regional banks that operated the retail network of the Crédit Agricole Group) and the remaining 10% to the employees of the Crédit Agricole Group. On 29th November 2001, the shareholders of CNCA resolved to change the name of CNCA to "Crédit Agricole S.A." On 18th October 2001, Crédit Agricole S.A. and the Caisses Régionales entered into a Protocole under which they agreed on the terms of a restructuring of the Crédit Agricole Group in contemplation of an initial public offering of shares of Crédit Agricole S.A. in December 2001. Under the terms of the Protocole, among other things:

* The Caisses Régionales contributed all of their direct or indirect holdings in seven of the Crédit Agricole Group's main subsidiaries to Crédit Agricole S.A. in return for shares of Crédit Agricole S.A.;

* Crédit Agricole S.A. took a 25% interest in each of the Caisses Régionales (except for the Caisse Régionale of Corsica); and

* The Caisses Régionales created a holding company ("the Controlling Holding Company") to which they transferred all of their shares in Crédit Agricole S.A.

On December 13th, 2001, Credit Agricole's IPO was formally priced, with 177,680,000 shares, representing 18.6% of Crédit Agricole S.A.'s share capital (excluding the over-allotment option and the shares issued as part of the employee offering) made available for sale. Trading in Credit Agricole shares commenced on 14th December 2001. As of 31st December 2001, more than 70% of Crédit Agricole S.A.'s capital stock was owned by the Caisses Régionales (through the Controlling Holding Company), and more than 23% was held by the public, present or former employees of the Crédit Agricole Group and Directors of the Caisses Régionales.

Crédit Agricole S.A. was the lead bank of the Crédit Agricole Group (the latter comprising Credit Agricole S.A., the Caisses Régionales, the Caisses Locales and their respective subsidiaries, taken together). Credit Agricole Group was France's leading banking group, Europe's second largest banking group, and the world's sixth largest banking group, in each case based on shareholders equity. The retail banking network of the Crédit Agricole Group was the largest in France, with more than 16 million individual customers and almost 7,700 branches. The Crédit Agricole Group's French retail banking network was centred around the 48 Caisses Régionales. Crédit Agricole S.A. acted as the central bank of the Crédit Agricole Group, coordinating its sales and marketing strategy, ensuring the liquidity and solvency of each of the entities in the Crédit Agricole Group and, through its subsidiaries, designing and managing specialised financial products that were distributed primarily by the Caisses Régionales. Crédit Agricole S.A. also held a 25% equity interest in each of the Caisses Régionales, other than the Caisse Régionale of Corsica. In addition to its involvement in French retail banking operations, Credit Agricole also conducted directly the remaining activities of the Crédit Agricole Group.

It operated through five business segments :

*   French retail banking. This segment included Crédit Agricole S.A.'s 25% interest in the Caisses Régionales, as well as direct activities of Crédit Agricole S.A.'s subsidiaries in fields such as consumer credit, leasing, payment services and factoring.

*   Corporate and investment banking. This segment included Credit Agricole S.A.'s financing activities, including corporate finance, asset financing and structured financing, and its capital markets and investment banking activities, including equities, fixed income, futures and derivatives brokerage and trading, corporate finance, equity capital markets and private equity. Credit Agricole S.A.'s leading positions in this segment included a number one position in Europe in short term euro government primary debt issues and a position among the leaders in primary equity offerings in France.

*   Asset management, insurance and private banking. In this segment, Credit Agricole S.A. was France's second largest mutual fund manager and third largest life insurance provider (the largest affiliated with a banking group), in each case based on assets under management, and France's second largest bank-affiliated provider of property and casualty insurance, based on premiums. It also had a strong private banking presence in France. Switzerland, Luxembourg and Monaco.

*   International retail banking. This segment reflected primarily Credit Agricole S.A.'s European and international expansion through alliances and participations in major retail banks. Credit Agricole S.A. was the leading shareholder in IntesaBCI, Italy's largest bank, and also held large interests in Banco Espirito Santo (Portugal), Commercial Bank of Greece, Lukas and EFL (Poland), Banco del Desarrollo (Chile) and Banco Bradesco (Brazil). This segment also included European branches of Credit Agricole S.A.'s consumer credit and leasing subsidiaries.

*   Proprietary asset management and other activities. This segment included Credit Agricole S.A.'s holdings in Crédit Lyonnais and Rue Imperiale de Lyon, a major indirect shareholder of the entities of the Lazard group, as well as certain other equity participations of Credit Agricole S.A. It also reflected the results of Crédit Agricole S.A.'s activities as central bank of the Crédit Agricole Group, which included primarily receiving 50% of the savings collected by the Caisses Régionales and the excess treasury of the Caisses Régionales, and financing the medium and long-term loans of the Caisses Régionales.

BNP Paribas was established by the merger, on 23 May 2000, of Banque Nationale de Paris ("BNP") with Paribas. This transaction had been the indirect result of the announcement of 1st February 1999 by Societe Generale, a major French bank, of a friendly all paper bid for Paribas. Subsequently, on 10 March 1999, BNP had announced unsolicited bids for both Paribas and Societe Generale, though ultimately only BNP's (subsequently revised) bid for Paribas succeeded. BNP Paribas thus became the leading listed bank group in France. BNP Paribas was France's largest listed bank and one of the Eurozone's leading banks in terms of stock market capitalisation, which reached €49.7 billion as at 30 June 2002. The bank was among the 10 largest banks in the world based on assets, with €730.37 billion in total assets and €25.664 billion in shareholders' equity (both as at 30th June 2002) and €4.018 billion of net income in 2001. It employed 89,000 people including 35,000 outside France. It held a leadership position in France, Europe and worldwide in almost all its lines of business. BNP Paribas operated within three core businesses, outlined below:

*   Corporate and Investment Banking; with 13,300 employees of whom more than two-thirds operated outside France - BNP Paribas had a presence on the Paris and London capital markets but also in Japan, Singapore, Hong Kong and New York. The group business area included corporate finance, equity trading, fixed-income and currency instruments, International trade finance and

commercial banking. This business division generated a pre-tax income of €1,862 million in 2001 on net banking income of €6,178 million.

* Private Banking and Asset Management; Private Banking was in the top ten on the worldwide market for upmarket customers, and one of the major players worldwide. Asset Management was French leader on the market for general public mutual funds. Total assets under management as at 31/12/2001 amounted to €272 billion. Included in this business area as well were Securities Services, Insurance products and Real Estate. This business division generated a pre-tax income of €879 million in 2001 on net banking income of €2,304 million.

* Retail Banking; BNP Paribas had a large Retail Banking operation in France, with 2,200 branches, 6 million customers and a leadership position in Internet banking services, offering cross-selling of products and services to individuals, independent professionals and corporate customers. BNP Paribas' International Retail Banking business spanned 30 operations in seven regions around the world, including the recently acquired United California Bank (see below). As at 31st December 2001 (i.e. excluding the United California Bank acquisition), BNP Paribas' retail banking operations comprised some 56,300 employees (including 29,700 in France), generating a pre-tax income of €2,319 million in 2001 on net banking income of €8,714 million.

Significant recent acquisitions by BNP Paribas included that of the US retail bank, United California Bank (acquired for US$2.4 billion in March 2002), and that of Consors Discount Broker, a German online bank/broker (100% acquired for some €485 million during the second and third quarters of 2002). These transactions have been written up separately elsewhere on the M&A Monitor database.

BACKGROUND

Crédit Lyonnais was a major international banking and financial services group based in France that provided a comprehensive range of products and services to individuals, self-employed professionals and SMEs in France, and to major corporations and institutions world-wide. The Group also provided asset management services to individuals and institutions world-wide. The Bank was established in Lyon in 1863 and was authorised to engage in general commercial banking activities, including deposit-taking and lending, as well as in investment and merchant banking. The Bank was nationalised by the French State in 1946 along with other French banks. The French State had since owned, directly and indirectly, the majority of the Bank's share capital and virtually all of the outstanding voting interests in the Bank. During the late 1980s and early 1990s, the Group pursued an aggressive growth strategy aimed in part at establishing a significant retail and corporate banking presence across the EU. In the early 1990s, however, the Group began to incur substantial losses. In 1992, 1993 and 1994, the Group's net losses aggregated €282 million, €1,052 million and €1,845 million, respectively. These losses were principally the result of substantial deviations from the Group's risk management and other controls by certain of the Group's subsidiaries and a failure to implement the Group's internal controls by the Bank's former senior management, principally with respect to such subsidiaries. The effects of a prolonged period of weak economic performance in Europe that started in the early 1990s, combined with the high carrying costs of certain assets acquired by the Group in prior years, accelerated the deterioration of the Group's financial condition.

The deterioration of the financial condition of the Bank necessitated a substantial restructuring of the Bank's operations. The restructuring involved various complex arrangements and, because it effectively involved the provision of financial assistance by the French State to Credit Lyonnais, EC approval was required. EC approval of the restructuring and associated financial assistance was granted on a conditional basis in two high-profile decisions (in 1995 and 1998). Amongst the key conditions attached to the approval were the following:

*   Credit Lyonnais had to reduce its "commercial presence," principally outside France, by approximately €44.5 billion (based on the book value of the bank's total assets at December 31, 1994), mainly through the disposal of specified operations. Of the total €44.5 billion of disposals required under the 1995 and 1998 EC Decisions, €34.8 billion had to relate to Europe, including €30.7 billion of operations outside France and €4.1 billion of its French operations (exclusive of its branch network). A further €9.8 billion of disposals had to relate to the bank's operations outside Europe. €46.6 billion of disposals had been completed by March 31, 1999;

*   the number of its branches in France to be reduced to 1,850 by the year 2000 (at December 31, 1998, the French network of the bank had 1,951 branches);

*   Crédit Lyonnais to be privatised by October 1999 and the French State to reduce its direct and indirect ownership of the share capital of the Bank to 10 percent or less by that date;

*   the growth in the Bank's balance sheet would be limited to 3.2% p.a. between end-1998 and 2001;

*   beyond 2001 and until 2014, Crédit Lyonnais would be required to maintain its solvency ratios at least at the level reached at December 31, 2001;

*   and, until 2003, the parent company would be required to distribute at least 58% of its non-consolidated net surplus in the form of dividends.

In line with the requirement that Credit Lyonnais be privatised, an IPO prospectus relating to Credit Lyonnais was published on June 28th 1999. As at the time of publication of the prospectus, all of the Shares and Voting Right Certificates of Crédit Lyonnais were owned, directly or indirectly, by the French State, though a little over 10% of Credit Lyonnais' capital was in the form of publicly held non-voting investment certificates. It was envisaged that, upon completion of the IPO and certain related proposals (including full exercise of certain warrants being issued in connection with a capital increase as part of the IPO), the French State would own, directly or indirectly, just 10% of the share capital of Credit Lyonnais. The disposal of the substantial majority of the share capital of Credit Lyonnais held by the French State was to be effected primarily through:

1) The disposal of three tranches of equity in a "Combined Offering", comprising a public offering in France of 56,038,092 ordinary shares, a global institutional offering, including to institutions in France, of 70,047,615 ordinary shares and an offering of 13,365,353 shares to qualifying current and former employees of Crédit Lyonnais; and

2) The disposal to the following "Strategic Shareholders" of that number of ordinary shares in Credit Lyonnais as would result (post-IPO) in the following entities having a level of ownership corresponding to the figure in brackets after each name - Caisse Nationale de Crédit Agricole (10%), Assurances Générales de France (6%), AXA (5.5%), Commerzbank AG (4%), Banco Bilbao Vizcaya (3.75%), Banca Intesa (2.75%) and Crédit Commercial de France (1.00%).

Central to the success of the IPO of Credit Lyonnais was thus the emergence of several strategic longer-term shareholders. In selecting the strategic shareholders, the French State indicated that it had taken into account "existing partnerships between potential candidates and the Group, proposals for future partnerships and other factors. These partnerships are expected to include activities such as factoring, leasing, asset management, capital markets, payments and services, structured finance, insurance products and custodial services" (though it was stressed in the IPO prospectus that, as Credit Lyonnais had only commenced negotiations regarding the proposed partnerships, "no assurance can be given as to whether or when such partnerships will be created, or on what terms").

Under the agreed terms on which the different stakes in Credit Lyonnais were being acquired by the strategic shareholders, various obligations were imposed on such shareholders designed to ensure a minimum period of stability of the strategic shareholder group. More specifically, the strategic shareholders were required to hold their shares (and all rights related thereto) for 24 months. During the same 24-month period, each strategic shareholder could not increase its shareholding in the Bank above the amount allotted to it by the French State, plus any existing shareholding. Such limitation would terminate either (i) following the acquisition by a third party of more than 8% of the capital or voting rights of the Bank; or (ii) following any third-party public tender offer to purchase all of the shares. This limitation did not apply with respect to an acquisition by a strategic shareholder in connection with a private sale by the French State of all or part of its remaining interest in the Bank's share capital or in the case of any third-party public tender offer required to be launched in connection therewith. This limitation also did not apply in the case of new issuances of shares, whether subscribed for cash or in-kind consideration, as well as in the case of exercise of a strategic shareholder repurchase rights (described below). The limitation also did not apply in the case of a change of control of a strategic shareholder. In the event of such a change of control, the remaining strategic shareholders would have a right to repurchase such strategic shareholder's shares on a pro rata basis (this repurchase right would also apply in the event of a merger of a significant subsidiary of a strategic shareholder with a third party or the contribution of a significant amount of a strategic shareholder's assets to a third party). During the 24-month period following the initial 24-month period, the strategic shareholders would also have a right of first refusal with respect to shares offered for sale by other strategic shareholders. The procedures governing repurchase rights and rights of first refusal were to be governed by a shareholders' agreement, with an initial term of four years, automatically renewable for successive three-year periods, unless a strategic shareholder gave notice of its intention to terminate its participation. The shareholders' agreement terminated in the event the strategic shareholders, as a group, ceased to own at least 10% of the Bank's share capital and voting rights or in the event of a change of control of the Bank following a tender offer.

As at the time of announcement of the proposed bid by Credit Agricole, the following shareholders were members of the Core Shareholder Group:

	SHARES COVERED BY SHAREHOLDER AGREEMENT			TOTAL HOLDING		
Name	No. of shares	% of capital	% of votes	No. of shares	% of capital	% of votes
Credit Agricole	33,705,295	9.66	10.12	62,042,108	17.79	18.62
AGF	20,222,914	5.80	6.07	35,185,387	10.09	7.35
AXA	18,520,561	5.31	5.56	18,548,561	5.32	5.57
Commerzbank	13,469,498	3.86	4.04	13,469,498	3.86	4.04
Banco Bilbao Vizcaya	12,639,058	3.62	3.79	13,011,030	3.73	3.90
IntesaBci	9,260,280	2.65	2.78	12,701,280	3.64	3.81
TOTAL	107,817,606	30.91	32.36	154,957,864	44.43	43.29

NB. Another significant shareholder, though not a member of the core shareholder group, was Societe Generale, which had acquired what was then a 3.8% stake in Credit Lyonnais in December 1999 (as written up separately elsewhere on this database).

REASONS FOR TRANSACTION

The planned tie-up between the two banks was based on strong complementarities between the two groups, together with its three years of partnerships. The transaction had been discussed in depth by the two banks and was a unique opportunity to create a powerful, pan-European French banking group, with strong growth and profitablity.

After the rights issue refinancing the offer, the new group would be the Eurozone's seventh-largest bank by market capitalisation and total €22 billion in consolidated shareholders' equity (pro forma end September 2002). The new group would have an exceptionally robust position in the French retail banking market, a complementary business portfolio and acknowledged skills in each of its business areas. The integration process would respect each bank's culture, networks, and brands, which formed the basis of their existing strength. It would give rise to a major player in each of its chosen markets:

- number one retail bank in France, with two highly complementary networks;

- leading positions in various specialised finance fields (consumer credit, factoring, leasing etc.);

- France's leading bank in mutual funds and France's second largest life insurer;

- a major European player in private banking;

- an enhanced competitivity in corporate and investment banking.

In terms of the financial implications of the transaction, the following principal points were made:

- Enhancement in Credit Agricole SA's EPS as of 2004: as of 2004, the deal would enhance EPS before goodwill amortisation; in 2004, this enhancement would be over 2%, rising to 6.4% taking account of full-year synergies;

- Solid Financial Structure: after completion of the transaction and after its refinancing, Credit Agricole SA would have a solid financial structure, with a pro forma tier 1 ratio of over 7.5% at end-2002 and a very strong capacity to generate surplus capital (approximately €5 billion over the next three years for the Credit Agricole group alone). The group intends to maintain its dividend payout policy.

- A sharp improvement in recurring RoE: the new group has set a target RoE (before goodwill amortisation) of around 15% by 2005. Recurring earnings generated by business line will improve, due to the strong contribution (about 70%) of the retail banking, specialised financial services, and asset management activities to the new group's overall net earnings.

- Better liquidity: Credit Agricole SA's free float would be substantially increased after the offer. Assuming the offer was 100% successful, the regional bank's holding would be reduced to 51%. It was envisaged that, once the offer had closed or at the end of a possible renewed offer, the Regional Banks would buy Credit Agricole's shares in the market to strengthen their position.

REACTION OF TARGET

The reaction of Credit Lyonnais to the proposal has been summarised below, reflecting the comments made on the occasion of the company's board meeting approving a recommendation of the terms available. The principal points made in relation to the proposal at this meeting by its attendees were:

*   Mr Jean Peyrelevade and Mr Dominique Ferrero set out the strategic attractions of the proposal for Credit Lyonnais, enabling as it did Credit Lyonnais to be directly involved in the establishment of a powerful European grouping, of global scale, with strong and profitable growth momentum as its basis. The enlarged banking group so created would have an exceptionally solid domestic retail banking operation, a remarkably complementary portfolio of activities and acknowledged expertise in all its different business areas. The union of the two banks was founded on a mutual respect for each organisation's cultures, networks and brands, creating a major player in each of its chosen markets:

- number one retail bank in France (more than 21 million clients);

- top-ranking positions in various specialised finance fields (consumer credit, factoring, leasing etc.);

- a French leader in asset management (€331 billion of assets under management);

- a major European player in private banking;

- an enhanced competitivity in investment banking and finance.

Of the 16 directors present, 13 voted in favour (with 3 abstentions) of the Credit Agricole proposal, agreeing that it was in the best interests of Credit Lyonnais by virtue of the characteristics of the strategy envisaged for the enlarged grouping, the complementary nature of the activities of the two banks and the social principles which Credit Agricole adhered to. Moreover, it was noted that the terms available from Credit Agricole implied a significant premium over the price at which Credit Lyonnais' shares had traded.

Accordingly, 13 of the 16 members of the Board of Credit Lyonnais agreed to recommend that shareholders accept the Credit Agricole proposal.

PROFILE OF THE ENLARGED GROUP

a) Retail Banking in France

Credit Agricole and Credit Lyonnais were highly complementary geographically, and in terms of customer bases. The combination would strengthen the Credit Agricole Group's position as the leader in retail banking in France, with a nationwide distribution capacity in all customer segments, with:

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

The combination of these two effective, highly complementary bank branch networks would enable the new group to bolster its growth in all customer segments, everywhere in France. The two entities were highly complementary both geographically (Credit Agricole was active mainly in rural areas and mid-size cities, Credit Lyonnais held stronger positions in the bigger cities) and in terms of socio-professional profiles.

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

b) Specialised Financial Services

The new group would be:

- the leader in consumer credit with Sofinco, Finaref and Finalion in France, with access to some 25 million customers;
- number two in personal property leasing in France, via Lixxbail and Ucabail;
- the French leader in factoring via Transfact and Eurofactor.

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

c) International Retail Banking

From the outset, the group would have a significant presence in three high-growth markets, Italy, Portugal and Greece, via a substantial equity stake in national leaders in these countries.

d) Asset Management

The new group, recognised for its asset management expertise, would have €331 billion in assets under management. It would be:

- the number 1 in France in mutual fund management;
- it would be the French leader in bancassurance with Predica/UAF and Pacifica and number two in France in life insurance, with a market share of about 15%;
- it would have a stronger presence in private banking in Europe.

In asset management, the two groups would preserve their brands and management teams' know-how. Cost synergies would be generated by combining production resources and back offices.

In insurance, the new group's production capacity would be diversified and strengthened and it would cater to the largest customer base in France. Cost synergies would be achieved through pooling resources. Existing partnerships would be maintained and developed.

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

e) Corporate and Investment Banking

The combination of Credit Agricole Indosuez and Credit Lyonnais' corporate and investment banking activities would provide broad coverage for large and mid-sized French companies, expanding the range of products and services offered, and promoting the development of existing areas of excellence:

- in financing activities, the new group would be the number one worldwide in providing financing to the aviation, shipping and shipping industries, and would be a world leader in project financing;

- in investment banking, the new group would be a world leader in fixed income and equity derivatives, number one in French equity research and in mid-cap brokerage in France, number two in bond issues in France and number two in equity brokerage in Asia.

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

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

SYNERGIES

Expected synergies should boost gross operating income by €760 million over a full year. These synergies would be generated mainly in financing activities and investment banking (60% of total synergies). These would mainly be in the form of cost savings derived from streamlining organisations of business sectors. It was expected that the genuine revenue growth potential in some businesses would offset the anticipated loss of revenues from financing activities and investment banking. Synergies were expected to be as follows: €215 million in 2003, €574 million in 2004, €738 million in 2005 and €760 million in 2006.

€millions	2003	2004	2005	2006	2003	2004	2005	2006	TOTAL
Retail Banking	28	64	101	110	-	-	-	-	110
Specialised Financial Services	11	26	41	45	5	12	18	20	65
Asset Management	19	44	69	75	5	12	18	20	95
Financing Activities & Investment Banking	147	417	490	490	(12)	(34)	(40)	(40)	450
Head Office Costs	12	34	40	40	-	-	-	-	40
TOTAL	217	585	741	760	(2)	(11)	(3)	0	760

NB. According to the parties, the integration process was unlikely to result in any involuntary redundancies in France at Credit Lyonnais and Credit Agricole. Efforts to reduce headcount in the corporate and investment banking divisions would focus on voluntary departures, in keeping with common practices within both groups, and most reductions in headcount would take place outside France. To faciliate the implementation of the business plan, a pooling of some of each of the two groups' operations was intended, particularly in financing and investment banking, though the legal terms of these pooling arrangements had not yet been finalised

Payment Details

OVERVIEW

The public bids comprised a principal combined cash and exchange offer, along with a subsidiary public cash offer and a subsidiary public exchange offer. Assuming that the offer were 100% successful, 95% of Credit Lyonnais' capital would be owned by Credit Agricole and 5% by Sacam

Developpement (see "Funding" below).

OFFER TERMS

The following terms were available from Credit Agricole:

a) Basic Offer Terms

For every 4 Credit Lyonnais shares	5 Credit Agricole shares + €148.24 in cash

b) Cash Alternative

For every 1 Credit Lyonnais share	€56 in cash

c) Share Alternative

For every 10 Credit Lyonnais shares	37 Credit Agricole shares

NB. It should be appreciated that acceptances to both the cash alternative and the share alternative would be scaled back under certain circumstances, namely:

- in the event of the level of acceptances of the cash alternative being such as to increase the amount of cash payable by Credit Agricole under the various offers to greater than 66.18% of the total consideration.

- in the event of the level of acceptances of the share alternative being such as to increase the amount of new shares to be issued by Credit Agricole to a level that such shares represented greater than 33.82% of the total consideration.

EQUITY VALUE CALCULATION

As at the time of this transaction, Crédit Lyonnais had 348,792,640 ordinary shares in issue, of which it held 4,867,004 as treasury shares. M&A Monitor has calculated an equity value figure for Credit Lyonnais on the basis of the price of €58 per share paid by BNP Paribas and on the basis of Credit Lyonnais having 343,925,456 ordinary shares outstanding (i.e. 348,792,640 ordinary shares in issue less 4,867,004 treasury shares).

For the avoidance of doubt, Credit Lyonnais itself (*) had no other classes of share capital in issue.

(*) Subsidiaries of Credit Lyonnais had made 3 separate issues of preference shares since 1992, in amounts of FFR 527 million (December 1992), US$350 million (July 1993) and April 2002 (€750 million), the proceeds of which issues were carried as minority interests on Credit Lyonnais' balance sheet.

NB. It should be appreciated that the equity value figure (€19,340.8 million) recorded on this database as relating to the "Share Offer" reflects the terms of the combined cash and share offer under the "Basic Offer Terms" rather than the terms of the share alternative.

FUNDING

The offer valued 100% of Credit Lyonnais, including those which might be exercised upon the issue of stock options and treasury stock shares, but excluding shares already held by Credit

Agricole, at a maximum of €16.459 billion. A maximum of 33.82% of the shares tendered to the offer would be paid for in Credit Agricole shares, such that the maximum cash amount to be finance would be €10.893 billion. Sacam Developpement would acquire a minimum of 1% and a maximum of 5% of Credit Lyonnais for cash, the key priority being for Credit Agricole alone to own a holding large enough for it to fully consolidate Credit Lyonnais. Sacam Developpement would raise the funds required to acquire these Credit Lyonnais shares through a rights issue to be made prior to settlement of the offer. Credit Agricole indicated that the residual investment would be financed, in addition to its internal cash resources, by an issue of Credit Agricole ordinary shares (between €2 billion and €2.2 billion) by an issue of direct and indirect instruments counted as core equity (between €2.5 billion and €3 billion), partly issued to the Regional Banks, by the issue of debt securities classified in Tier II (between €0.8 billion and €1.2 billion) and the remainder by using cash reserves (between €3.5 billion and €4.5 billion).

OPTIONS

Credit Lyonnais had 7,177,180 options outstanding. Pending the receipt of further information, no value has been attributed to such options on this database.

TARGET FINANCIALS

The following points should be noted in relation to the figures reported in the "Target Financials" section:

* The accounts from which the figures were derived were prepared in accordance with French GAAP, though certain adjustments have been made to their presentation by M&A Monitor for the purposes of the "Target Financials" section, as explained in more detail below;

* the figures in the profit and loss account portion of the "Target Financials" section relate to the 12 months to 30th June 2002, derived indirectly from the three columns in the table below:

€millions	6 mths to 30/06/2002	6 mths to 30/06/2001	12 mths to 31/12/2001
Net interest and similar income and net income from financial transactions	1,985	1,984	3,981
Net fee income	1,084	1,059	2,141
Other banking income and expenses	19	24	60
Gross margin on insurance business	277	262	544
NET BANKING INCOME	3,365	3,329	6,726
General operating expenses	(2,227)	(2,195)	(4,476)
Depreciation and provisions for tangible and intangible assets	(139)	(152)	(304)
GROSS OPERATING INCOME	999	982	1,946
Cost of risk (*)	(229)	(179)	(678)

OPERATING INCOME	770	803	1,268
Share of net earnings of companies accounted for under the equity method (**)	(2)	3	3
Gains or losses on fixed assets	(7)	8	8
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	761	814	1,279
Exceptional gains or losses	(23)	(11)	(1)
Income tax	(224)	(217)	(359)
Net amortization of goodwill (***)	(17)	(17)	(33)
Minority interests	30	32	74
GROUP SHARE IN NET PROFIT	467	537	812

(*) Includes both "Provisions for counterparty risk" and "Provisions for contingencies and lawsuits" - see further below for details.
(**) Included by M&A Monitor as part of "Total Other Income" in the "Target Financials" section - see further below for details.
(***) Included by M&A Monitor as part of the Depreciation and Amortisation Charge shown above the operating profit line in the "Target Financials" section - see further below for details.

A) Profit and Loss Account

* consistent with other transactions on this database, M&A Monitor has included Credit Lyonnais' share of equity accounted companies' income as part of the "Total Other Income" field, effectively increasing the scale of Credit Lyonnais' "Total Income" figure in comparison with the reported figure (i.e. because Credit Lyonnais itself showed its share of equity accounted companies' income below the "Total Income" line);

* in the absence of a sufficiently detailed breakdown as between depreciation (of tangible assets) and amortisation (of intangible assets), M&A Monitor has included the total amount of the depreciation and amortisation charge (including goodwill amortisation) under the "Depreciation" heading in the "Target Financials" section;

* The "Bad Debt Charge" figure reflects what Credit Lyonnais termed "provisions for counterparty risk";

* The "Provisions/Adjustments" figure was derived as follows:

	€millions
- provisions for contingencies and lawsuits	(92)
	==========
Net Provisions/Adjustments	(92)

* Included in the net exceptional charge figure of €20 million are losses on fixed asset disposals of €7 million.

B) Balance Sheet

* The "Equity Investments" field on the M&A Monitor database reflects the book value of Credit Lyonnais's variable-yield investments, excluding its equity-accounted participations and other long term equity investments;

* The "Debt Securities Issued" total of €34,746 million can be broken down between negotiable debt securities (€27,114 million), debenture loans (€3,012 million), "interest-banking notes" (€274 million) and subordinated liabilities (€4,346 million).

* The balance sheet included a "Reserve for general banking risks" in an amount of €461 million, which figure has not been included as part of the shareholders funds figure.

RATIO CALCULATION

The exact methodology used by M&A Monitor in calculating certain of the bank performance ratios recorded for Credit Lyonnais on this database has been detailed below:

* No net interest margin figure can be calculated for Credit Lyonnais in relation to the 12 month period to 30th June 2002 because its 2002 interims did not separate out the contribution made by "net income from financial transactions" from the total shown for "Net interest and similar income and net income from financial transactions". Accordingly, M&A Monitor has instead used Credit Lyonnais' net interest income figure of €2,171 million (in the 12 months to 31st December 2001) as a percentage of its average interest earning assets figure of €139,143 million during this 12 month period. This latter figure was calculated by aggregating the bank's interest earning assets totals as at both 31/12/2000 and 31/12/2001, then dividing the sum of that calculation by two. The table below provides information about the breakdown of the bank's interest earning assets at the dates shown.

As at €millions	31/12/2001	31/12/2000
Cash and balances at central banks	4,337	3,150
Loans and advances to banks	18,724	16,927
Loans and advances to customers	92,137	85,775
Debt securities	29,297	27,939
Total	144,495	133,791

* Return on Average Equity.

This figure was calculated by expressing the €742 million figure shown as "Attributable Profit" (in the profit and loss portion of the "Target Financials" section) as a percentage of Credit Lyonnais' average balance sheet shareholders funds figure, derived by dividing by two the sum of its shareholders' equity figures as at two recent balance sheet dates (namely €8,445 million as at 30/06/2002 and €8,025 million as at 30/06/2001). Shareholders' equity was calculated on the basis of the Group's share of shareholders' equity, including results for the period and excluding the reserve for general banking risks.

* Return on Average Assets

This figure was calculated by expressing the €742 million figure shown as "Attributable Profit" (in the profit and loss portion of the "Target Financials" section) as a percentage of Credit Lyonnais' average total assets figure, derived by dividing by two the sum of its total assets as at two recent balance sheet dates (total assets of €242,945 million as at 30/06/2002 and €234,249 million as at 30/06/2001).

* Risk weighted assets and capital ratios

The table below, taken from Credit Lyonnais' 2002 interims, shows the capital adequacy ratios for Credit Lyonnais at the dates shown:

As at	30/06/2002	30/06/2001
€millions		
Shareholders' equity	8,445	8,123 (*)
Reserve for General Banking Risks	461	465
Minority Interests	1,401	720
Prudential deductions	(1,080)	(1,003)
Total tier one capital	9,227	8,305
Total supplementary capital	3,981	5,055
Total other capital	783	566
Other deductions	(949)	(1,167)
Total prudential capital	13,042	12,759
Weighted assets	118,566	117,343
International solvency ratio (Cooke)	11.0%	10.9%
Tier One Ratio	7.8%	7.1%

(*) This €8,123 million figure includes the EUR 98 million capital increase made in July 2001.

Target Details

OVERVIEW

Credit Lyonnais' activities were grouped into three strategic business segments, together with a "holding company and others" division:

*   Retail financial services in France, covering retail banking for personal, professional and small business customers, together with specialized subsidiaries serving the retail banking clientele in France (consumer credit, insurance and leasing for personal and middle-market business customers), and domestic private banking;

*   Investment and corporate banking, covering financing (commercial banking and specialized finance) for major French and international corporates, and investment banking : capital markets activities (primary / secondary, derivatives and trading), fixed income activities and advisory services;

*   Asset management, covering asset management, international private banking, and insurance through the Group's subsidiary, UAF;

*   Holding company and others, covering:

- Retail banking outside France;
- The central financing function operated by the Group towards the business segments;
- Exceptional income or charges linked to the management of the Group's business activities or cross-functional projects.

The table below provides some key asset quality data for Credit Lyonnais at the dates shown:

(in EUR millions)	30 June 2002	30 June 2001	31 Dec. 2001
Total customer loans outstanding (*) (**)	87,161	90,010	87,654
Doubtful loans (**) (***)	6,117	6,382	6,506
Specific provisions (**)	(3,810)	(4,084)	(4,244)
Percentage of doubtful loans to gross loans	7.0%	7.1%	7.4%
Percentage of doubtful loans covered by specific provision	62.3%	64.0%	65.2%
Percentage of doubtful loans covered by specific provisions and general provisions	78.4%	81.3%	81.5%

(*) Excluding EPFR loan (EUR 191 million as of 30 June 2002, EUR 196 million as of 30 June 2001 and EUR 188 million as of 31 December 2001)
(**) Including discounts on loans acquired on the secondary market (EUR 296 million as of 30 June 2002)
(***) Including restructured loans to emerging countries

OPERATIONS

A) Retail Financial Services

The Group's retail financial services in France were conducted principally through its domestic branch network, which comprised over 1,800 commercial agencies, including more than 100 business centres (generally located within retail branches) for corporate customers. In addition, the Group offered various telephone and electronic banking services in France. Retail customers were divided into two general categories: (i) individual customers and self-employed professionals; and (ii) small and medium-sized businesses. The Group's retail financial services included traditional commercial banking operations and retail banking operations, including home mortgage and consumer loans and debit, ATM and credit card operations, as well as a full line of life assurance and non-life insurance products and a wide variety of private asset management products and services. Amongst the key operating statistics relevant to this division were the following (all statistics relate to 2001):

Personal customers	6,000,000
Personal accounts	4,200,000
Professional and small business accounts	318,000
Loan book	€29.6 billion (average in 2001)
Deposits	€43.6 billion (average in 2001)
Mortgage lending to personal, professional and small business customers	€17.3 billion (average in 2001)
Life insurance premiums (from personal customers)	€3.5 billion

B) Investment and corporate banking

Crédit Lyonnais offered a comprehensive range of products and services to major corporations and institutions in France and abroad, including commercial banking, capital markets operations, structured finance, merger and acquisition advisory services, and cash management, payments and custodial and related services. The Group aimed to leverage its traditional commercial banking relationships by aggressively marketing capital markets products and services, as well as its value-added, fee-generating products in areas in which the Group had specialised expertise, such as structured debt products, transportation asset finance, project finance and structured export finance. Amongst the key awards/statistics relevant to this division were the following (all statistics relate to 2001):

5th best export finance arranger
10th in Europe in LBOs
6th in Project Finance (North America)
9th in Project Finance (Middle East and Africa)
Best global equity research, Asia
2nd in reverse convertibles in France
3rd in French OTC single equity options
Top 15 globally in interest rate derivatives

C) Asset Management

The Group offered a range of products and services through its asset management and international private banking operations world-wide, as well as through retail private asset management in France. The Group's asset management product development and asset allocation activities, principally regarding mutual funds, were conducted by its wholly-owned subsidiary, CL Asset Management ("CLAM"). The Group's total funds under management (including life assurance funds) at December 31, 2001 amounted to €145 billion world-wide, principally in France, just above the end-2000 level of EUR 144 billion. CLAM was responsible for mutual funds, institutional clients and defining the investment strategy for the domestic private banking unit. Despite a sharp slowdown in the world economy during 2001, accelerated by the events of September 11, assets under management by CLAM at the end of 2001 amounted to EUR 68.3 billion, very close to the end-2000 level of EUR 68.4 billion. This performance was driven by a strong flow of new business, particularly in mutual funds aimed at corporate and institutional clients. CLAM's assets under management primarily comprised: – general mutual funds (approximately 90% of the total); employee savings plans; discretionary management mandates; and funds managed by subsidiaries, principally quantitative, wealth diversification and alternative funds. CLAM managed employee savings plans for over 2,000 French and international companies, representing 800,000 employees.

Union des Assurances Fédérales, a wholly-owned subsidiary of Crédit Lyonnais, was one of France’s ten leading life insurance companies. It also conducted non-life operations through two subsidiaries: 1) La Médicale de France, which was among the leading players in the healthcare segment; 2) Afcalia, which focused principally on insurance for loans and other banking services. The life reserve grew by 8% to over EUR 24 billion, boosted by new business and the capitalisation of investment income.

The International Private Banking business was based in Geneva but comprised various International Private Banking units, with a total of 23,000 clients and €13 billion in assets under management as at 31/12/2001.

LOAN PORTFOLIO

The table below provides a breakdown of Credit Lyonnais' loan portfolio to customers by type at the dates shown:

€millions	30 June 2002 Gross	(Provisions)	Net	30 June 2001 Net	31 Dec. 2001 Net
Commercial acceptances	1,597		1,597	1,488	1,384
Customers overdrafts	6,586		6,586	7,780	6,377
Other customer loans	73,234	(160)	73,074	74,578	73,596
Export credits	3,099		3,099	3,560	3,552
Treasury loans	28,326		28,326	32,922	30,614
Equipment loans	13,825		13,825	13,814	13,423
Home loans	20,546		20,546	18,455	19,635
Other loans	4,956	(160)	4,796	4,422	4,731
Factoring	2,482		2,482	1,405	1,641
Total customer loans	81,417	(160)	81,257	83,846	81,357
Doubtful loans	5,639	(3,354)	2,285	2,276	2,222
Items received under resale agreements	298	0	298	467	987
Securities received under resale agreements	4,810	0	4,810	2,567	3,121
Subordinated loans	172	(21)	151	159	211
Leasing receivables	6,120	(147)	5,973	4,056	4,239
Total customer items	98,456	(3,682)	94,774	93,371	92,137

The table below shows a breakdown of Credit Lyonnais' loan portfolio by major world region at the end of June 2002:

France	60.3%
Rest of Western Europe	6.9%
Rest of Europe	1.3%
North America	18.6%
Latin America	2.2%
Africa, Middle-East	3.5%
Japan	2.7%
Asia (excluding Japan) and Pacific	4.5%
Total	100.0%

The following table shows a breakdown of Credit Lyonnais' loan book (including exposure to banks and other financial institutions) by major counterparty type at the end of June 2002:

	EUR Billions	%
State and local authorities	9.5	5.1
Financial institutions	48.9	26.3
Insurance groups	4.7	2.3
Corporates	93.4	50.2
Retail & small business customers	30.0	16.1
Total	186.2	100.0

An analysis of Credit Lyonnais' corporate loan book (€93.4 billion) by business sector shows a broad spread of risk. The 12 business sectors with an individual weighting of over 3% of the total loan book as at 30/06/2002 are detailed below:

Automobile	4.7 %
Other business services	3.2%
Construction and engineering	4.6 %
Chemicals 3.4 %	
Food wholesaling and retailing	3.9 %
Non-food wholesaling and retailing	6.0 %
Electricity (production, distribution)	7.3 %
Hotels, tourism	3.3 %
Cable, telecoms, satellite operators	5.2 %
Oil, gas, energy	8.1 %
Real estate	5.5 %
Aviation	4.3 %

SEGMENTAL BREAKDOWN OF FINANCIAL PERFORMANCE

The tables below provide a breakdown by segment of Credit Lyonnais' financial performance in 2000 and 2001:

2001	Retail financial services	Asset management	Investment and corporate banking	Total business segments	Holding Company & others	Consolidated total
Net banking income	3,482	712	2,402	6,596	130	6,726
Overheads & depreciation	(2,575)	(377)	(1,722)	(4,674)	(106)	(4,780)
Gross operating income	907	335	680	1,922	24	1,946
Net provision charge	(143)	2	(501)	(642)	(36)	(678)
Affiliates	0	3	0	3	0	3
Gains or losses on fixed assets	0	(2)	12	10	(2)	8
Profit on ordinary activities	764	338	191	1,293	(14)	1,279
Exceptional items and other	(46)	(26)	19	(53)	19	(34)
Pre-tax profit	718	312	210	1,240	5	1,245
Tax	(216)	(100)	(63)	(379)	20	(359)
Minority interests	1	0	(19)	(18)	(56)	(74)
Group share in net profit	503	212	128	843	(31)	812

2000	Retail financial services	Asset management	Investment and corporate banking	Total business segments	Holding Company & others	Inter-group billing	Consolidated
Net banking income	3,360	703	2,554	6,617	140	(55)	6,702
Overheads & depreciation	(2,556)	(334)	(1,804)	(4,694)	(94)	53	(4,735)
Gross operating income	804	369	750	1,923	46	(2)	1,967
Net provision charge	(109)	3	(189)	(295)	(60)	-	(355)
Affiliates	0	–	–	–	2	–	2
Gains or losses on fixed assets	–	–	–	–	24	-	24
Profit on ordinary activities	695	372	561	1,628	12	(2)	1,638
EPFR extra cost	–	–	–	–	(683)	–	(683)
Exceptional items and other	(25)	(18)	(83)	(126)	18	2	(106)
Pre-tax profit	670	354	478	1,502	(653)	0	849
Tax	(202)	(112)	(144)	(458)	386	–	(72)
Minority interests	(5)	(10)	(4)	(19)	(57)	–	(76)

Sources Used

Credit Lyonnais Interims (2002)
Credit Lyonnais Annual Report (2001)

http://www.bnpparibas.fr
http://www.creditagricole.com