

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

THE NEW YORK STATE BANKING DEPARTMENT
NEW YORK, NEW YORK

In the Matter of)	
)	
CREDIT AGRICOLE, S.A.)	
Paris, France)	
)	
CREDIT AGRICOLE INDOSUEZ)	
Paris, France)	Order to Cease and Desist and
)	Order of Assessment of a
CREDIT AGRICOLE INDOSUEZ)	Civil Money Penalty and
NEW YORK BRANCH)	Monetary Payment
New York, New York)	Issued Upon Consent
)	
CREDIT LYONNAIS, S.A.)	
Paris, France)	
)	
CREDIT LYONNAIS, S.A.)	
NEW YORK BRANCH)	
New York, New York)	

WHEREAS, in recognition of their common goals to ensure compliance with all applicable federal and state laws, rules, and regulations by all of the U.S. operations of Credit Agricole, S.A., Paris, France (formerly known as Caisse Nationale de Credit Agricole), and its subsidiaries, Credit Agricole Indosuez, Paris, France (“CAI”), and Credit Lyonnais, S.A., Paris, France (“Credit Lyonnais”), as well as the branches in New York of CAI (“CAINY”) and Credit Lyonnais (“CLNY”) (Credit Agricole, S.A., CAI, Credit Lyonnais, CAINY, and CLNY collectively referred to as “Credit Agricole”), and to effectively manage the financial, operational, legal, reputational, and compliance risks of the U.S. operations of Credit Agricole, the Board of Governors of the Federal Reserve System (the “Board of Governors”), the New

York State Banking Department (the "Department"), and Credit Agricole have mutually agreed to the issuance of this combined Order to Cease and Desist and Order of Assessment of a Civil Money Penalty and Monetary Payment Issued Upon Consent (the "Order");

WHEREAS, Credit Agricole, S.A., CAI, and CAINY entered into a Written Agreement, dated November 30, 2000 (the "Written Agreement"), with the Federal Reserve Bank of New York (the "Reserve Bank") and the Department that required specific steps to enhance and improve CAINY's internal controls, risk management, compliance, audit, and regulatory reporting functions and its overall management supervision;

WHEREAS, this Order resolves allegations that Credit Agricole, S.A., CAI, and CAINY are not in full compliance with the provisions of the Written Agreement and that there are additional deficiencies at CAINY identified by the Reserve Bank and the Department relating to compliance with laws and regulations, operational controls, information technology, internal audit, market risk management, the accuracy of its books and records, and reports required to be filed with the Department under 3 N.Y. Comp. Codes R.& Regs. Part 300.1;

WHEREAS, Credit Agricole, S.A., the Board of Governors, and the Department are in agreement that, in light of Credit Lyonnais's status as a wholly-owned subsidiary of Credit Agricole, S.A., as of June 2003, and Credit Agricole S.A.'s business plans to reorganize its U.S. operations, including but not limited to, consolidating some or all of the business lines and operations of the New York branches of CAI and Credit Lyonnais, it is necessary and appropriate for Credit Lyonnais to be subject to the requirements imposed by this Order;

WHEREAS, pursuant to sections 8(b) and 8(i) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1818(b) and 1818(i)), the Board of Governors is issuing this Order and assessing a civil money penalty against Credit Agricole, S.A., CAI, and CAINY

to resolve allegations that they failed to fully comply with the Written Agreement and for CAINY's apparent engagement in unsafe and unsound practices related to CAINY's failure to maintain accurate and complete books and records;

WHEREAS, pursuant to the New York Banking Law Sections 39 and 44, the Department is issuing this Order and assessing a monetary payment against Credit Agricole S.A., CAI, and CAINY to resolve allegations that they failed to fully comply with the Written Agreement and for CAINY's apparent violations of the New York Banking Law Sections 200-c and 204 relating to CAINY's failure to maintain accurate and complete books and records;

WHEREAS, this Order addresses certain of the concerns that gave rise to the Written Agreement in 2000 by requiring specific corrective actions by Credit Agricole, S.A., in connection with its plan to reorganize its U.S. operations in New York under the oversight of the Reserve Bank and the Department;

WHEREAS, this Order also resolves allegations that Credit Agricole, S.A., without the prior approval of the Board of Governors, acquired from at least August 2002 through December 12, 2002, and retained until February 6, 2003, voting shares of Credit Lyonnais in excess of 10 percent of the outstanding voting shares of Credit Lyonnais, and, indirectly, of Credit Lyonnais Securities (USA), Inc., a company that underwrites, sells or distributes securities in the United States, where such approval was required by section 4 of the Bank Holding Company Act (12 U.S.C. 1843), section 211.23(f)(5)(ii) of Regulation K (12 C.F.R. 211.23(f)(5)(ii)), and the terms of an exemption under section 4(c)(9) of the Bank Holding Company Act (12 U.S.C. 1843(c)(9)), granted to Credit Agricole on June 11, 1999;

WHEREAS, on March, 1st, 2004, Jean Laurent, Chief Executive Officer of Credit Agricole, S.A., pursuant to legal authority, entered into this Order on behalf of Credit

Agricole, S.A., and consented to compliance by Credit Agricole, S.A. and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. 1813(u) and 1818(b)(4)), with each and every provision of this Order; and waived any and all rights that Credit Agricole, S.A. may have pursuant to section 8 of the FDI Act (12 U.S.C. 1818) or sections 39 and 44 of the New York Banking Law to: a hearing for the purpose of taking evidence on any matters set forth in this Order; to judicial review of this Order; and to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provisions hereof;

WHEREAS, on March 1st, 2004, Georges Pauget, Chief Executive Officer of Credit Lyonnais, pursuant to legal authority, entered into this Order on behalf of Credit Lyonnais; consented to compliance by Credit Lyonnais and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act, with each and every provision of this Order; and waived any and all rights that Credit Lyonnais may have pursuant to section 8 of the FDI Act or sections 39 and 44 of the New York Banking Law to: a hearing for the purpose of taking evidence on any matters set forth in this Order; to judicial review of this Order; and to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provisions hereof;

WHEREAS, on 3/3, 2004, under a power of attorney from Credit Lyonnais Chief Executive Officer Pauget authorizing and directing Jean-Marc Moriani, Chief Executive Officer of Credit Lyonnais Americas, to enter into this order on behalf of CLNY, and consenting to compliance by CLNY and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act, with each and every provision of this Order; and waiving any and all rights that CLNY may have pursuant to section 8 of the FDI Act or sections 39 and 44 of the

New York Banking Law to: a hearing for the purpose of taking evidence on any matters set forth in this Order; to judicial review of this Order; and to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provisions hereof; and

WHEREAS, on March, 1st, 2004, Edouard Esparbes, Chief Executive Officer of CAI, pursuant to legal authority, entered into this Order on behalf of CAI and CAINY; consented to compliance by CAI and CAINY and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act, with each and every provision of this Order; and waived any and all rights that CAI or CAINY may have pursuant to section 8 of the FDI Act or sections 39 and 44 of the New York Banking Law to: a hearing for the purpose of taking evidence on any matters set forth in this Order; to judicial review of this Order; and to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provisions hereof.

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and without this Order constituting an admission of any allegation made or implied by the Board of Governors or the Department in connection with this matter and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony:

IT IS HEREBY ORDERED pursuant to sections 8(b) and 8(i) of the FDI Act and section 39 of the New York Banking Law that:

Management Team

1. Within 10 days of this Order and after consulting with the Reserve Bank and the Department, Credit Agricole shall designate in writing a qualified management team (the “Management Team”) to develop and oversee the plan for reorganization of the business lines and operations of the New York branches of CAI and Credit Lyonnais (the “Reorganization Plan”). The Management Team shall report to a senior executive officer of Credit Agricole, S.A., named by Credit Agricole, S.A. The Management Team shall, at a minimum, be responsible for:

- (a) Managing the transfer and integration of the business lines and associated books and records, information systems, programs, and staff of CAINY and CLNY;
- (b) ensuring that adequate management structures, internal controls, and corporate governance practices are established for the reorganized CAINY and CLNY;
- (c) providing detailed information to, and obtaining prior written permission from, the Reserve Bank and the Department before the reorganized branches in New York may use any CAINY information systems; and providing detailed information to, and obtaining prior written permission from, the Reserve Bank before any of Credit Agricole’s other U.S. subsidiaries, affiliates, or offices, may use any CAINY information systems; and
- (d) arranging for the independent review required by paragraph 3 hereof.

Reorganization Plan

2. Within 30 days of this Order, Credit Agricole shall submit to the Reserve Bank and the Department an acceptable Reorganization Plan, which shall include, at a minimum:

- (a) Identification of all books and records, business lines, information systems, and staff at CAINY and CLNY that will be reorganized; identification of the legal

entity (or entities) in New York where activities will be transacted and books and records located; and a timeline for completing the Reorganization Plan;

(b) provisions designed to ensure that all CAINY data is complete, accurate, and reconciled before it is consolidated or transferred;

(c) a plan for the administration of any unreconciled or residual accounts or balances remaining on the books and records of CAINY after the reorganization of business activities;

(d) an organization chart detailing the reorganized management structure in New York and its reporting lines initially through Credit Lyonnais and CAI to Credit Agricole, S.A., including the names and qualifications of the individuals in charge of each reorganized business line or control function in New York;

(e) policies and procedures governing Credit Agricole's business lines and operations in New York, including but not limited to, management supervision, internal controls, accounting guidelines, limit structures and risk ratings, information systems, and compliance with applicable federal and state laws and regulations;

(f) procedures for monitoring the credit, market, operational, legal, reputational and liquidity risks for each reorganized business line in New York; and

(g) plans for on-going employee training, commensurate with each employee's responsibilities, regarding the reorganized New York branches' control infrastructure, information systems, and policies and procedures.

Independent Review

3. (a) Credit Agricole, through the Management Team, shall engage an independent firm acceptable to the Reserve Bank and the Department to conduct a

comprehensive audit and review (the "Review") of the actions taken pursuant to the Reorganization Plan. The Review shall be commenced no later than June 30, 2004 and include:

(i) an evaluation of the effectiveness of corporate governance, the control infrastructure, risk management, information systems, books and records, and the compliance program of Credit Agricole's reorganized New York branches; and

(ii) a determination that sufficient controls are in place to maintain the integrity of the combined books and records of Credit Agricole's reorganized New York branches.

(b) The Review shall result in the preparation of a report (the "Report") with findings and recommendations to further improve and strengthen, where needed, the corporate governance, control infrastructure, accuracy of books and records, risk management, information systems, and the compliance program of the reorganized business.

(c) Prior to the commencement of the Review, but no later than May 31, 2004, Credit Agricole, through the Management Team, shall submit to the Reserve Bank and the Department, for approval, an engagement letter that delineates:

(i) the scope of the Review;

(ii) the date of submission of the Report, not to exceed 90 days after the date of approval of the engagement letter by the Reserve Bank and the Department;

(iii) that the independent firm will have complete access to all employees, books, records, and documents (including but not limited to all financial and legal documentation and communications) necessary to conduct the Review;

(iv) that the independent firm will provide all information, including work papers, programs, and procedures, related to the Review to the Reserve Bank and the Department upon request;

(v) that if at any time the independent firm believes that Credit Agricole is not providing information needed by the firm to conduct its Review, the firm must immediately notify the Reserve Bank and the Department in writing; and

(vi) that a copy of the Report will be provided to the Reserve Bank and the Department at the same time that it is provided to Credit Lyonnais, CAI, and Credit Agricole, S.A.

(d) Within 30 days after Credit Agricole's receipt of the Report, Credit Agricole, through the Management Team, shall submit an acceptable written plan to the Reserve Bank and the Department that describes the specific actions that Credit Agricole proposes to take to fully address the findings and recommendations of the Report.

Effect and Terms of Order

4. The plans and engagement letter required by paragraphs 2 and 3 of this Order shall be submitted to the Reserve Bank and the Department for review and approval. Acceptable plans and an acceptable engagement letter shall be submitted to the Reserve Bank and the Department within the time periods set forth in this Order. The plans required by paragraph 2 of this Order shall be acceptable only if adequate provision is made for satisfaction of any applicable statutory or regulatory application or notice requirements. Credit Agricole shall adopt the approved plans and engagement letter within 10 days of approval by the Reserve Bank and the Department and then shall fully implement and comply with them. During the term of this

Order, the approved plans and engagement letter shall not be amended or rescinded without the prior written approval of the Reserve Bank and the Department.

5. Within 10 days after the end of each month following the date of this Order, Credit Agricole shall submit to the Reserve Bank and the Department written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Order, and the results thereof. The Reserve Bank and the Department may, in writing, amend or discontinue the requirement for progress reports.

6. It is understood and agreed that Credit Agricole, S.A., may request the termination of this Order as it relates to Credit Lyonnais once the Reorganization Plan required by this Order is approved and implemented, and the license of CLNY is surrendered. It is further understood and agreed that the Board of Governors and the Department may, at their discretion, determine to terminate this Order as it applies to Credit Lyonnais at that time.

Civil Money Penalty and Monetary Payment

7. (a) Credit Agricole, S.A., CAI, and CAINY are hereby assessed and shall pay to the Board of Governors a civil money penalty in the sum of \$5,000,000 pursuant to section 8(i) of the FDI Act (12 U.S.C. 1818(i)) for failure to comply with the Written Agreement, and for engagement in unsafe and unsound practices as a result of Credit Agricole's failure to maintain accurate and complete books and records for all of CAINY's operations.

(b) Credit Agricole, S.A. is hereby assessed and shall pay to the Board of Governors a civil money penalty in the sum of \$3,000,000 pursuant to section 8(b) of the Bank Holding Company Act (12 U.S.C. 1847(b)), to resolve allegations of violations of the Bank Holding Company Act (12 U.S.C. 1843).

(c) The civil money penalty assessed by the Board of Governors by this Order totaling \$8,000,000 shall be remitted in full at the time of the execution of this Order by wire transfer of immediately available funds to the Federal Reserve Bank of New York, ABA No. 021001208, to the attention of Thomas C. Baxter, Jr., General Counsel and Executive Vice President. The Reserve Bank, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of the Treasury pursuant to section 8(i) of the FDI Act.

8. Credit Agricole, S.A., CAI, and CAINY are hereby assessed and shall pay to the Department a monetary payment in the amount of \$5,000,000 pursuant to the New York Banking Law Section 44 for the failure to comply with the Written Agreement and to establish and maintain books and records reasonably designed to assure and monitor compliance with reporting requirements set forth in 3 N.Y. Comp. Codes R. & Regs. Part 300.1. The monetary payment assessed by this Order shall be remitted in full at the time of the execution of this Order by wire transfer of immediately available funds pursuant to transfer instructions received from the Department.

Miscellaneous

9. All communications regarding this Order shall be addressed to:
- (a) Mr. Robert A. O'Sullivan
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045
 - (b) Mr. Michael Lesser
Deputy Superintendent
New York State Banking Department
One State Street
New York, NY 10004
 - (c) Mr. Jean Laurent
Chief Executive Officer

Credit Agricole, S.A.
91-93 Boulevard Pasteur
75710 Paris CEDEX 15, France

- (d) Mr. Edouard Esparbes
Chief Executive Officer
Credit Agricole Indosuez
9 Quai du President Paul Doumer
Paris, La Defense 92920, France
- (e) Mr. Georges Pauget
Chief Executive Officer
Credit Lyonnais, S.A.
19 Boulevard de Italiens
75002 Paris, France
- (f) Mr. Jean-Marc Moriani
Chief Executive Officer
Credit Lyonnais Americas
1301 Avenue of the Americas
New York, NY 10019-6022

10. The provisions of this Order shall be binding on Credit Agricole and each of its institution-affiliated parties in their capacities as such, and their successors and assigns.

11. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Reserve Bank and the Department.

12. Notwithstanding any provision of this Order, the Reserve Bank and the Department may, at their discretion, grant written extensions of time to Credit Agricole to comply with any provision of this Order.

13. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank, the Department, or any federal or state agency or department from taking any other action affecting Credit Agricole or any of its current or former institution-affiliated parties or their successors or assigns.

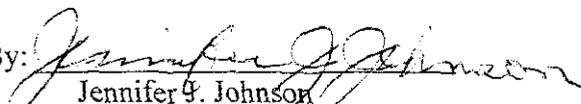
By order of the Board of Governors and the New York State Banking Department,
effective this ^{21st} day of March 2004.

CREDIT AGRICOLE, S.A.

By: 

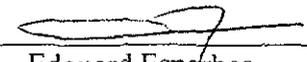
Jean Laurent
Chief Executive Officer

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: 

Jennifer G. Johnson
Secretary of the Board

CREDIT AGRICOLE INDOSUEZ
CREDIT AGRICOLE INDOSUEZ
NEW YORK BRANCH

By: 

Edouard Esparbes
Chief Executive Officer

NEW YORK STATE BANKING
DEPARTMENT

By: _____
Diana L. Taylor
Superintendent

CREDIT LYONNAIS, S.A.

By: 

Georges Pauget
Chief Executive Officer

CREDIT LYONNAIS, S.A.
NEW YORK BRANCH

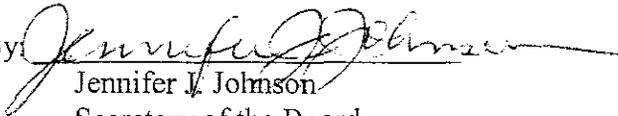
By: _____
Jean-Marc Moriani
Chief Executive Officer

By order of the Board of Governors and the New York State Banking Department,
effective this 9th day of March 2004.

CREDIT AGRICOLE, S.A.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

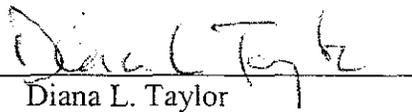
By: _____
Jean Laurent
Chief Executive Officer

By: 
Jennifer V. Johnson
Secretary of the Board

CREDIT AGRICOLE INDOSUEZ
CREDIT AGRICOLE INDOSUEZ
NEW YORK BRANCH .

NEW YORK STATE BANKING
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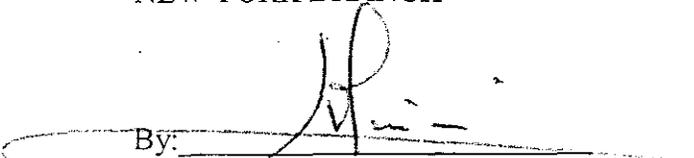
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