

FINANCIAL STATEMENTS  
(Expressed in Euros)

CA Preferred Funding Trust III  
Year Ended December 31, 2008  
With Report of Independent Auditors

Ernst & Young LLP



Building a better  
working world

# CA Preferred Funding Trust III

## Financial Statements

Year Ended December 31, 2008

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## Report of Independent Auditors

The Securityholders of Trust III and Board of Directors  
CA Preferred Funding Trust III

We have audited the accompanying financial statements of CA Preferred Funding Trust III (the “Trust”), which comprise the balance sheet as of December 31, 2008, and the related statements of income, changes in securityholders’ equity and cash flows for the year then ended, and the related notes to the financial statements.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CA Preferred Funding Trust III at December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

May 30, 2014

## CA Preferred Funding Trust III

### Balance Sheet

December 31, 2008  
(In Thousands)

#### **Assets**

Investment in Preferred Securities

€ 550,000

Total assets

€ 550,000

#### **Securityholders' equity**

Trust Preferred Securities, liquidation preference of € 550,000

550,000

Total securityholders' equity

€ 550,000

*See accompanying notes to the financial statements.*

## CA Preferred Funding Trust III

### Statement of Income

Year Ended December 31, 2008  
*(In Thousands)*

<b>Revenues</b>	
Dividend income	€ 33,000
Total revenues	<u>33,000</u>
Net income	<u>€ 33,000</u>

*See accompanying notes to the financial statements.*

# CA Preferred Funding Trust III

## Statement of Changes in Securityholders' Equity

Year Ended December 31, 2008  
(In Thousands)

	<b>Preferred Securities</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at January 1, 2008	€ 550,000	€ –	€ 550,000
Net income	–	33,000	33,000
Dividends declared to Trust Preferred Securities holders	–	(33,000)	(33,000)
Balance at December 31, 2008	€ 550,000	€ –	€ 550,000

*See accompanying notes to the financial statements.*

# CA Preferred Funding Trust III

## Statement of Cash Flows

Year Ended December 31, 2008

*(In Thousands)*

### **Cash flows from investing activities**

Net income	<u>€ 33,000</u>
Net cash provided by investing activities	<u>33,000</u>

### **Cash flows from financing activities**

Dividends paid on Trust Preferred Securities	<u>(33,000)</u>
Cash used in financing activities	<u>33,000</u>

Net increase in cash	—
Cash at beginning of year	<u>—</u>
Cash at end of year	<u>€ —</u>

*See accompanying notes to the financial statements.*



## CA Preferred Funding Trust III

### Notes to Financial Statements

December 31, 2008

#### **1. Organization and Basis of Presentation**

CA Preferred Funding Trust III is the Series III Trust and is a Delaware statutory trust formed on December 19, 2003 (the “Trust”) for the sole purpose of (a) issuing Series III Trust Preferred Securities (“Trust Securities”) which are listed on the NYSE Euronext Amsterdam Exchange and (b) holding Series III Company Preferred Securities (“Preferred Securities”) issued by CA Preferred Funding, L.L.C., a Delaware limited liability company (“CA Preferred Funding” or the “Company”) as grantor. CA Preferred Funding has acquired and holds subordinated notes issued by Credit Agricole S.A. (the “Bank” or “CA SA”) and Credit Agricole S.A. London (“CASA London”). Dividends are paid quarterly on the Preferred Securities issued by CA Preferred Funding at a rate of 6% per annum. The dividends are passed through to the Trust to be paid in respect to the Trust Securities. Under a support agreement, the Bank has agreed to contribute additional funds to CA Preferred Funding as necessary to meet dividend, redemption and liquidation obligations arising from the Preferred Securities. The Trust was formed as part of a larger structure involving CA Preferred Funding, all of which is designed to facilitate fund raising for regulatory capital purposes. The Bank treats the Preferred Securities as Tier 1 capital on a consolidated basis under relevant French banking regulations. The Trust is prohibited from issuing any other types of securities or engaging in any business unrelated to the issuance of Trust Securities and holding of Preferred Securities.

CA Preferred Funding is a 100%-owned subsidiary of CA SA. CA Preferred Funding and the Trust have a service agreement with Credit Agricole Corporate and Investment Bank New York Branch (“CA-CIB NY”) to perform certain administrative functions, which include treasury functions. The operations of both entities are conducted at the direction of CA SA.

In connection with the Support Agreement between CA SA and CA Preferred Funding, CA SA will be obligated to make such payments, under certain events as defined in the CA Preferred Funding, L.L.C. Limited Liability Company Agreement and Offering Document (collectively, the “Agreement”), on behalf of the Company and the Trust for mandatory dividends, redemption price of preferred securities and operating expenses.

The Trust has no fixed assets, lease obligations or leasehold improvements on its books as of December 31, 2008.

## CA Preferred Funding Trust III

### Notes to Financial Statements (continued)

#### **2. Significant Accounting Policies**

The financial statements of the Trust have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

##### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates utilized in preparing the financial statements are reasonable and prudent. Actual results could differ from those estimates.

##### **Consolidation Policies – Variable Interest Entities ("VIEs")**

The Trust determines whether, if by design, an entity has equity investors who lack the characteristics of a controlling financial interest or does not have sufficient equity at risk to finance its expected activities without additional subordinated financial support from other parties. If an entity has either of these characteristics, it is considered a VIE and must be consolidated by its primary beneficiary, which is the party that, along with its affiliates and de facto agents, absorbs a majority of the VIE's expected losses or receives a majority of the expected residual returns of holding variable interests. As of December 31, 2008, the Trust performed evaluations of its interests in VIEs. Based on these evaluations, the Trust determined it does not need to consolidate VIEs, as the Trust's interest did not meet the criteria of a primary beneficiary.

##### **Preferred Securities Held-to-Maturity**

The Preferred Securities classified as debt securities for which the Trust has the positive intent and ability to hold to maturity are reported at cost. The coupon is accrued and recognized as dividend income over the duration of the securities.

## CA Preferred Funding Trust III

### Notes to Financial Statements (continued)

#### 2. Significant Accounting Policies (continued)

##### Trust Preferred Securities

The Series III Trust Preferred Securities are redeemable by CA Preferred Funding and classified as equity consistent with Accounting Standards Codification No. 480, *Distinguishing Liabilities from Equity* (formerly, SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*). Dividends on the Trust Preferred Securities are payable quarterly in arrears on each dividend payment date.

##### Income Taxes

The Trust is taxed as a disregarded entity for U.S. tax purposes. Consequently, no provision for income taxes has been made in the accompanying financial statements, as each member is responsible for reporting income or loss, to the extent required by U.S. income tax regulations, based upon their respective share of the Trust's income and expenses as reported for income tax purposes.

##### Foreign Currency Translation

GAAP requires that the assets, liabilities and operations of an entity be measured using the functional currency of that entity. These financial statements have been presented in Euros, the functional currency of the Trust.

##### Revenue Recognition

Revenue is recognized on an accrual basis. Revenue from the investment in Preferred Securities is recognized over the period the investment is held.

##### Fair Value Measurements

The Company defines fair value in accordance with GAAP, which established a framework for measuring fair value and established a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income and cost approach are used to measure fair value.

## CA Preferred Funding Trust III

### Notes to Financial Statements (continued)

#### 3. Related-Party Transactions

Assets due from or liabilities due to related parties as of December 31, 2008 included the following (in thousands):

##### **Assets**

Investment in Preferred Securities	€ 550,000
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Dividend income totaling €33 million was recognized based on current year dividends declared and collected.

#### 4. Company Preferred Securities Held to Maturity

On December 19, 2003, the Trust purchased €550 million of non-cumulative Company Preferred Securities at par value and maturing on July 30, 2034. Dividends are payable quarterly in arrears on the Payment Dates being January 30, April 30, July 30 and October 30 at a dividend rate of 6%.

The scheduled maturities, based on the liquidity maturities, of securities held-to-maturity at December 31, 2008 are as follows (in thousands):

	<b>Amortized Cost</b>
Due in one year or less	€ —
Due after one year through five years	—
Due after five years	550,000
No stated maturity	—
Total	<u>€ 550,000</u>

**CA PREFERRED FUNDING, L.L.C.**

c/o

Credit Agricole Corporate and Investment Bank  
(fka Calyon, fka Credit Agricole Indosuez)  
1301 Avenue of the Americas  
New York, New York 10019

As a director of CA preferred Funding, L.L.C., I, Olivier Chazareix do hereby certify:

1. CA Preferred Funding Trust III (the "Trust") was established for the sole purpose of issuing trust preferred securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V. which in April of 2007 was combined with NYSE Group, Inc to form NYSE Euronext.
2. The Trust was formed under the laws of the State of Delaware, United States of America and is commonly referred to as a "grantor trust" meaning that all income of the Trust will be taxed to the "grantor" of the trust as opposed to the Trust, and as such, the Trust is not recognized for tax purposes as a separate taxpaying entity in the United States.
3. The grantor of the Trust is CA Preferred Funding, L.L.C., a Delaware limited liability company (the "Company") was set up for the sole purpose of issuing certain preferred securities to a series of three trusts, of which series the Trust belongs.
4. The company's limited liability agreement, the Trust Agreement, the Trustee Agreement, and all other related documents, as amended from time to time dictate how the Company and the Trust must be managed.
5. Since creation, outside accountants have annually audited the Company's books, which include the financials related to the Trust and issued an opinion on financial statements indicating that the financials were in compliance with US Generally Accepted Accounting Principles.

**CA PREFERRED FUNDING, L.L.C.**

c/o

Credit Agricole Corporate and Investment Bank  
(fka Calyon, fka Credit Agricole Indosuez)  
1301 Avenue of the Americas  
New York, New York 10019

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4. The company's limited liability agreement, the Trust Agreement, the Trustee Agreement, and all other related documents, as amended from time to time dictate how the Company and the Trust must be managed.
5. Since creation, outside accountants have annually audited the Company's books, which include the financials related to the Trust and issued an opinion on financial statements indicating that the financials were in compliance with US Generally Accepted Accounting Principles.

Based on the above, I can certify that to the best of my knowledge and based on the audit performed by the Company's outside accountants, the financial statements of the Company and that portion of those statements relating to the numbers in respect to the Trust, view as if the Trust issued its own separate financial statements relating to the six-month period ending December 31, 2008 provide a true and Fair view, in all material respects of the assets, liabilities, financial position and profit and loss of the Trust.

Sincerely,



Olivier Chazareix, Director  
CA Preferred Funding, L.L.C.

**FORM OF ACKNOWLEDGMENT**

On this 4<sup>th</sup> day of December 2013, before me came Olivier Chazareix, to me known to be the individual described in and who executed the foregoing instrument and acknowledged that he executed the same.

Yesenia Gomez  
NOTARY PUBLIC (print name)

Yesenia Gomez  
Signature

(stamp /seal)

YESENIA GOMEZ  
Notary Public, State of New York  
No. 01908280713, Qualified in Kings County  
Certificate Filed in New York County  
Commission Expires April 30, 2016



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