



FINANCIAL

REPORT

2010

CAISSE DES DÉPÔTS GROUP

NOTION OF GROUP

The French Monetary and Financial Code (*Code monétaire et financier*) defines Caisse des Dépôts as “a state-owned group at the service of the public interest and the country’s economic development. The said group fulfils public interest functions in support of the policies pursued by the State and local authorities, and may engage in competitive activities. [...]”

Caisse des Dépôts et Consignations is a long-term investor promoting business development in line with its own patrimonial interests.

Caisse des Dépôts et Consignations is closely supervised by the French Parliament and the legislative process”.

The Group is therefore unique as a public institution with subsidiaries and affiliates that operate in the competitive sector.

From an accounting perspective, Caisse des Dépôts comprises two reporting entities:

- the Central Sector consolidates the entities over which Caisse des Dépôts exercises exclusive or joint control or significant influence, and whose consolidation has a material impact on the Group financial statements;
- the Savings Funds sector which prepares separate financial statements.

AUDIT OF THE FINANCIAL STATEMENTS

In compliance with Article L.518-15-1 of the French Monetary and Financial Code.

“Each year, Caisse des Dépôts et Consignations shall present its company and consolidated financial statements, audited by two statutory auditors, to the Finance Committees of the National Assembly and the Senate.”

CONSOLIDATED FINANCIAL STATEMENTS 2010

ADOPTED BY
THE CHAIRMAN
AND CHIEF EXECUTIVE
OFFICER OF CAISSE
DES DÉPÔTS ON
10 MARCH 2011

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Consolidated income statement, year ended 31 December 2010

(in millions of euros)	Notes	31.12.2010	31.12.2009
Interest income	1	5,017	4,793
Interest expense	1	(927)	(1,130)
Fee and commission income	2	75	48
Fee and commission expense	2	(56)	(67)
Gains and losses on financial instruments at fair value through profit or loss, net	3	860	1,748
Gains and losses on available-for-sale financial assets, net	4	1,350	959
Income from other activities	5	20,821	20,463
Expenses from other activities	5	(19,127)	(20,348)
Net banking income		8,013	6,466
General operating expenses	6	(4,053)	(3,946)
Depreciation, amortisation and impairment of property and equipment and intangible assets		(407)	(415)
Gross operating profit		3,553	2,105
Cost of risk	7	(15)	(10)
Operating profit (loss)		3,538	2,095
Share of profit (loss) of associates	20	140	678
Gains and losses on other assets, net	8	57	130
Change in value of goodwill	22	(5)	(48)
Profit (loss) before tax		3,730	2,855
Income tax expense	9	(494)	(380)
Net profit from discontinued operations		2	3
Net profit (loss)		3,238	2,478
Non-controlling interests		(1,087)	(498)
Net profit (loss) attributable to owners		2,151	1,980

Statement of comprehensive income

(in millions of euros)	31.12.2010	31.12.2009
Net profit (loss)	3,238	2,478
Exchange differences on translation of foreign operations	70	108
Fair value adjustments on remeasurement of available-for-sale financial assets	334	3,733
Fair value adjustments on remeasurement of hedging instruments	(22)	(77)
Actuarial gains and losses on defined post-employment benefit obligations	(11)	(10)
Share of unrealised or deferred gains and losses on investments in associates	(472)	(476)
Total changes in assets and liabilities recognised directly in equity	(101)	3,278
Net profit and total income and expense recognised directly in equity	3,137	5,756
Attributable to owners	1,986	4,915
Attributable to non-controlling interests	1,151	841

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position, at 31 December 2010

(in millions of euros)	Notes	31.12.2010	31.12.2009
Assets			
Cash and amounts due from central banks and post office banks		6	17
Financial assets at fair value through profit or loss	11	33,001	31,651
Hedging instruments with a positive fair value	12	309	183
Available-for-sale financial assets	13	150,843	141,377
Loans and receivables due from credit institutions	14	4,670	12,578
Loans and receivables due from customers	15	31,060	24,636
Cumulative fair value adjustments to portfolios hedged against interest rate risk			
Held-to-maturity investments	16	20,171	18,009
Current and deferred tax assets	17	381	344
Prepayments, accrued income and other assets	18	8,244	7,710
Non-current assets held for sale	19	2,262	619
Deferred participation assets	27		
Investments in associates	20	5,123	5,900
Investment property	21	10,115	8,064
Owner-occupied property and equipment	21	1,611	2,451
Intangible assets	21	830	780
Goodwill	22	894	1,272
Total assets		269,520	255,591
Liabilities and equity			
Due to central banks and post office banks			
Financial liabilities at fair value through profit or loss	11	6,161	4,927
Hedging instruments with a negative fair value	12	1,046	751
Due to credit institutions	23	17,598	24,559
Due to customers	24	50,908	43,316
Debt securities	25	26,569	24,738
Cumulative fair value adjustments to portfolios hedged against interest rate risk			
Current and deferred tax liabilities	17	1,637	2,003
Accruals, deferred income and other liabilities	26	7,594	7,538
Liabilities related to non-current assets held for sale	19	1,686	228
Insurance company technical reserves	27	115,748	109,009
Provisions	28	788	957
Subordinated debt	29	901	600
Equity attributable to owners			
Reserves and retained earnings		18,924	17,911
Profit (loss) for the year		2,151	1,980
Unrealised or deferred gains and losses		3,434	3,590
Total equity attributable to owners		24,509	23,481
Non-controlling interests		14,375	13,484
Total equity		38,884	36,965
Total liabilities and equity		269,520	255,591

Consolidated statement of changes in equity, 1 January 2009 to 31 December 2010

	Reserves and retained earnings	Net profit (loss) attributable to owners	Translation reserve	Cumulative fair value adjustments to available-for-sale financial assets	Cumulative fair value adjustments to cash flow hedges	Equity attributable to owners	Non-controlling interests in reserves	Non-controlling interests in profit (loss)	Non-controlling interests in unrealised or deferred gains and losses	Non-controlling interests	Total equity
<i>(in millions of euros)</i>											
Equity at 1 January 2009	19,388	(1,468)	(59)	1,008	(305)	18,564	2,855	172	(58)	2,969	21,533
Effect of changes in accounting methods ⁽¹⁾	(20)					(20)	(28)			(28)	(48)
Appropriation of 2008 profit	(1,468)	1,468					172	(172)			
2008 dividend							(127)			(127)	(127)
Transactions with non-controlling interests	30					30	18			18	48
Other movements ⁽²⁾	(19)		(1)	6	(3)	(17)	9,810			9,810	9,793
Profit for the period		1,980				1,980		498		498	2,478
Unrealised or deferred gains and losses											
Exchange differences on translation of foreign operations			64			64			49	49	113
Fair value adjustments to financial instruments recognised directly in equity				3,247	(6)	3,241			295	295	3,536
Fair value adjustments to financial instruments reclassified to the income statement				(361)		(361)					(361)
Equity at 31 December 2009	17,911	1,980	4	3,900	(314)	23,481	12,700	498	286	13,484	36,965
Effect of changes in accounting methods											
Appropriation of 2009 profit	1,980	(1,980)					498	(498)			
2009 dividend	(990)					(990)	(319)			(319)	(1,309)
Transactions with non-controlling interests	20					20	(48)			(48)	(28)
Other movements	3		(3)				106			106	106
Profit for the period		2,151				2,151		1,087		1,087	3,238
Unrealised or deferred gains and losses											
Exchange differences on translation of foreign operations			10			10			23	23	33
Fair value adjustments to financial instruments recognised directly in equity				199	(20)	179			75	75	254
Fair value adjustments to financial instruments reclassified to the income statement				(342)		(342)			(33)	(33)	(375)
Equity at 31 December 2010	18,924	2,151	11	3,757	(334)	24,509	12,937	1,087	351	14,375	38,884

(1) Early adoption of IFRIC 12.

(2) Non-controlling interests: including a €9.7 billion increase in the share capital of the SIF.

Consolidated statement of cash flows, year ended 31 December 2010

The statement of cash flows is prepared using the indirect method.

Investing activities correspond to purchases and sales of interests in consolidated companies, property and equipment and intangible assets.

Financing activities are activities that result in changes in the size and composition of equity, subordinated debt and bond debt.

Operating activities correspond to all cash flows that do not fall within the above two categories.

(in millions of euros)	31.12.2010	31.12.2009
Profit (loss) before tax (excluding discontinued operations)	3,730	2,855
Net depreciation, amortisation and impairment of property and equipment and intangible fixed assets	572	735
Impairment losses on goodwill and other non-current assets	6	223
Provision expense, net ⁽¹⁾	7,309	9,761
Share of profit/loss of associates ⁽²⁾	(140)	(678)
Net revenues from investing activities	(584)	(309)
(Profits) losses from financing activities, net		
Other movements ⁽³⁾	(2,596)	(4,019)
Total non-monetary items included in profit (loss) before tax and other adjustments	4,567	5,713
Net increase (decrease) in cash from transactions with credit institutions ⁽⁴⁾	(1,737)	2,627
Net increase (decrease) in cash from customer transactions ⁽⁵⁾	1,627	(8,253)
Net increase (decrease) in cash from other transactions affecting financial assets and liabilities	(10,680)	730
Net increase (decrease) in cash from investment property	894	191
Net increase (decrease) in cash from other transactions affecting non-financial assets and liabilities	(318)	640
Income taxes paid	(928)	(393)
Net increase (decrease) in cash related to assets and liabilities from operating activities	(11,142)	(4,458)
Net cash from (used in) operating activities	(2,845)	4,110
Net increase (decrease) in cash from financial assets ⁽⁶⁾	(528)	(429)
Net increase (decrease) in cash from property and equipment and intangible assets	(283)	(611)
Net cash used in investing activities	(811)	(1,040)
Net increase (decrease) in cash from transactions with owners ⁽⁷⁾	(787)	1,037
Net increase (decrease) in cash from other financing activities	431	(825)
Net cash from (used in) financing activities	(356)	212
Effect of discontinued operations on cash and cash equivalents	11	13
Effect of changes in exchange rates on cash and cash equivalents	(6)	14
Effect of changes in accounting methods⁽⁸⁾	(163)	
Net increase (decrease) in cash and cash equivalents	(4,171)	3,309
Cash and cash equivalents at the beginning of the period	8,968	5,659
Cash, central banks and post office banks, net	17	9
Net loans to (borrowings from) credit institutions repayable on demand	8,951	5,650
Cash and cash equivalents at the period-end	4,797	8,968
Cash, central banks and post office banks, net	7	17
Net loans to (borrowings from) credit institutions repayable on demand	4,790	8,951
Net increase (decrease) in cash and cash equivalents	(4,171)	3,309

Composition of cash and cash equivalents

Cash and cash equivalents comprise cash, advances to and from central banks and post office banks, loans to and borrowings from credit institutions repayable on demand, and short-term investments in money market instruments. These investments generally have maturities of less than three months, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(in millions of euros)	31.12.2010		31.12.2009	
	Assets	Liabilities	Assets	Liabilities
Cash	5		7	
Central banks and post office banks	2		10	
Sub-total	7		17	
Loans to (borrowings from) credit institutions repayable on demand	3,653	1,342	9,230	5,101
Money market mutual funds	2,479		4,822	
Sub-total	6,132	1,342	14,052	5,101
Cash and cash equivalents	4,797		8,968	

(1) This item corresponds mainly to other-than-temporary impairment of variable-income securities and net transfers to insurance company technical reserves.

(2) Including impairment losses on goodwill related to the acquisition of Dexia (€0.35 billion), and negative goodwill relating to Compagnie Nationale du Rhône in 2009 (€0.2 billion).

(3) This item mainly corresponds to fair value adjustments recognised by CNP Assurances on financial assets at fair value through profit or loss, and capital gains on the sale of investment property by Icade for a positive amount of €1.2 billion.

(4) The change is attributable to the Central Sector and mainly concerns the €2.1 billion decrease in interbank loans, the €2.3 billion decrease in interbank borrowings and a €0.7 billion decrease in collateralised repurchase agreements.

(5) The net increase primarily reflects a €5.5 billion increase in ACOSS drawdowns, a €6.2 billion rise in deposits from notaries and a €1.4 billion increase in deposits from other financial institutions.

(6) This item corresponds to the net effect on cash and cash equivalents of purchases and sales of long-term equity interests.

(7) Including dividends of €0.7 billion paid to the French State in 2010 and a €1.1 billion increase in the share capital of the SIF subscribed by the French State in 2009.

(8) This item corresponds to an adjustment to the opening cash balance of CNP Vida (reclassification of cash and cash equivalents to loans and receivables).

Notes to the consolidated financial statements

1. Significant events

I - Veolia Transdev

On 3 March 2011, Veolia Environnement and Caisse des Dépôts announced the creation of Veolia Transdev, the world's private-sector leader in sustainable mobility with more than 110,000 employees in 28 countries, the result of the combination of their respective subsidiaries, Veolia Transport and Transdev.

Following completion of the transactions set out in the agreements signed in May 2010, Veolia Transdev will be owned in equal proportions by Veolia Environnement and Caisse des Dépôts. The 25.6% stake held by RATP in Transdev was repurchased in exchange for assets held by Transdev and by Veolia Transport both inside and outside France.

The adaptation of the shareholders' agreement, announced on 7 February 2011, will provide Veolia Transdev with an unified management structure in which each shareholder will exercise joint control. Veolia Transdev will be proportionally consolidated by Caisse des Dépôts from the beginning of March 2011.

In a global passenger transportation market driven by increasing urbanisation, sustainable regional development and market liberalisation, Veolia Transdev is uniquely positioned as the most multimodal and international operator in its industry.

The two shareholders have reaffirmed their intention to seek a stock market listing for the new company when market conditions allow this.

II - La Poste

On 18 October 2010, an agreement was reached between Caisse des Dépôts and the French State on the general principles of Caisse des Dépôts' entry into the capital of La Poste.

On 11 February 2011, Caisse des Dépôts and the French State signed a memorandum of understanding subscribing to an increase in the share capital of La Poste. The share capital increase of €2.7 billion will be taken up by the Caisse des Dépôts (€1.5 billion) and the French State (€1.2 billion) between 2011 and 2013. Shares issued between 2011 and 2013 will be paid up in three stages, with a first payment of €1.05 billion in 2011, a second instalment of €1.05 billion in 2012, and the remaining €600 million in 2013. Once the transaction is complete, Caisse des Dépôts and the French State will own 26.32% and 73.68%, respectively, of the share capital and voting rights of La Poste.

This investment is based on a global valuation of La Poste and it provides for:

- a fixed portion of €3 billion to serve as the basis for the capital increase;
- a variable portion of contingent consideration, based on the 2010-2015 business plan.

In early February 2011, La Poste's Board of Directors approved the proposed share capital increase in the amount of €2.7 billion

and convened an Extraordinary General Shareholders' Meeting to be held on 6 April 2011.

This transaction is currently being examined by the competition authorities in France, Cyprus, Romania and Portugal.

Caisse des Dépôts will have three seats on the Board of La Poste and the French State will remain the majority shareholder with eight seats.

Under the terms of the shareholders' agreement between the French State and Caisse des Dépôts entered into in February 2011, Caisse des Dépôts will exercise significant influence over La Poste and will consolidate it by the equity method beginning in 2011.

III - Icade

As announced, Icade stepped up its commercial property investment drive with the completion of the acquisition and consolidation of Compagnie la Lucette. The takeover was completed in accordance with the memorandum of understanding signed in late December 2009 under the terms of which Icade became the majority shareholder in Compagnie la Lucette with a stake of 99.78%. In exchange for its investment in Compagnie la Lucette, MSREF obtained 4.5% of the share capital of Icade, making it the second largest shareholder after Caisse des Dépôts. Compagnie la Lucette was merged into Icade SA on 29 October 2010 with retroactive effect from 1 January 2010. It has been consolidated by the Group since 17 February 2010 when it obtained effective control.

Icade also sold off most of its housing portfolio in 2010 when it completed the sale of 23,358 units of housing initially agreed in November 2009 with a consortium of 26 social housing landlords, generating a gain on disposal of €1.2 billion.

IV - Egis - Iosis merger

On 14 October 2010, Egis and Iosis announced that they would be joining forces on 1 January 2011 to create a single construction engineering group. The new entity, which will be called Egis, will offer a global range of services covering design, consulting, project engineering, project management and operation to clients that are increasingly active in all international markets. Egis' acquisition of 100% of the capital of Iosis Holding was completed at the end of December 2010 and will be accompanied in early 2011 by a placement of shares in the new engineering group reserved for the top executives of the two companies, the "Partners", and a block of shares offered to all employees via a company investment fund (FCPE).

This holding (partner executives and FCPE) will be carried by a dedicated company, Iosis Partenaires, which will hold 25% of the capital of Egis group. Caisse des Dépôts will remain the majority shareholder with 75% of the capital of the new group.

V – SA Oséo

On 7 December 2010, the Extraordinary General Meeting of Oséo Financement approved the merger of Oséo Garantie, Oséo Innovation and Oséo Bretagne into Oséo Financement as of 31 December 2010, with retroactive effect from 1 January 2010. Oséo Financement also changed its name to SA Oséo with effect from 31 December 2010. The Extraordinary General Meeting also approved the terms and conditions for a capital increase of €438.1 million to be taken up by the French State. Once these operations have been completed, Caisse des Dépôts will own 27.32% of SA Oséo's capital.

VI – Dexia

Caisse des Dépôts (Central Sector) owns 13% of the share capital of Dexia. The shares were acquired at a cost of €2.9 billion and goodwill initially recognised on the business combination in the consolidated financial statements amounted to €1.75 billion. Impairment losses on goodwill amounted to €1.27 billion in 2008 and, based on impairment testing at the end of the reporting period, additional impairment losses of €0.35 billion were recognised at 31 December 2010.

VII – National Loan

In 2009, the President of the French Republic announced the launch of a €35 billion national loan to finance investment and economic growth to be used as follows: €22.9 billion for higher education; €4.1 billion to finance a new urban development model; €4.5 billion for investment in digital infrastructure; and €3.5 billion for the French economy.

Article 8 of the Amending Finance Law 2010-237 of 9 March 2010 dealt with this investment programme.

As one of the key programme operators, Caisse des Dépôts has been entrusted with managing programmes for a total of €7.4 billion; €6.5 billion of this amount was released by the French State in 2010.

Since 20 July 2010, a number of agreements have been signed to release funds over several years for a number of the programmes concerned.

Caisse des Dépôts' key strategic investment priorities are as follows: €4.2 billion in developing digital infrastructure; €1 billion in projects to develop sustainable cities; €0.9 billion in firms that accelerate technology transfer; €0.5 billion in professional work-study programmes; and €0.4 billion to encourage the emergence of innovative SMEs.

The agreements signed with the French State provide for the application of IFRS and the assets and liabilities covered by the investment programmes must be derecognised in the consolidated financial statements. These assets and liabilities are recognised in accrual accounts in the French Gaap accounts of the Central Sector.

VIII – Investment in ACOSS

As part of Caisse des Dépôts undertaking to partially finance ACOSS' cash needs for 2006-2010, the Group granted ACOSS a loan of €20 billion in 2010 and drawdown facilities capped at €11 billion.

In late December 2010, new facilities were set up for 2011 confirming the repayment in March 2011 of the €5 billion tranche of the loan but rescheduling the €15 billion tranche into three equal repayments to be made over two months between April and May 2011. A renewable €3.5 billion loan and a €1.5 billion drawdown facility were also granted.

2. Summary of significant accounting policies

I - Basis of preparation of the financial statements

Caisse des Dépôts Group applies IFRS, which include International Financial Reporting Standards (IFRSs) 1 to 8 and International Accounting Standards (IASs) 1 to 41, along with the related interpretations as adopted by the European Union at 31 December 2010. The Group applies the IAS 39 carve-out provisions adopted by the European Union, which allow certain exceptions from the standard regarding macro-hedge accounting.

The consolidated financial statements for the year ended 31 December 2010 have been prepared in accordance with the recognition and measurement principles set out in the relevant IASs/IFRSs and IFRIC interpretations that were applicable at the end of the reporting period.

The following new standards, amendments and interpretations are effective for the first time at 1 January 2010:

> IFRS 3 (revised) – Business Combinations and IAS 27 (revised) – Consolidated and Separate Financial Statements (EC Regulation 495/2009 and EC Regulation 494/2009 of 3 June 2009)

These standards are effective for reporting periods beginning on or after 1 July 2009, i.e., as of 1 January 2010 for Caisse des Dépôts Group.

Both standards are applicable prospectively and therefore have no impact on transactions accounted for prior to 1 January 2010.

The revised standards introduce new accounting principles for business combinations and transactions with non-controlling interests. These principles are described in sections II.6 and II.7.

Other standards, amendments and interpretations that are effective for the first time at 1 January 2010 do not have a material impact on Caisse des Dépôts Group's consolidated financial statements.

These include mainly:

> Annual Improvements to IFRSs (May 2008): Amendment to IFRS 5 (EC Regulation 70/2009 of 23 January 2009)

This amendment prescribes the accounting treatment applicable to the assets and liabilities of a subsidiary whose parent has a sale plan involving loss of control of that subsidiary.

> Amendments to IAS 39 – Eligible Hedged Items (EC Regulation 839/2009 of 15 September 2009)

These amendments provide guidance regarding the application of hedge accounting for the inflation component of financial instruments and for options when these are used as hedges.

> IFRS 1 (revised) – First-time Adoption of International Financial Reporting Standards (EC Regulation 1136/2009 of 25 November 2009) and amendments to IFRS 1 (EC Regulation 550/2010 of 23 June 2010)

The revised IFRS 1 deletes certain obsolete requirements under the former standard and makes minor changes to wording. The amendments adopted after publication of the

revised IFRS 1 introduce additional exemptions for first-time adopters.

> Annual Improvements to IFRSs (April 2009) (EC Regulation 243/2010 of 23 March 2010)

As part of its annual improvements to IFRSs, the IASB published 12 amendments to existing standards and interpretations. In particular, the amendment provides further guidance regarding disclosure requirements for non-current assets (or disposal groups) classified as held for sale or discontinued operations.

> Amendments to IFRS 2 – Share-based Payment (EC Regulation 244/2010 of 23 March 2010)

This amendment clarifies the accounting for group cash-settled share-based payment transactions in a subsidiary's individual and sub-consolidated financial statements.

> IFRIC 12 – Service Concession Arrangements (EC Regulation No. 254/2009 of 25 March 2009)

This interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. Group entities significantly impacted by IFRIC 12 adopted this interpretation ahead of its effective date at 1 January 2009.

> IFRIC 15 – Agreements for the Construction of Real Estate (EC Regulation No. 636/2009 of 22 July 2009)

This interpretation sets out how to account for revenue generated by real estate developers on sales of units, particularly if the construction contract falls within the scope of IAS 11 – Construction Contracts, or IAS 18 – Revenue.

> IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (EC Regulation 460/2009 of 4 June 2009)

This interpretation sets out the accounting treatment for hedges of a net investment in a foreign operation.

> IFRIC 17 – Distributions of Non-cash Assets to Owners (EC Regulation 1142/2009 of 26 November 2009)

This interpretation provides guidance on the measurement and recognition of dividends distributed in kind to owners.

> IFRIC 18 – Transfers of Assets from Customers (EC Regulation 1164/2009 of 27 November 2009)

This interpretation provides guidance on how to account for transfers of items of property, plant and equipment received from customers, and for cash flows to be used to acquire or construct items of property, plant and equipment.

The Group has decided not to early adopt the standards, amendments and interpretations that will only be effective for reporting periods beginning on or after 1 January 2011. This concerns in particular:

> Amendment to IAS 32 – Classification of Rights Issues (EC Regulation 1293/2009 of 23 December 2009). This amendment provides guidance on how to account for certain rights when the instruments issued are denominated in a currency other than the issuer's functional currency.

> IAS 24 (revised) – Related Party Disclosures (EC Regulation 632/2010 of 19 July 2010)

The revision to IAS 24 simplifies disclosure requirements for entities controlled, jointly controlled or significantly influenced by the government, and clarifies the notion of a related party for these entities.

> Amendment to IFRIC 14 - Prepayments of a Minimum Funding Requirement (EC Regulation 633/2010 of 19 July 2010)

This amendment corrects an unintended consequence of IFRIC 14 and introduces changes so that an asset can be recognised in respect of certain voluntary pension prepayments when there is a minimum funding requirement.

> IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (EC Regulation 662/2010 of 23 July 2010)

IFRIC 19 provides guidance regarding the accounting treatment in the accounts of the issuer of equity instruments issued by an entity in order to settle a financial liability. Any such instruments are to be measured at fair value. The difference between the carrying amount of the financial liability extinguished and the initial measurement of the equity instruments issued is to be recognised in profit or loss.

The above-mentioned standards and interpretations are not expected to have a material impact on the consolidated financial statements.

Use of the CNC financial statement format for banks

In the absence of any requisite IFRS financial statement format, the layout of these financial statements complies with Recommendation 2009-R-04 dated 2 July 2009 issued by the French National Accounting Board (*Conseil National de la Comptabilité*).

In accordance with the revised IAS 1, Caisse des Dépôts presents a separate consolidated income statement providing a breakdown of profit. It also presents a statement of comprehensive income which starts with profit and details gains and losses recognised directly in equity, net of tax.

Use of estimates

The preparation of the Group's financial statements involves making certain estimates and assumptions which affect the reported amounts of income and expenses, assets and liabilities, as well as the disclosures in the accompanying notes. To make any such estimates and assumptions, management is required to exercise judgement and consider information available when the financial statements are drawn up. The actual outcome of transactions for which estimates and assumptions are made could differ significantly from the anticipated outcome, and this may have a material impact on the financial statements.

Current market conditions and the economic crisis make it far more difficult to establish projections regarding the Group's business and financing arrangements or to make the accounting estimates needed to prepare the financial statements.

Estimates and assumptions are used to calculate:

- > The fair value of unlisted financial instruments carried in the statement of financial position under financial assets or liabilities at fair value through profit or loss, hedging instruments or available-for-sale financial assets;
- > Any impairment taken on financial assets (loans and receivables, available-for-sale financial assets, held-to-maturity investments);
- > The amount of investments in equity-accounted companies (associates);
- > The fair value of investment property disclosed in the notes;
- > Any impairment taken on property, plant and equipment, intangible assets and goodwill;
- > Deferred tax;
- > The amount to be reported in captions related to the insurance business (technical reserves and deferred participation asset or liability);
- > Provisions reported in liabilities (including for employee benefits) in respect of contingencies and expenses;
- > The initial amount of goodwill recognised on business combinations.

II - Basis of consolidation

1 - Scope of consolidation

The consolidated financial statements comprise the financial statements of the Central Sector of Caisse des Dépôts, the consolidated financial statements of the sub-groups and the financial statements of subsidiaries over which Caisse des Dépôts exercises exclusive or joint control or significant influence, whose consolidation has a material impact on the Group's financial statements.

2 - Consolidation methods and definition of control

Subsidiaries over which the Group exercises exclusive control are fully consolidated. Exclusive control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. It is presumed to exist when Caisse des Dépôts owns, directly or indirectly, more than half of the voting power of an entity or when it owns half or less of the voting power but has the power (i) to appoint or remove the majority of the members of the board of directors or equivalent governing body or (ii) to exercise dominant influence.

In assessing the existence and percentage of control, account is taken of the existence and effect of potential voting rights that are currently exercisable or convertible.

Jointly controlled companies are proportionately consolidated. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Companies over which the Group exercises significant influence are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed to be exercised when

the Group holds, directly or indirectly, 20% or more of the voting power of the investee.

The results of companies acquired during the period are included in the consolidated financial statements from the acquisition date, while the results of companies sold during the year are included up to the date when control is relinquished.

Special purpose entities

Special purpose entities ("SPEs") set up specifically to manage a transaction or a group of similar transactions are consolidated when the substance of the relationship between Caisse des Dépôts and the SPE indicates that the SPE is controlled by the Group. Control over an SPE may result from any of the following circumstances:

- In substance, the activities of the SPE are being conducted on behalf of the Group so that the Group obtains benefits from the SPE's operation;
- In substance, the Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an 'autopilot' mechanism, the Group has delegated these decision-making powers;
- In substance, the Group has rights to obtain the majority of the benefits of the SPE;
- In substance, the Group retains the majority of the residual or ownership risks related to the SPE or its assets.

Financial year-end

Almost all consolidated companies have a 31 December year-end. Companies whose financial year-end is more than three months before or after the Group's year-end are consolidated based on financial statements drawn up at 31 December. In the case of companies whose financial year-end falls within three months of the Group's year-end, any material transactions occurring between their year-end and 31 December are taken into account in preparing the consolidated financial statements when this is necessary to comply with the true and fair view principle.

3 - Companies excluded from the scope of consolidation

Investments in associates and jointly-controlled companies held by the Group's venture capital organisations are not consolidated, in line with the exclusions provided for in IFRS. These investments are classified as financial assets as at fair value through profit or loss under the fair value option.

The low-cost housing companies (HLM) are excluded from the scope of consolidation because they are not controlled by the Group within the meaning of IFRS. Shares in these companies are classified as available-for-sale financial assets.

Semi-public companies (SEMs, SAIEMs) are also excluded from the scope of consolidation and classified as available-for-sale financial assets.

Shares in companies acquired with the intention of being sold in the near term are excluded from the scope of consolidation and classified as non-current assets held for sale.

4 - Consolidation adjustments and intra-group eliminations

The financial statements of consolidated companies are restated based on Group accounting policies when the effects of the restatement are material. The accounting policies applied by associates are aligned with Group policies where necessary.

Intra-group balances, income and expenses between fully and proportionately consolidated companies are eliminated when their impact on the consolidated financial statements is material.

Gains and losses on intra-group sales of assets to associates are eliminated proportionately, based on the Group's percentage interest in the associate, except when the sold asset is considered as being other-than-temporarily impaired.

5 - Foreign currency translation

The consolidated financial statements are presented in euros. The financial statements of entities whose functional currency is different from the Group's presentation currency are translated by the closing rate method. Under this method, all monetary and non-monetary assets and liabilities are translated at the exchange rate at the end of the reporting period, while income and expenses are translated at the average exchange rate for the year. The differences arising from translation are recognised as a separate component of equity.

Gains and losses arising from the translation of the net investment in foreign operations, borrowings and foreign exchange instruments that are effective hedges of these investments are deducted from consolidated equity.

When the foreign operation is sold, the cumulative exchange differences recorded in equity are recognised in the income statement as part of the gain or loss on the sale.

6 - Business combinations and goodwill

In accordance with the option available under IFRS 1, the Group has chosen not to restate business combinations which occurred prior to 1 January 2006. Any goodwill existing at that date is no longer amortised but tested for impairment. Intangible assets acquired prior to 1 January 2006 that did not fulfil IFRS recognition criteria, such as market shares, were reclassified as goodwill.

Accounting principles applicable to transactions carried out between 1 January 2006 and 31 December 2009 (IFRS 3)

Business combinations carried out since the IFRS transition date are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the date of acquisition, of assets given, liabilities or contingent liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The assets given and liabilities or contingent liabilities incurred or assumed that fulfil the recognition criteria under IFRS 3 are measured at fair value at the date of acquisition.

If the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities can be determined only provisionally, any adjustments to those provisional values are recorded within 12 months of the acquisition date.

The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in assets, under goodwill. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is greater than the cost of the business combination, the resulting negative goodwill is recognised directly in profit or loss.

Goodwill is initially measured at cost in the currency of the acquiree and is translated at the exchange rate at the end of the reporting period.

Goodwill is tested for impairment, as explained in note III.8.

Accounting principles applicable to transactions carried out on or after 1 January 2010 (IFRS 3R)

The main changes to accounting for business combinations and goodwill as from 1 January 2010 are set out below:

> Costs directly attributable to the business combination (acquisition-related costs) are now recognised as an expense in the income statement.

> The acquirer may choose to measure non-controlling interests in the acquiree at the date control is obtained on a transaction-by-transaction basis:

- either at fair value, whereby the full amount of goodwill is calculated and recognised (allocation of a portion of goodwill to non-controlling interests);
- or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, which requires determining "partial" goodwill in accordance with the original requirement applicable to business combinations carried out prior to 1 January 2010.

> Any adjustment to the purchase price is recognised at fair value as from the date control is acquired.

> In a business combination achieved in stages (step acquisitions), any previously held equity interest in the acquiree is remeasured to fair value through profit or loss. Goodwill is therefore calculated at the date control is obtained and no longer at each transaction date.

From a regulatory standpoint, loss of control of a consolidated subsidiary qualifies as an "economic event" which is material for the Group, and requires the remaining holding to be remeasured to fair value through profit or loss.

7 - Transactions with non-controlling interests

The application of IAS 27R – Consolidated and Separate Financial Statements as of 1 January 2010 does not have any impact on the accounting treatment applied to transactions with non-controlling interests.

As from the end of the 2007 reporting period, Caisse des Dépôts Group chose to recognise in equity any difference between the

cost of the shares and its share in the acquiree's adjusted net assets in transactions involving the acquisition of non-controlling interests in an entity already controlled by the Group. Costs directly attributable to the acquisition are also recognised as a deduction from equity.

Partial sales of non-controlling interests which do not result in a loss of control are also recognised by adjusting equity.

8 - Segment information

In accordance with IFRS 8, the segment information presented is based on internal reports that are used by Group management and reflect the Group's new internal business organisation at 31 December 2010. Operating activities are organised and managed based on the type of service provided.

The Group's five main business segments at the end of the reporting period are:

- Caisse des Dépôts Division;
- Banking & Insurance Division;
- Corporate Finance Division;
- Real Estate & Tourism Division;
- Infrastructure, Transport & Environment Division.

Comparative data for 2009 were restated to reflect the new business organisation.

III - Accounting policies

1 - Financial instruments

Financial assets and liabilities are recognised and measured in accordance with IAS 39, as adopted by the European Commission on 19 November 2004 and subsequently amended, in particular by the amendment relating to the use of the fair value option published in 2005.

Financial assets and liabilities at fair value through profit or loss, hedging derivatives and available-for-sale financial assets are measured and recognised at market value on initial recognition and at subsequent reporting dates.

1.1 - Fair value of financial instruments

IAS 39 defines fair value as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The best estimate of fair value when the financial instrument is quoted in an active market is the quoted price. If the market for a financial instrument is not active, fair value is established by using valuation techniques.

■ Instruments traded on an active market

A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If there is an active market for the instrument, the prices quoted in this market are used as the basis for calculating fair value.

If no quoted price is available at the measurement date, fair value is based on prices used in recent transactions.

These financial instruments are measured according to level 1 of the fair value hierarchy set out in the amendment to IFRS 7.

■ Instruments traded on a market that is not active

If the market for a financial instrument is not active, fair value is established by using a valuation technique based on “observable” or “unobservable” market inputs.

These techniques and valuation models incorporate all factors that market participants would consider in setting a price. The calculation of fair value notably takes into account liquidity and counterparty risks.

Instruments measured using models based on observable inputs

Most instruments traded over-the-counter are measured using standard models drawing on observable market inputs, i.e., inputs that can be obtained on a regular basis from several independent sources outside the Group.

For example, the fair value of interest rate swaps is generally established using yield curves based on the market interest rates observed at the end of the reporting period.

These financial instruments are measured according to level 2 of the fair value hierarchy set out in the amendment to IFRS 7.

Instruments measured using models based largely on unobservable market inputs

The fair value of certain complex market instruments that are not traded on an active market is established using valuation techniques based on unobservable inputs, i.e., inputs that are not directly comparable to market data or valuation models not recognised by the markets.

These financial instruments are measured according to level 3 of the fair value hierarchy set out in the amendment to IFRS 7.

Unlisted equity instruments

The fair value of unlisted equity instruments is generally computed using a number of different techniques (discounted cash flows, adjusted net asset value or multiples for comparable companies):

- If fair value is based on data relating to comparable listed companies or, for property investments, on a revaluation of property using observable market inputs, equity instruments are classified in level 2 of the fair value hierarchy as defined by the amendment to IFRS 7;
- However, if fair value is calculated based on discounted cash flows or adjusted net asset value using internal company data, the equity instruments are classified in level 3 of the fair value hierarchy. This also applies to instruments measured using the multiples approach when the inputs require significant adjustments to reflect factors specific to the entity concerned.

When the fair value of unlisted equity instruments is equal to their carrying amount (no revaluation), the instruments are classified in level 2 of the fair value hierarchy.

In accordance with IAS 39, in the event that valuation techniques are unsatisfactory or the resulting range of reasonable fair value estimates is significant, the instrument continues to be recorded at cost within “Available-for-sale financial assets”, as its fair value cannot be determined reliably. It is then classified in level 2 of the fair value hierarchy.

1.2 - Securities

Securities held by the Group are classified in the four categories of financial assets defined by IAS 39, as follows:

- Financial assets at fair value through profit or loss (including financial assets designated as at fair value through profit or loss upon initial recognition or under the fair value option);
- Available-for-sale financial assets;
- Held-to-maturity investments;
- Loans and receivables.

Securities purchases and sales are recognised in the statement of financial position on the settlement/delivery date, except in certain specific cases.

■ Financial assets and liabilities at fair value through profit or loss

This category includes financial assets and liabilities held for trading and financial assets and liabilities designated as at fair value through profit or loss under the fair value option.

Financial assets and liabilities held for trading are financial assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term.

IAS 39 also allows the fair value option to be used in place of hedge accounting (i) to avoid separately recognising and measuring derivatives embedded in hybrid contracts, or (ii) in the event that a group of financial assets and/or financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and provided that information about this group is reported on this basis internally.

Financial assets classified as at fair value through profit or loss are initially recognised at fair value, excluding directly attributable transaction costs but including accrued interest. They are subsequently measured at fair value, with changes in fair value recognised in the income statement under “Gains and losses on financial instruments at fair value through profit or loss, net”. Exceptionally, on the first-time adoption of IFRS, fair value adjustments to opening financial assets at fair value through profit or loss were recognised in equity and will never be reclassified to the income statement.

Changes in fair value and disposal gains and losses are recognised in the consolidated income statement under “Gains and losses on financial instruments at fair value through profit or loss, net”.

■ Available-for-sale financial assets

In accordance with IAS 39, this category is used by default for all financial assets not classified in any of the other three categories.

It comprises fixed and variable income securities that are initially recognised at acquisition cost, including directly attributable transaction costs (unless it can be demonstrated that these costs are not material) and accrued interest.

Changes in fair value are recognised in equity.

When the assets are sold or have suffered from other-than-temporary impairment, the cumulative unrealised gain or loss recognised in equity is reclassified to the income statement under “Gains and losses on available-for-sale financial assets, net”.

An impairment loss is recognised on equity instruments when there is objective evidence of other-than-temporary impairment, defined as a significant or prolonged decline in the fair value of the investment below its cost.

The criteria for assessing other-than-temporary impairment separate the notion of “significant” and “prolonged”. Therefore, either a significant or a prolonged decline is sufficient to require the recognition of an impairment loss. The criteria used by Caisse des Dépôts (Central Sector) are based on two levels.

- > Level 1: factors triggering a documented analysis
 - criteria associated with a “significant” decline in value: the closing price for the instrument at the end of the reporting period is more than 30% lower than its acquisition cost; or
 - criteria associated with a “prolonged” decline: the average price for the instrument over the previous 12 months is more than 30% lower than its acquisition cost.

These two criteria represent substantial evidence of impairment allowing the Group to identify the securities which will be subject to a documented multi-criteria analysis. Once the analysis is complete, the Group uses its “expert judgement” to determine whether impairment should be recognised against profit or loss.

- > Level 2: factors automatically triggering an impairment loss
 - Except in duly authorised exceptional circumstances, an impairment loss will be recognised when either of the criteria automatically triggering impairment is met:
 - the closing price for the instrument at the end of the reporting period is more than 50% lower than its acquisition cost; or
 - the instrument has been trading at a price below its acquisition cost for more than three years.

When either of these conditions is met, the unrealised capital loss on the investment is automatically taken to the income statement.

The criteria applied by Caisse des Dépôts (Central Sector) are also applied by Group entities, unless alternative criteria for determining other-than-temporary impairment are deemed more relevant in light of the entity’s business.

Impairment taken against equity instruments is recognised in “Gains and losses on available-for-sale financial assets, net” in the income statement and can only be reversed when the instrument is sold. Any subsequent decrease in market value results in an impairment loss recognised in the income statement.

An impairment loss is recognised in the income statement on debt instruments when there is a proven counterparty risk. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss may be reversed.

Revenue from fixed income securities classified as available-for-sale is reported in the income statement under “Interest income”. Dividends received on variable income securities are reported in the income statement under “Gains and losses on available-for-sale financial assets, net”.

■ Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

If any financial assets classified in this category are sold before maturity, the entire portfolio must be reclassified as “available-for-sale” and no further financial assets may be classified as “held-to-maturity” for a period of two years, unless (i) the sale takes place at a date very close to the financial asset’s maturity, (ii) the Group has collected substantially all of the financial asset’s principal, or (iii) the sale is attributable to an isolated, unforeseeable event, such as a serious adverse change in the issuer’s credit quality.

To qualify for classification as held-to-maturity investments, the financial assets concerned may not be hedged against interest rate risks.

Held-to-maturity investments are initially recognised at cost, including directly attributable transaction costs (unless it can be demonstrated that these costs are not material) and accrued interest. They are subsequently measured at amortised cost, determined using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

If there is objective evidence that an impairment loss has been incurred on held-to-maturity investments, a provision is booked for the difference between the carrying amount and the estimated recoverable amount, discounted at the original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed.

■ Loans and receivables

The option of classifying non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as “Loans and receivables” has not been used by the Group.

1.3 - Loans

Loans made by the Group are classified as “Loans and receivables” due from financial institutions or from customers, as appropriate.

They are initially recognised at fair value. The fair value of loans corresponds to the nominal amount less any fees and commissions received, less any discount and plus transaction costs.

They are subsequently measured at amortised cost, determined using the effective interest method.

The effective interest rate includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Accrued interest is recorded separately, with the contra-entry recorded in the income statement.

An impairment loss is recognised when there is objective evidence of an event that occurred after the initial recognition of the loan (a “loss event”), and that loss event has an impact on the estimated future cash flows of the loan that can be reliably estimated.

Impairment losses are identified at the level of each individual loan and then at the level of the related loan book.

The amount of the impairment loss corresponds to the difference between the carrying amount of the loans, before impairment, and the sum of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are recognised either as allowances or as discounts on loans restructured following borrower default.

There are two types of impaired loans:

- Loans for which impairment losses are recognised on an individual basis: these are non-performing loans covered by allowances and loans restructured following borrower default for which the impairment is recognised as a discount;
- Loans covered by general provisions: these are loans with similar credit risk characteristics for which the impairment loss is determined for all of the loans taken as a whole.

■ Specific allowances

Loans covered by specific allowances include non-performing loans and irrecoverable loans. These classifications, which are applicable in the individual financial statements under French GAAP in accordance with standard CRC 2002-03, have also been used in the IFRS financial statements.

In the case of non-performing loans, the “proven risk” criteria used under French GAAP are applied to determine the existence of objective evidence of impairment under IAS 39.

A proven risk exists when it is probable that all or some of the amounts due under the loan agreement will not be received, notwithstanding the existence of collateral or a guarantee.

As a general principle, loans are classified as non-performing when:

- One or more instalments are over three months past due (or six months in the case of real estate loans and nine months in the case of loans to local authorities);
- The borrower’s financial position has deteriorated, resulting in a collection risk;
- Legal collection procedures have been launched.

Irrecoverable loans are non-performing loans for which the likelihood of collection is remote and that are expected to be written off.

Non-performing loans not meeting these criteria are qualified as recoverable.

When a loan is classified as non-performing, an impairment loss is booked immediately for the probable loss. The impairment loss corresponds to the present value of the aggregate probable losses on non-performing and irrecoverable loans, discounted at the original effective interest rate.

Discounts on restructured loans and allowances on non-performing loans are recognised in the income statement under “Cost of risk”. Discounts on restructured loans reclassified as performing are reversed over the remaining life of the loans by crediting interest income.

Reversals of allowances for credit losses due to a reduction in the underlying risk are recognised in the income statement under “Cost of risk”, while reductions in allowances and discounts due to the passage of time adjust the interest margin.

■ General provisions

The analyses performed by the Group show that there are no material groups of loans with similar credit risk characteristics requiring the recognition of significant general provisions.

1.4 - Financial liabilities

IAS 39 identifies two categories of financial liabilities:

- Financial liabilities at fair value through profit or loss (including financial liabilities designated as at fair value through profit or loss upon initial recognition or under the fair value option);
- Other financial liabilities.

Financial liabilities in the latter category are initially recognised at fair value and are subsequently measured at amortised cost by the effective interest method.

1.5 - Debt securities

Financial instruments are classified as debt securities if the issuer has a contractual obligation to deliver cash or a financial asset, or to exchange instruments on potentially unfavourable terms.

Debt securities are initially recognised at their issue value including transaction costs. They are subsequently measured at amortised cost by the effective interest method.

Perpetual subordinated notes are classified as equity instruments when the timing of interest payments is determined by the Group. All other dated and undated debt instruments are included in debt.

1.6 - Derivative instruments

Derivative instruments are financial assets and liabilities initially recognised in the statement of financial position at the transaction price. They are subsequently measured at fair value, regardless of whether they are held for trading or as part of a hedging relationship.

■ Derivative instruments held for trading

Derivative instruments held for trading are recognised in the statement of financial position under “Financial assets/liabilities at fair value through profit or loss”. They are recognised as assets when their market value is positive and as liabilities when it is negative. Realised and unrealised gains are recognised in the income statement under “Gains and losses on financial instruments at fair value through profit or loss, net”.

■ Derivative instruments and hedge accounting

The accounting principles applicable to hedging instruments and hedged items depend on the hedging strategy and on whether or not they meet the criteria set out below:

- The hedging instrument and the hedged item must both be eligible for hedge accounting;
- The documentation of the hedging relationship must include identification of the hedging instrument and the hedged item, the nature of the hedging relationship and the nature of the risk being hedged;
- Details must be provided of the hedge’s expected effectiveness at the inception of the hedge and its actual effectiveness at the end of each reporting period.

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment. In a fair value hedging relationship, the hedging instruments are remeasured to market value on the statement of financial position, with an offsetting entry to “Gains and losses on financial instruments at fair value through profit or loss, net” in the income statement, symmetrically with the gains and losses that arise on the item hedged. In the statement of financial position, the gain or loss from remeasuring the hedged component is recognised based on the classification of the hedged item in a relationship hedging identifiable assets or liabilities.

If the hedging relationship is discontinued or no longer meets the effectiveness criteria, the hedging instruments are reclassified to the trading book and accounted for in accordance with the rules applicable to this category.

A cash flow hedge is a hedge of the exposure to variability in cash flows from financial instruments or a highly probable forecast transaction. In a cash flow hedging relationship, hedging instruments are remeasured to market value on the statement of financial positions, with an offsetting entry to a specific line of equity, “Unrealised or deferred gains and losses”. The amounts accumulated in equity over the life of the hedge are taken to profit or loss under “Interest income” or “Interest expense” as and when the hedged item itself affects profit or loss. Hedged items continue to be accounted for under the rules applicable to their category.

If the hedging relationship is discontinued or no longer meets the effectiveness criteria, the cumulative gain or loss on the hedging instruments that has been recognised in equity will remain in equity

until the forecast transaction affects profit or loss or until the transaction is no longer expected to occur, in which case it is reclassified to profit or loss. If the hedged item no longer exists, the amounts accumulated in equity are recognised immediately in profit or loss.

A net investment hedge is a hedge of the exposure to unfavourable changes in fair value attributable to the currency risk on an investment other than in euros. The recognition principles applicable to net investment hedges are identical to those for cash flow hedges.

Irrespective of the hedging strategy, hedge ineffectiveness is recognised in the income statement under “Gains and losses on financial instruments at fair value through profit or loss, net”.

The Group has chosen to recognise certain hedged items and the related hedging instruments under “Financial assets/liabilities at fair value through profit or loss” as allowed under IAS 39. This treatment has been applied primarily to government bonds and negotiable debt securities hedged by swaps under asset swap agreements.

■ Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that fulfils the definition of a derivative instrument. If the hybrid instrument is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract when, at inception, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. In this case, the embedded derivative is recognised at fair value under “Financial assets/liabilities at fair value through profit or loss”.

1.7 - Financial guarantees given

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are initially recognised at fair value and subsequently measured at the higher of the amount of the obligation and the amount initially recognised less accumulated amortisation of the related commission.

Where appropriate, a provision is recorded in liabilities in accordance with IAS 37.

1.8 - Financing commitments

Financing commitments are initially recognised at fair value. They are accounted for in accordance with IAS 37 unless they meet the criteria for classification as derivative instruments.

1.9 - Repurchase agreements and securities lending/borrowing

Securities lent or sold under a repurchase agreement continue to be shown on the statement of financial position of the lender/seller. However, if the borrower/acquiree is free to sell, lend or enter into a repurchase agreement concerning the securities, they are reclassified in a sub-account of securities or receivables.

Securities borrowed or acquired under a repurchase agreement are not shown on the statement of financial position of the borrower/acquiree. However, if the borrower/acquiree sells, lends or enters into a repurchase agreement concerning the securities, a liability is recorded at fair value in the borrower/acquiree's statement of financial position, representing the obligation to buyback these securities.

2 - Investments in associates

The Group's investments in associates are accounted for by the equity method.

Under this method, the investment is initially recognised at cost and subsequently adjusted to reflect any changes in the Group's equity in net assets after the acquisition date. Goodwill relating to investments in associates is included in the carrying amount of the investment and is not amortised.

The income statement reflects the Group's share of the associate's earnings.

After the investment has been accounted for by the equity method, the Group applies the provisions of IAS 39 to determine whether an impairment loss should be recognised.

If there is evidence that the investment may be impaired within the meaning of IAS 39, the full amount of the investment is tested for impairment in accordance with IAS 36. In practice, impairment is usually determined by comparing the carrying amount of the equity-accounted investment with its value in use, calculated using the discounted cash flow method.

When an impairment loss is recognised, it is charged against the value of the equity-accounted investment in the statement of financial position, and may subsequently be reversed if the value in use or market value of the investment increases.

3 - Non-current assets held for sale and related liabilities, discontinued operations

A non-current asset or a disposal group is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset or disposal group is reported on a separate line of the statement of financial position when it is highly probable that the sale will be completed within 12 months.

An operation is considered as discontinued when the related assets fulfil the criteria for classification as held for sale or the operation has been sold. The profits or losses from discontinued operations are shown on a single line of the income statement for the periods presented. The reported amounts include the net profit or loss of the discontinued operations up to the date of sale and the after-tax disposal gains or loss.

4 - Foreign currency transactions

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are converted into the Group's functional currency at the year-end exchange rate.

The resulting conversion gains and losses are recognised in the income statement. As an exception to this principle, for monetary assets classified as available-for-sale financial assets, only the portion of the conversion gain or loss calculated on these assets' amortised cost is recognised in the income statement, with the other portion recognised in equity.

Concerning non-monetary assets:

- Assets measured at historical cost are converted at the exchange rate on the transaction date;
- Assets measured at fair value are converted at the exchange rate at the end of the reporting period.

Conversion gains and losses on non-monetary items are recognised in the income statement if the gain or loss on the non-monetary item is also recognised in the income statement, or in equity if the gain or loss on the non-monetary item is also recognised in equity.

5 - Employee benefits

Benefits granted to the Group's employees fall into four categories:

- Short-term benefits, such as salaries, paid annual leave, matching payments to employee savings plans, discretionary and non-discretionary profit-sharing, that are payable within 12 months of the end of the reporting period;
- Post-employment benefits, corresponding to pensions, length-of-service awards payable to employees on retirement, and financial support for employees receiving reduced rate pensions;
- Other long-term benefits such as jubilee and other long-service benefits, that are payable 12 months or more after the end of the reporting period;
- Termination benefits.

5.1 - Short-term benefits

Short-term employee benefits are employee benefits which fall wholly due within 12 months after the end of the period in which the employees render the related service. A liability and an expense are recognised when the Group has a contractual obligation or constructive obligation arising from past practices.

5.2 - Post-employment benefits

Post-employment benefits comprise defined contribution plans and defined benefit plans.

Obligations under defined contribution plans are generally covered by contributions paid to a pay-as-you-go pension scheme or to an insurance company that manages benefit payments or by the State for public service employees. In all cases, the contributions are in full discharge of any future liability. Contributions paid are expensed as incurred.

Defined benefit plans are plans under which the Group has an obligation to pay agreed benefits to current and former employees. These plans give rise to a medium- or long-term liability which is measured and recognised in the financial statements.

In accordance with IAS 19, the projected benefit obligation is measured by the projected unit credit method based on a range of actuarial, financial and demographic assumptions. The projected

unit credit method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Units of benefit entitlement are determined based on the discounted present value of the future benefits.

The discount rate used by the Group is determined by reference to the French government bond rate or the interest rate for investment grade corporate bonds denominated in the benefit payment currency, whose maturity approximates the estimated average duration of the benefit obligation.

The provision for defined post-employment benefits is therefore equal to the present value of the defined benefit obligation at the end of the reporting period, calculated by the projected unit credit method, less the fair value of the plan assets, if any.

The provision is adjusted at the end of each reporting period to reflect changes in the projected benefit obligation.

Differences resulting from changes in actuarial assumptions or experience adjustments give rise to actuarial gains and losses.

The Group uses the option available under IAS 19 as amended in 2005, whereby all actuarial gains and losses relating to post-employment defined benefit plans are recognised in equity.

Past service cost, corresponding to the increase in the present value of the defined benefit obligation resulting from the introduction of, or changes to, post-employment benefits, is recognised as an expense over the average period until the benefits become vested.

Outside France, Group employees are covered by various compulsory contributory pension schemes. The corresponding obligations are funded by contributions to company pension funds or recognised in the financial statements of the companies concerned.

5.3 - Other long-term benefits

Other long-term benefits are benefits other than post-employment benefits and termination benefits that do not fall wholly due within 12 months after the end of the period in which the employees render the related service.

They are measured and recognised on a similar basis to defined post-employment benefits, except that actuarial gains and losses and the past service cost are recognised directly in profit or loss.

6 - Share-based payments

Share-based payments consist of payments based on the equity instruments of Group subsidiaries that are equity settled or cash settled for amounts that reflect the value of the underlying shares. IFRS 2 applies solely to equity instruments granted after 7 November 2002 that had not yet vested at 1 January 2005.

Most of the share-based payment plans set up by Group entities are equity-settled plans.

IFRS 2 also applies to rights issues carried out under the Group's employee savings plans.

The employee benefit corresponds to the difference, at the purchase date, between the fair value of the acquired shares, taking into account the deemed cost of the lock-up feature, and the price paid by employees, multiplied by the number of shares purchased. At the end of each reporting period, the number of options likely to vest is reviewed. Where appropriate, the estimates are revised and the effect of the revision is recognised in the income statement with a corresponding adjustment to equity.

7 - Fixed assets

Fixed assets in the consolidated statement of financial position include owner-occupied property and equipment, intangible assets and investment property.

Owner-occupied property is held for use in the production of services and for administrative purposes. It corresponds to assets not leased to third parties under operating leases.

Investment property corresponds to property held to earn rentals or for capital appreciation or both.

Owner-occupied and investment property are initially recognised at cost, corresponding to their purchase price, any directly attributable expenditure and any borrowing costs.

Land is not depreciated. Other assets are depreciated from the date they are put into service by the straight-line method. This method consists of recording a constant annual charge to write off the cost of the asset less its residual value over the asset's estimated useful life.

Government grants are recorded as a deduction from the carrying amount of the assets they serve to finance.

When an asset comprises several items with different patterns of use, that may require replacement at regular intervals or generate economic benefits at differing rates, each such item is recognised separately and depreciated over its estimated useful life, when the amounts involved are material.

The main items of property and equipment recognised by the Group and the related depreciation periods are as follows:

- building shell: 30 to 100 years;
- roof/façade: 25 to 40 years;
- fixtures: 10 to 25 years;
- fittings and technical installations: 10 to 25 years;
- major maintenance work: 15 years.

The depreciable amount of each asset is determined by deducting the residual value from its cost, where said value is both material and measurable. Residual value is defined as the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Software and development costs are recognised in intangible assets and amortised over three years.

At the end of each reporting period, an impairment test is performed if there is any internal or external indication that an asset may be impaired and the amount of the impairment may be material. Impairment tests are performed by comparing the carrying amount of the asset with its recoverable amount.

If the recoverable amount is less than the carrying amount, the carrying amount is reduced by recording an impairment loss. If the recoverable amount increases in subsequent periods, all or part of the impairment loss is reversed.

8 - Impairment of non-amortisable intangible assets and goodwill

Goodwill and other intangible assets with an indefinite useful life are not amortised but are tested for impairment at annual intervals.

The impairment tests are performed at the level of cash-generating units (CGUs), representing the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment tests are performed by comparing the recoverable amount of the asset or CGU to its carrying amount.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use.

If the carrying amount is greater than the recoverable amount, an impairment loss is recognised in the reporting period income statement for the difference between these two amounts.

Impairment losses recognised on goodwill related to subsidiaries and intangible assets with indefinite useful lives cannot be reversed.

9 - Finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Leases are classified as finance leases when:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value for it to be reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset;
- the present value of the minimum lease payments amounts to substantially all of the fair value of the leased asset at the inception of the lease;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

In the lessee's financial statements, finance leases are accounted for as follows:

- The leased asset is recognised in assets, under property and equipment, and a liability for the same amount is recognised in debt;
- The asset is depreciated over its estimated useful life, in the same way as assets owned outright, and the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Leases that do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. Lease payments under operating leases (net of benefits obtained from the lessor) are recognised in the income statement on a straight-line basis over the duration of the lease.

10 - Provisions recorded under liabilities

Provisions recorded under liabilities, other than those relating to financial instruments, employee benefits and insurance contracts are mainly provisions for claims and litigation, fines and tax risks.

A provision is recorded when the Group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits without there being any expectation that economic benefits with at least an equivalent value will be received. The obligation may be legal, regulatory, contractual or constructive. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted when the effects of discounting are material, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Increases in the provision to reflect the passage of time are recognised in "Interest expense".

11 - Current and deferred taxes

Deferred taxes are recognised using the liability method for temporary differences between the carrying amount of assets and liabilities and their tax base. Under this method, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The effects of changes in tax rates are recognised in the period in which the change is enacted or substantively enacted.

Deferred taxes are calculated at the level of each tax entity. Deferred tax assets are recognised only when it is highly probable that sufficient taxable profits will be available to permit their recovery.

Certain directly or indirectly held Group entities form part of a tax group.

Income tax expense is recognised in the income statement, except for tax on items recognised directly in equity, which is also recorded in equity.

Deferred tax rates in France at 31 December 2010 were:

- 34.43% (including the additional social contribution) for transactions falling within the scope of the statutory tax regime, unchanged from 31 December 2009;
- 15.5% (including the additional social contribution) for transactions eligible for the long-term reduced rate, applicable to sales of shares in tax-efficient venture capital funds (FCPR *fiscaux*) held for more than five years, provisions for shares in tax-efficient venture capital funds and certain asset distributions made by these funds, unchanged from 31 December 2009;
- 19.63% (including the additional social contribution) for transactions (sales and provisions) relating to shares in listed property companies ("TSPIs") held for more than two years, unchanged from 31 December 2009;
- 1.72% for transactions (sales and provisions) relating to participating interests (*titres de participation*) as defined in French accounting and tax rules (investments representing more than 5% of capital) held for over two years, other than unlisted TSPIs falling under the statutory tax regime (34.43%), unchanged from 31 December 2009.

Deferred taxes are not discounted.

12 - Insurance operations

Insurance and financial liabilities arising from insurance policies and financial instruments with a discretionary participation feature are accounted for in accordance with IFRS 4, in the same way as in the insurance companies' financial statements.

Other insurance company assets and liabilities are accounted for in accordance with the IFRSs applied to the Group's other assets and liabilities. They are presented in the statement of financial position under the captions corresponding to their characteristics, and in the income statement under "Income/Expenses from other activities", with additional information disclosed in the notes to the consolidated financial statements.

For example, the insurance companies' financial assets are allocated to the four categories provided for in IAS 39 and measured on the basis prescribed by this standard.

Insurance liabilities are mostly measured in accordance with French GAAP, pending publication of IFRS 4 Phase II.

Under the current version of IFRS 4, contracts fall into three categories:

- > Insurance contracts, corresponding to contracts with a significant insurance risk as defined in IFRS 4 (such as personal risk, pension, property and casualty contracts and unit-linked savings contracts with a guaranteed yield);
- > Financial instruments with a discretionary participation feature (DPF) issued by an insurer (such as non-unit-linked contracts with DPF and unit-linked contracts comprising a non-unit-linked component with DPF);
- > Investment contracts without DPF (such as unit-linked savings contracts without a non-unit-linked component and without a guaranteed yield).

Contracts in the first two categories fall within the scope of IFRS 4 and are recognised and measured in accordance with this standard. Technical reserves recognised in respect of these contracts continue to be measured in accordance with French GAAP. Shadow accounting is applied to contracts with DPF.

Shadow accounting is an accounting technique used to eliminate any artificial asset/liability mismatches that result from the different methods used to value assets and liabilities. In shadow accounting, valuation gains or losses on financial assets which may be applicable to policyholders are recognised in a deferred participation account. This reflects policyholders' potential interests in unrealised gains on financial instruments carried at fair value, or their share of losses if unrealised losses are reported.

The net deferred participation resulting from shadow accounting is recognised in liabilities under "Insurance company technical reserves" or in assets under "Deferred participation assets", as applicable.

The recoverability of the deferred participation asset is tested to determine whether, assuming that the Group continues as a going concern, it can be deducted from policyholders' share in future or unrealised profits and does not result in the Group booking inadequate liabilities compared with its liabilities for economic purposes.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, net of its insurance assets (deferred participation asset plus insurance-related intangible assets) are adequate based on current estimates of future cash flows under its insurance contracts and financial instruments with DPF. The test is performed using asset-liability management models, by applying a stochastic approach to estimate liabilities according to a wide range of scenarios. The models take into account embedded derivatives (policyholder surrender options, guaranteed yields, etc.) and administrative costs. The test determines the economic value of insurance liabilities corresponding to the average of the stochastic trajectories. Similar-type contracts are grouped together when performing the test and the results are analysed at entity level: if the sum of the surrender value and deferred participation, less related deferred acquisition costs and intangible assets, is less than the fair value of the recognised insurance liability, the shortfall is recognised in the income statement.

Contracts in the third category fall within the scope of IAS 39 and are recognised and measured in accordance with this standard.

13 - Capital

In light of its status, Caisse des Dépôts does not have any share capital.

3. Notes to the consolidated income statement

Note 1 - Interest income and expense

(in millions of euros)	31.12.2010			31.12.2009		
	Income	Expense	Net	Income	Expense	Net
Ordinary accounts in debit/credit	22		22	26		26
Accounts and loans/borrowings with fixed maturities	6	(234)	(228)	18	(282)	(264)
Repurchase and resale agreements				9		9
Other, including hedging instruments	8	(6)	2	15	(2)	13
Interbank transactions	36	(240)	(204)	68	(284)	(216)
Ordinary accounts in debit/credit	10		10	17		17
Accounts and loans/borrowings with fixed maturities	395	(442)	(47)	182	(513)	(331)
Other, including hedging instruments	29		29	38		38
Customer transactions	434	(442)	(8)	237	(513)	(276)
Available-for-sale financial assets	3,931		3,931	3,701		3,701
Held-to-maturity financial assets	801		801	801		801
Other, including hedging instruments	(185)		(185)	(14)		(14)
Financial instruments	4,547		4,547	4,488		4,488
Debt securities		(209)	(209)		(301)	(301)
Subordinated debt		(36)	(36)		(32)	(32)
Borrowings		(245)	(245)		(333)	(333)
Total interest income and expense	5,017	(927)	4,090	4,793	(1,130)	3,663

Note 2 - Fee and commission income and expense

(in millions of euros)	31.12.2010		31.12.2009	
	Income	Expense	Income	Expense
Interbank and similar transactions				
Customer transactions	5		7	
Securities and derivatives transactions		(23)		(26)
Financial services transactions	70	(33)	41	(41)
Other fees and commissions				
Fee and commission income and expense	75	(56)	48	(67)

Note 3 - Gains and losses on financial instruments at fair value through profit or loss, net

(in millions of euros)	31.12.2010		31.12.2009	
	Total	o/w fair value option	Total	o/w fair value option
Disposal gains and losses, net	24	3	116	(1)
Fair value adjustments, interest income or expense	1,022	21	2,195	60
Dividend income	127		211	
Other income and expense, net	(186)		(317)	
Securities	987	24	2,205	59
Disposal gains and losses, net	(2)		6	
Fair value adjustments, interest income or expense	(22)		(229)	
Other income and expense, net				
Futures and options (excluding hedging instruments)	(24)		(223)	
Disposal gains and losses, net				
Fair value adjustments, interest income or expense				
Other income and expense, net				
Loans				
Disposal gains and losses, net				
Fair value adjustments, interest income or expense	(17)	(16)	(80)	(80)
Other income and expense, net	(141)	(141)		
Borrowings	(158)	(157)	(80)	(80)
Disposal gains and losses, net				
Fair value adjustments, interest income or expense				
Other income and expense, net				
Commitments				
Fair value hedges	1		(162)	
Ineffective portion of cash flow hedges	(16)		(7)	
Hedging instruments	(15)		(169)	
Portfolios hedged against interest rate risk				
Portfolios hedged against interest rate risk				
Currency instruments	70		15	
Currency instruments	70		15	
Total gains and losses on financial instruments at fair value through profit or loss, net	860	(133)	1,748	(21)

Note 4 - Gains and losses on available-for-sale financial assets, net

(in millions of euros)	31.12.2010	31.12.2009
Disposal gains and losses, net	82	227
Fixed-income securities	82	227
Disposal gains and losses, net	434	625
Other-than-temporary impairment	(486)	(1,000)
Dividend income	1,319	1,105
Variable-income securities	1,267	730
Loans		
Other	1	2
Total gains and losses on available-for-sale financial assets, net	1,350	959

Note 5 - Income and expense from other activities

(in millions of euros)	31.12.2010		31.12.2009	
	Income	Expense	Income	Expense
Investment property transactions	2,613	(506)	2,064	(705)
Income and expenses from other activities	5,588	(2,303)	5,668	(2,214)
Income and expenses from insurance activities	12,620	(16,318)	12,731	(17,429)
Total income and expenses from other activities, net	20,821	(19,127)	20,463	(20,348)

Note 6 - General operating expenses

(in millions of euros)	31.12.2010	31.12.2009
Employee benefits expense	(2,980)	(2,946)
Other expenses and external services	(1,068)	(999)
Provision (charges)/reversals	(5)	(1)
Other general operating expenses	(1,073)	(1,000)
Total general operating expenses	(4,053)	(3,946)

Note 7 - Cost of risk

(in millions of euros)	31.12.2010		31.12.2009	
	Income	Expense	Income	Expense
Impairment of loans and receivables due from credit institutions	1			
Impairment of loans and receivables due from customers	24	(19)	13	(38)
Other-than-temporary impairment in value of available-for-sale financial assets	49	(37)	4	(50)
Impairment of held-to-maturity financial assets				
Impairment of signature commitments and other commitments				
Impairment losses	74	(56)	17	(88)
Other provisions for counterparty risk	12	(21)	89	(8)
Other provisions for counterparty risk	12	(21)	89	(8)
Loan losses and bad debts		(24)		(20)
Recoveries on loans and receivables written off in prior years				
Losses and recoveries		(24)		(20)
Cost of risk	86	(101)	106	(116)

Note 8 - Gains and losses on other assets, net

(in millions of euros)	31.12.2010	31.12.2009
Gains and losses on disposals of property and equipment and intangible assets	(1)	9
Gains and losses on disposals of property and equipment and intangible assets	(1)	9
Gains or losses on disposals of securities	75	134
Dilution gains and losses		(1)
Other gains and losses on long-term equity interests	(18)	(12)
Gains and losses on long-term equity interests	57	121
Other gains and losses	1	
Other gains and losses	1	
Total gains and losses on other assets, net	57	130

Note 9 - Income tax expense**9.1 - Analysis of income tax expense**

(in millions of euros)	31.12.2010	31.12.2009
Current taxes	(816)	(735)
Deferred taxes	322	355
Income tax expense	(494)	(380)

9.2 - Reconciliation of theoretical and effective tax rates

(in millions of euros)	31.12.2010	31.12.2009
Net profit (loss) attributable to owners	2,151	1,980
Non-controlling interests	1,087	498
Share of profit (loss) of associates	(140)	(678)
Change in value of goodwill	5	48
Net profit from discontinued operations	(2)	(3)
Income tax expense	494	380
Profit before tax, change in value of goodwill and share of profit (loss) of associates	3,595	2,225
Standard French tax rate ⁽¹⁾	34.43%	34.43%
Theoretical tax expense	(1,238)	(766)
Effect of tax-exempt transactions and transactions taxed at reduced rate	164	(138)
Effect of permanent differences	606	488
Utilisation of tax loss carryforwards	(50)	(12)
Tax credits	15	30
Other	9	18
Income tax expense	(494)	(380)
Effective tax rate	13.73%	17.08%

(1) Corresponding to the rate of tax payable on corporate income in France in 2010, including the additional social contribution.

The French tax authorities challenged the market values at 31 December 2006 which were based on real estate valuations performed by the Icade group and used as the basis for calculating the exit tax when Icade Patrimoine was merged into Icade on 1 January 2007. This has increased the tax base used to calculate the exit tax and generated an additional amount of tax of €204 million. The company is challenging this tax reassessment and consequently no additional provision has been recognised.

Note 10 - Segment information

(in millions of euros)	Caisse des Dépôts Division		Banking & Insurance Division	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Interest income	1,520	1,840	3,415	2,905
Interest expense	(643)	(839)	(38)	(34)
Fee and commission income	20	18		
Fee and commission expense	(38)	(37)	(17)	(29)
Gains and losses on financial instruments at fair value through profit or loss, net	(12)	(196)	807	1,977
Gains and losses on available-for-sale financial assets, net	400	337	348	427
Income from other activities	426	567	12,957	13,281
Expenses from other activities	(539)	(665)	(16,555)	(17,655)
Net banking income	1,134	1,025	917	872
General operating expenses	(311)	(321)	(375)	(337)
Depreciation, amortisation and impairment of property and equipment and intangible assets	(107)	(105)	(13)	(17)
Gross operating profit	716	599	529	518
Cost of risk	(8)	(41)	(15)	40
Operating profit (loss)	708	558	514	558
Share of profit (loss) of associates	45	7	(60)	270
Gains and losses on other assets, net	(4)	(23)	14	100
Change in value of goodwill		(9)		(36)
Profit (loss) before tax	749	533	468	892
Income tax expense	(280)	(91)	(9)	(179)
Net profit from discontinued operations				
Net profit (loss)	469	442	459	713
Non-controlling interests	(9)	(5)	(130)	(83)
Net profit (loss) attributable to owners	460	437	329	630

Corporate Finance Division		Real Estate & Tourism Division		Infrastructure Transport & Environment Division		Total	
31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
50	14	7	11	25	23	5,017	4,793
5	3	(219)	(227)	(32)	(33)	(927)	(1,130)
55	30					75	48
(1)	(1)					(56)	(67)
72	(32)	(10)	(1)	3		860	1,748
647	192	(47)	2	2	1	1,350	959
28	14	4,167	3,398	3,243	3,203	20,821	20,463
(5)	(1)	(1,394)	(1,401)	(634)	(626)	(19,127)	(20,348)
851	219	2,504	1,782	2,607	2,568	8,013	6,466
(83)	(64)	(946)	(928)	(2,338)	(2,296)	(4,053)	(3,946)
(1)		(120)	(118)	(166)	(175)	(407)	(415)
767	155	1,438	736	103	97	3,553	2,105
		(11)	(7)	19	(2)	(15)	(10)
767	155	1,427	729	122	95	3,538	2,095
57	158	12	16	86	227	140	678
		33	43	14	10	57	130
		(3)	(1)	(2)	(2)	(5)	(48)
824	313	1,469	787	220	330	3,730	2,855
(81)	4	(91)	(81)	(33)	(33)	(494)	(380)
		2	3			2	3
743	317	1,380	709	187	297	3,238	2,478
(367)	(133)	(562)	(257)	(19)	(20)	(1,087)	(498)
376	184	818	452	168	277	2,151	1,980

4. Notes to the consolidated statement of financial position

Note 11 - Financial assets and liabilities at fair value through profit or loss

(in millions of euros)	31.12.2010		31.12.2009	
	Held for trading	Fair value option	Held for trading	Fair value option
Government bonds		410		242
Treasury bills				
Other bonds	11,317	454	11,066	307
Negotiable debt securities	532	214	587	213
Mutual funds	12,227		12,359	
Other securities	4		5	
Fixed-income securities	24,080	1,078	24,017	762
Equities	2,641		2,550	
Venture capital funds	3		3	
Other securities	3,096	254	2,954	4
Equities and other variable-income securities	5,740	254	5,507	4
Derivative instruments held for trading	1,849		1,361	
Derivative instruments held for trading	1,849		1,361	
Total financial assets at fair value through profit or loss	31,669	1,332	30,885	766

(in millions of euros)	31.12.2010		31.12.2009	
	Held for trading	Fair value option	Held for trading	Fair value option
Credit institutions				
Customers				
Accounts and borrowings with fixed maturities				
Bonds				
Negotiable debt securities		4,669		3,972
Other				
Debt securities		4,669		3,972
Borrowed securities and short sales				
Borrowed securities and short sales				
Derivative instruments held for trading	1,492		955	
Derivative instruments held for trading	1,492		955	
Total financial liabilities at fair value through profit or loss	1,492	4,669	955	3,972

Note 12 - Hedging instruments

(in millions of euros)	31.12.2010	31.12.2009
Interest rate derivatives	97	28
Currency derivatives		
Equity derivatives		
Other derivatives		
Fair value hedges	97	28
Interest rate derivatives	212	155
Currency derivatives		
Equity derivatives		
Other derivatives		
Cash flow hedges	212	155
Interest rate derivatives		
Currency derivatives		
Equity derivatives		
Other derivatives		
Hedges of net investments in foreign operations		
Total hedging instruments with a positive fair value	309	183

(in millions of euros)	31.12.2010	31.12.2009
Interest rate derivatives	619	429
Currency derivatives		
Equity derivatives		
Other derivatives		
Fair value hedges	619	429
Interest rate derivatives	426	320
Currency derivatives		
Equity derivatives		
Other derivatives	1	2
Cash flow hedges	427	322
Interest rate derivatives		
Currency derivatives		
Equity derivatives		
Other derivatives		
Hedges of net investments in foreign operations		
Total hedging instruments with a negative fair value	1,046	751

Note 13 - Available-for-sale financial assets

	31.12.2010			31.12.2009		
	Fair value	o/w hedged portion (fair value hedge)	o/w unrealised gains and losses	Fair value	o/w hedged portion (fair value hedge)	o/w unrealised gains and losses
(in millions of euros)						
Government bonds	18,346		(1)	15,210		
Treasury bills	7,063		(88)	1,320		20
Other bonds	56,671	43	985	53,036	47	2,320
Negotiable debt securities	22,654	262	69	26,380	308	3
Mutual funds	4,184		268	5,855		81
Other securities	866		(15)	460		(34)
Accrued interest	1,829			1,707		
Fixed-income securities	111,613	305	1,218	103,968	355	2,390
Equities	32,654		7,010	31,189		6,726
Venture capital funds	669		59	692		7
Other securities	5,907		1,088	5,528		1,110
Equities and other variable-income securities	39,230		8,157	37,409		7,843
Total available-for-sale financial assets	150,843	305	9,375	141,377	355	10,233

■ Available-for-sale financial assets: impairment losses

	31.12.2010	31.12.2009
(in millions of euros)		
Fixed-income securities	(256)	(302)
Equities and other variable-income securities	(6,568)	(6,389)
Total impairment losses	(6,824)	(6,691)

Note 14 - Loans and receivables due from credit institutions

(in millions of euros)	31.12.2010	31.12.2009
Ordinary accounts in debit and overnight loans	3,653	9,230
Savings fund current accounts		
Securities and other assets purchased under collateralised fixed resale agreements		
Accrued interest	5	2
Non-performing items		
Impairment losses		
Loans to credit institutions repayable on demand	3,658	9,232
Accounts and loans with fixed maturities	1,012	3,152
Term loans in respect of the Savings Funds		
Securities and other assets purchased under collateralised fixed resale agreements		5
Participating loans		
Subordinated loans		
Advances on securities transactions		
Other receivables		
Accrued interest		
Non-performing items	203	199
Impairment losses	(203)	(10)
Loans and receivables due from credit institutions with fixed maturities	1,012	3,346
Total loans and receivables due from credit institutions	4,670	12,578

Note 15 - Loans and receivables due from customers

(in millions of euros)	31.12.2010	31.12.2009
Ordinary accounts in debit	1,249	1,371
Accrued interest		
Non-performing items	5	6
Impairment losses	(4)	(4)
Ordinary accounts in debit	1,250	1,373
Loans to financial sector customers	5	5
Cash facilities	20,617	15,163
Equipment financing	492	473
Housing loans	486	484
Advances on securities transactions	566	670
Participating loans		
Subordinated loans	24	26
Finance lease receivables	26	29
Securities and other assets purchased under uncollateralised resale agreements		
Other loans	2,594	2,006
Accrued interest	334	74
Non-performing items	453	449
Impairment losses	(146)	(141)
Other loans and receivables due from customers	25,451	19,238
Reinsurers' share of insurance and financial liabilities	2,991	2,761
Other insurance assets	1,368	1,264
Insurance and reinsurance receivables	4,359	4,025
Total loans and receivables due from customers	31,060	24,636

Note 16 - Held-to-maturity investments

(in millions of euros)	31.12.2010	31.12.2009
Government bonds	2,871	1,158
Treasury bills	398	500
Other bonds	10,670	11,072
Negotiable debt securities	5,840	4,886
Other securities	1	3
Accrued interest	410	410
Impairment losses	(19)	(20)
Fixed-income securities	20,171	18,009
Other held-to-maturity investments		
Held-to-maturity investments	20,171	18,009

Note 17 - Income taxes

(in millions of euros)	31.12.2010	31.12.2009
Deferred tax assets (liabilities), net ⁽¹⁾	(951)	(1,189)
Current tax assets (liabilities), net	(305)	(470)
Total	(1,256)	(1,659)

(1) Deferred tax assets are positive amounts, deferred tax liabilities are negative amounts.

■ Analysis of deferred taxes

(in millions of euros)	31.12.2010	31.12.2009
Fair value adjustments to financial instruments and securities	(1,864)	(1,752)
Rollover relief	(336)	(347)
Capitalisation reserves (insurance companies) ⁽¹⁾		(222)
Fair value adjustments to financial assets at fair value through profit or loss	215	150
Temporary differences - securities	934	943
Temporary differences - other	100	39
Total recognised deferred tax assets and liabilities, net	(951)	(1,189)
of which		
- deferred tax assets	136	151
- deferred tax liabilities	(1,087)	(1,340)

(1) At 31 December 2010, temporary differences on the insurance capitalisation reserves of CNP Assurances group which were exempt from tax until 1 January 2010, were hit by the one-off 10% tax levied on this reserve in 2010.

Note 18 - Prepayments, accrued income and other assets

(in millions of euros)	31.12.2010	31.12.2009
Prepaid expenses	71	113
Accrued income	219	241
Other accruals	1,227	972
Prepayments and accrued income	1,517	1,326
Miscellaneous receivables	2,701	2,523
Inventories	709	687
Guarantee deposits	157	133
Accounts receivable	1,111	1,189
Other ⁽¹⁾	2,188	2,163
Impairment losses	(139)	(311)
Other assets	6,727	6,384
Total prepayments, accrued income and other assets	8,244	7,710

(1) Including the French State's share in the SIF's uncalled subscribed share capital for an amount of €1.78 billion.

Note 19 - Non-current assets and liabilities classified as held for sale

(in millions of euros)	31.12.2010	31.12.2009
Assets		
Loan portfolios		
Securities and derivatives portfolios		
Investment property ⁽¹⁾	134	312
Owner-occupied property	972	31
Other assets held for sale ⁽²⁾	1,151	227
Assets held for sale	2,257	570
Loan portfolios		
Securities and derivatives portfolios		2
Investment property		
Owner-occupied property		46
Assets of discontinued operations	5	1
Assets of discontinued operations	5	49
Total non-current assets held for sale	2,262	619
Liabilities		
Liabilities related to non-current assets held for sale	1,665	200
Liabilities related to non-current assets held for sale	1,665	200
Due to credit institutions and customers	14	26
Derivative instruments		
Debt securities		
Subordinated debt		
Other liabilities ⁽²⁾	7	2
Liabilities related to assets of discontinued operations	21	28
Total non-current liabilities related to assets classified as held for sale	1,686	228

(1) Investment property held for sale is accounted for using the cost model. The properties' aggregate estimated fair value was €145 million at 31 December 2010 and €1,500 million at 31 December 2009.

(2) The sharp increase in assets held for sale and related liabilities in 2010 mainly concerns Transdev group. On 5 May 2010, Caisse des Dépôts and Veolia Environnement announced agreement in principle on the merger between Transdev and Veolia Transport.

Note 20 - Investments in associates

20.1 - Statement of financial position

	31.12.2010		31.12.2009	
	Carrying amount	o/w goodwill	Carrying amount	o/w goodwill
(in millions of euros)				
Caisse des Dépôts Division	121	63	122	63
LOGISTIS	36		38	
AEW EUROPE	85	63	84	63
Banking & Insurance Division	1,526	128	2,039	477
DEXIA	1,526	128	2,039	477
Corporate Finance Division	2,768	800	3,009	788
SA OSÉO	544		610	
EIFFAGE	675	101	803	101
SOPROL	280	26	318	53
EUTELSAT COMMUNICATIONS	984	592	947	592
SÉCHÉ ENVIRONNEMENT	113	39	72	
HIME	46		77	
TYROL ACQUISITION 1 & CIE SCA	57		114	
DAHER SA	69	42	68	42
Real Estate & Tourism Division	118	20	135	20
ICADE GROUP	4		6	
COMPAGNIE DES ALPES GROUP	58	20	58	20
SANTOLINE GROUP	56		71	
Infrastructure, Transport & Environment Division	590		595	18
VERDUN PARTICIPATIONS 1	93		98	
COMPAGNIE NATIONALE DU RHÔNE	490		460	
EGIS GROUP	7		32	18
TRANSDEV GROUP			5	
Investments in associates	5,123	1,011	5,900	1,366

20.2 - Income statement

	31.12.2010		31.12.2009	
	Share of profit (loss) of associates	o/w adjustments to the value of goodwill	Share of profit (loss) of associates	o/w adjustments to the value of goodwill
(in millions of euros)				
Caisse des Dépôts Division	46	39	7	
LOGISTIS	2		2	
AEW EUROPE	5		5	
SÉCHÉ ENVIRONNEMENT ⁽¹⁾	39	39		
Banking & Insurance Division	(60)	(349)	270	
DEXIA	(60)	(349)	257	
CNP ASSURANCES GROUP			13	
Corporate Finance Division	57	(27)	158	52
SA OSÉO	21		14	
EIFFAGE	67		108	52
SOPROL	(50)	(27)	17	
EUTELSAT COMMUNICATIONS	82		67	
SÉCHÉ ENVIRONNEMENT	6		5	
HIME	(21)		(25)	
TYROL ACQUISITION 1 & CIE SCA	(48)		(27)	
DAHER SA			(1)	
Real Estate & Tourism Division	12		16	(1)
ICADE GROUP	3		5	
COMPAGNIE DES ALPES GROUP	3		1	(1)
SANTOLINE GROUP	6		10	
Infrastructure, Transport & Environment Division	85		227	
VERDUN PARTICIPATIONS 1	(2)		(2)	
COMPAGNIE NATIONALE DU RHÔNE	80		224	
EGIS GROUP	7		5	
Share of profit (loss) of associates	140	(337)	678	51

(1) Adjustment recognised prior to its contribution to the SIF in 2009.

Note 21 - Investment property, owner-occupied property and equipment and intangible assets

21.1 - Gross value

(in millions of euros)	31.12.2009	Additions	Disposals	Other movements	31.12.2010
Land	2,468	83	(70)	627	3,108
Buildings	6,449	130	(384)	1,628	7,823
Technical installations and fixtures	225		(29)	22	218
Woodland and land banks	200				200
Prepayments	30	(10)		(10)	10
Government grants	(267)	(30)		18	(279)
Assets under construction	903	929	(87)	(570)	1,175
Intangible assets related to investment property	10				10
Other	1				1
Investment property	10,019	1,102	(570)	1,715	12,266
Land	233	4		(29)	208
Buildings	954	14	(11)	(120)	837
Technical installations and fixtures	1,491	29	(19)	73	1,574
Prepayments	3		(2)		1
Government grants	(64)			64	
Assets under construction	95	111		(101)	105
Other	2,178	42	(22)	(1,719)	479
Owner-occupied property and equipment	4,890	200	(54)	(1,832)	3,204
Software	687	12	(10)	46	735
Concessions, licences and patents	173	66	(1)	(15)	223
Intangible assets in progress	66	76	(1)	(61)	80
Other intangible assets	591	2	(1)	(18)	574
In-force life insurance business	143			47	190
Intangible assets	1,660	156	(13)	(1)	1,802

21.2 - Depreciation, amortisation and impairment

(in millions of euros)	31.12.2009	Increases	Decreases	Other movements	31.12.2010
Land	(90)	(6)	9	(6)	(93)
Buildings	(1,622)	(274)	125	(28)	(1,799)
Technical installations and fixtures	(164)	(11)	17	(8)	(166)
Woodland and land banks	(41)	(3)	1		(43)
Government grants	96		4	(12)	88
Intangible assets related to investment property	(9)				(9)
Other	(125)	(21)	18		(128)
Investment property	(1,955)	(315)	174	(54)	(2,150)
Land					
Buildings	(361)	(28)	8	42	(339)
Technical installations and fixtures	(807)	(91)	15	(28)	(911)
Other	(1,271)	(36)	18	945	(344)
Owner-occupied property and equipment	(2,439)	(155)	41	959	(1,594)
Software	(588)	(78)	8	13	(645)
Concessions, licences and patents	(71)	(4)		22	(53)
Intangible assets in progress					
Other intangible assets	(105)	(40)	1	9	(135)
In-force life insurance business	(116)	(20)		(3)	(139)
Intangible assets	(880)	(142)	9	41	(972)

(in millions of euros)	Carrying amount 31.12.2009	Carrying amount 31.12.2010
Investment property^(*)	8,064	10,116
Owner-occupied property and equipment	2,451	1,610
Intangible assets	780	830
Total	11,295	12,556

(*) The estimated market value of investment property excluding held for sale and measured at amortised cost is €15,016 million at 31 December 2010, versus €12,710 million at 31 December 2009.

Note 22 - Goodwill

22.1 - Change in value of goodwill

	31.12.2009	Increases (acquisitions)	Decreases (disposals)	Impairment losses for the period	Other movements	31.12.2010
<i>(in millions of euros)</i>						
Banking & Insurance Division						
CNP ASSURANCES GROUP	505				(37)	468
Real Estate & Tourism Division						
ICADE GROUP	77		(2)			75
COMPAGNIE DES ALPES GROUP	294	4		(3)	(4)	291
Infrastructure, Transport & Environment Division						
EGIS GROUP	13	49		(2)		60
TRANSDEV GROUP ^(*)	383				(383)	
Total goodwill	1,272	53	(2)	(5)	(424)	894

(*) Reclassification of Transdev assets to assets held for sale.

22.2 - Goodwill by company

(in millions of euros)	31.12.2010	31.12.2009
Banking & Insurance Division		
CNP ASSURANCES GROUP		
CNP ASSURANCES	208	208
CNP UNICREDIT VITA	99	105
CAIXA SEGUROS	98	86
BARCLAYS VIDA Y PENSIONES	24	66
OTHER	39	40
Real Estate & Tourism Division		
ICADE GROUP		
Property investment companies	6	8
Property development companies	39	39
Property services companies	30	30
COMPAGNIE DES ALPES GROUP		
STVI	96	96
BELPARK BV	60	60
WALIBI WORLD BV	33	33
DOLFINARIUM	18	18
GREVIN & CIE SA	14	14
MERIBEL ALPINA	12	12
AVENIR LAND SAS	12	12
STGM	11	11
OTHER	35	38
Infrastructure, Transport & Environment Division		
EGIS GROUP		
EGIS SA	3	3
IOSIS	43	
GUIGUES PROJEKT	4	
ATELIER DU PAYSAGE	4	4
EGIS AVIA	2	2
BIPROGEO-PROJEKT	2	3
OTHER	2	1
TRANSDEV GROUP^(*)		
		383
Total goodwill	894	1,272

(*) Reclassification of Transdev assets to assets held for sale.

Note 23 - Amounts due to credit institutions

(in millions of euros)	31.12.2010	31.12.2009
Ordinary accounts in credit and overnight borrowings	829	4,646
Demand deposits from savings funds	513	455
Securities and other assets sold under collateralised fixed repurchase agreements		
Accrued interest	2	2
Amounts due to credit institutions repayable on demand	1,344	5,103
Accounts and borrowings with fixed maturities	7,253	9,694
Securities and other assets sold under collateralised fixed repurchase agreements	8,936	9,675
Accrued interest	65	87
Amounts due to credit institutions with fixed maturities	16,254	19,456
Total amounts due to credit institutions	17,598	24,559

Note 24 - Amounts due to customers

(in millions of euros)	31.12.2010	31.12.2009
Ordinary accounts in credit	43,029	34,108
Accrued interest		
Ordinary accounts in credit	43,029	34,108
Borrowings from customer financial institutions	31	
Escrow accounts	3,685	3,572
Time deposits	2,841	3,526
Securities and other assets sold under collateralised fixed repurchase agreements		650
Other amounts due to customers with fixed maturities	4	4
Accrued interest	537	525
Other amounts due to customers	7,098	8,277
Insurance payables	514	674
Other payables arising from insurance operations	267	257
Insurance and reinsurance payables	781	931
Total amounts due to customers	50,908	43,316

Note 25 - Debt securities

(in millions of euros)	31.12.2010	31.12.2009
Medium-term notes and other negotiable debt securities	24,928	23,340
Accrued interest	59	7
Interbank and negotiable debt securities	24,987	23,347
Bonds and similar debt securities	1,582	1,391
Accrued interest		
Bonds and similar debt securities	1,582	1,391
Total debt securities	26,569	24,738

Note 26 - Accruals, deferred income and other liabilities

(in millions of euros)	31.12.2010	31.12.2009
Deferred income	337	319
Accrued expenses	29	27
Other accruals	1,813	1,549
Accruals and deferred income	2,179	1,895
Miscellaneous payables	927	1,001
Guarantee deposits	91	90
Accounts payable	775	940
Other	3,622	3,612
Other liabilities	5,415	5,643
Total accruals, deferred income and other liabilities	7,594	7,538

Note 27 - Insurance company technical reserves

(in millions of euros)	31.12.2010	31.12.2009
Insurance liabilities:		
Unit-linked liabilities	11,627	10,891
Other insurance liabilities (excluding unit-linked)	37,852	32,092
Total insurance liabilities	49,479	42,983
Financial liabilities – financial instruments with discretionary participation feature (excluding unit-linked)	60,398	59,149
Financial liabilities – financial instruments without discretionary participation feature (excluding unit-linked)	396	316
Financial liabilities – unit-linked financial instruments	3,400	3,795
Total financial liabilities	64,194	63,260
Deferred participation reserve	2,075	2,766
Derivative financial instruments separated from the host contract		
Total other technical reserves	2,075	2,766
Total insurance company technical reserves	115,748	109,009

Note 28 - Provisions

(in millions of euros)	31.12.2009	Increases	Reversals (utilisations)	Reversals (surplus provisions)	Other move- ments	31.12.2010
Provisions for employee benefit obligations	389	35	(24)	(26)	(66)	308
Provisions for real estate risks	19	5	(4)	(1)	(1)	18
Provisions for counterparty risks	103	10	(5)	(9)	(45)	54
Other provisions	446	170	(133)	(83)	8	408
Total provisions	957	220	(166)	(119)	(104)	788

Note 29 - Subordinated debt

(in millions of euros)	31.12.2010	31.12.2009
Mutual guarantee deposits		
Dated subordinated notes	809	508
Undated subordinated notes	92	92
Total subordinated debt	901	600

■ Breakdown of subordinated debt

(in millions of euros)	Issue date	Maturity	Interest rate	31.12.2010	Fair value
Dated subordinated notes				809	792
CNP Assurances group					
	Apr-01			60	60
	May-01			20	20
	Jul-01	Between 11 April 2011 and 2021	5.75% until 2011 and Euribor +1.57% from 11 July 2011	20	20
	Dec-01			60	60
	Feb-02			40	40
	Apr-02			101	100
	Apr-03	Between 16 May 2013 and 2023	5.25% until 2013 and Euribor +2% from 11 July 2013	121	121
	Jun-03	Between 24 June 2013 and 2023	4.7825% until 2013 and Euribor +2% from 24 June 2013	80	80
	Jun-09	Between 23 June 2010 and 2014	6-month Euribor +3.25%	6	6
	Sep-10	From 14 September 2020 ⁽¹⁾	6% (real/real) until 2020, then 3-month Euribor (real/360) + 447.2 bps	301	285
Undated subordinated notes				92	77
CNP Assurances group	Oct-03	Perpetual	6-month Euribor +1.5%	18	17
	Nov-04	Perpetual	4.93% until 2016 and Euribor +1.60% from 15 November 2016	36	30
	Nov-04	Perpetual	3-month Euribor +0.70% until 2016	38	30
Total subordinated debt				901	869

(1) The subordinated notes issued in September 2010 are due 14 September 2040, with an initial early redemption option at par on 14 September 2020.

Note 30 - Commitments given and received

30.1 - Commitments given and received

(in millions of euros)	31.12.2010	31.12.2009
Commitments given	39,307	47,218
Financing commitments		
To credit institutions	34	26
To customers	6,451	24,464
Guarantee commitments		
To credit institutions	242	243
To customers	1,835	1,746
Securities-related commitments		
Securities to be delivered	241	187
Commitment to subscribe to venture capital funds	534	474
Other commitments given		
To credit institutions	23,403	16,445
To customers ⁽¹⁾	6,567	3,633
Commitments received	28,048	5,563
Financing commitments		
From credit institutions	18,120	5
From customers		
Guarantee commitments		
From credit institutions	39	22
From customers	2,994	2,749
Securities-related commitments		
Securities to be received ⁽¹⁾	3,677	541
Other commitments received		
From credit institutions	2,646	1,594
From customers	572	652
Other commitments received		

(1) Including €1.5 billion concerning Caisse des Dépôts' commitment to subscribe to the increase in the share capital of La Poste.

30.2 - Other commitments

Guarantee given by Caisse des Dépôts to Natixis

Under an agreement approved on 1 December 2000, Caisse des Dépôts provided CDC Ixis - which was merged into Natixis in 2007 - with a joint and several guarantee. This guarantee applies to certain financial instruments used by Natixis for refinancing purposes (issuance transactions other than subordinated debt issues, interbank and treasury transactions) and to signature commitments. According to the terms of the agreement, Natixis may in turn grant its guarantee to some of its subsidiaries under specific conditions.

The European Commission reviewed the terms of this agreement and the related fee arrangements in May 2003. Pursuant to the favourable decision handed down by the Commission, from 23 January 2007 the guarantee was not extended to any new transactions.

Since 1 April 2003, new balance sheet transactions maturing after 23 January 2017 may no longer be guaranteed, and since 23 January 2004, this restriction has also applied to new off-balance sheet transactions maturing after 23 January 2017.

Under the terms of the Restructuring Agreement signed when CDC Ixis was sold to the Caisse d'Épargne group, since 30 June 2004 (the sale date) CNCE has counter-guaranteed Caisse des Dépôts' commitment to CDC Ixis in exchange for 50% of Caisse des Dépôts' fee from CDC Ixis. At 31 December 2010, this commitment is carried in the books of BPCE. Caisse des Dépôts pays over 50% of its fee from CDC Ixis to BPCE.

The initial guarantee provided by Caisse des Dépôts prompted an upgrade in CDC Ixis' credit rating, thereby laying the foundation for a transitional plan, approved by the European Commission's Competition Directorate. The purpose of the two commitments (given and received) was to support the withdrawal of CDC Ixis (now Natixis) from the activities managed directly by Caisse des Dépôts.

Under generally accepted accounting principles, the two commitments would normally have been disclosed as off-balance sheet commitments. However, this accounting treatment was not applied as it would not reflect the substance of this exceptional, complex operation to support the divestment of a former subsidiary and the phased extinguishment of Caisse des Dépôts' obligations.

The annual fee for the guarantee is the higher of:

- a) an amount based on the consolidated ratio of capital at risk to Tier 1 capital, as defined for capital adequacy purposes;
- b) a percentage of the proceeds from financial instruments issued by Natixis corresponding to the difference, on the issue date, between (i) the interest rate on financial instruments with the same maturity issued by financial institutions with the same inherent credit rating as Natixis (before taking into account the guarantee) and (ii) the interest rate on financial instruments with the same maturity issued by financial institutions with the same enhanced credit rating as Natixis (after taking into account the guarantee);
- c) a minimum amount (€8 million) weighted on the basis of the nominal amount of off-balance sheet commitments of Natixis (and subsidiaries, where applicable) guaranteed by Caisse des Dépôts, and the total nominal amount of off-balance sheet commitments consolidated by Natixis.

On this basis, the fee due by Natixis to Caisse des Dépôts for 2010 amounted to €6.2 million, of which BPCE's share was €3.1 million.

Note 31 - Fair value of financial assets and liabilities measured at amortised cost

	Carrying amount	Estimated market value
(in millions of euros)	31.12.2010	31.12.2010
Assets		
Loans and receivables due from credit institutions	4,670	4,670
Loans and receivables due from customers	31,060	31,060
Held-to-maturity investments	20,171	20,629
Total financial assets measured at amortised cost	55,901	56,359
Liabilities		
Due to credit institutions	17,598	17,598
Due to customers	50,908	50,912
Debt securities	26,569	26,569
Subordinated debt	901	869
Total financial liabilities measured at amortised cost	95,976	95,948

	Carrying amount	Estimated market value
(in millions of euros)	31.12.2009	31.12.2009
Assets		
Loans and receivables due from credit institutions	12,578	12,578
Loans and receivables due from customers	24,636	24,636
Held-to-maturity investments	18,009	18,855
Total financial assets measured at amortised cost	55,223	56,069
Liabilities		
Due to credit institutions	24,559	24,601
Due to customers	43,316	43,316
Debt securities	24,738	24,738
Subordinated debt	600	556
Total financial liabilities measured at amortised cost	93,213	93,211

Note 32 - Fair value hierarchy

	Quoted on an active market	Measured using observable inputs	Measured using unobservable inputs	Total 31.12.2010
(in millions of euros)				
Assets				
Financial assets at fair value through profit or loss - Trading	21,821	8,389	1,458	31,668
Financial assets at fair value through profit or loss - FV option	1,332			1,332
Hedging instruments with a positive fair value		309		309
Available-for-sale financial assets	124,380	25,765	699	150,844
Total financial assets based on the fair value hierarchy	147,533	34,463	2,157	184,153
Liabilities				
Financial liabilities at fair value through profit or loss - Trading		1,492		1,492
Financial liabilities at fair value through profit or loss - FV option	3,597	1,071		4,668
Hedging instruments with a negative fair value	3	1,044		1,047
Total financial liabilities based on the fair value hierarchy	3,600	3,607		7,207

	Quoted on an active market	Measured using observable inputs	Measured using unobservable inputs	Total 31.12.2009
(in millions of euros)				
Assets				
Financial assets at fair value through profit or loss - trading	22,928	7,945	12	30,885
Financial assets at fair value through profit or loss - FV option	766			766
Hedging instruments with a positive fair value	56	126	1	183
Available-for-sale financial assets	129,968	11,014	395	141,377
Total financial assets based on the fair value hierarchy	153,718	19,085	408	173,211
Liabilities				
Financial liabilities at fair value through profit or loss - Trading	161	794		955
Financial liabilities at fair value through profit or loss - FV option	3,972			3,972
Hedging instruments with a negative fair value	576	161	14	751
Total financial liabilities based on the fair value hierarchy	4,709	955	14	5,678

The vast majority of the Group's financial instruments are measured using prices "quoted on an active market" (Level 1 of the hierarchy).

These include:

- equities, measured on the basis of quoted prices on their reference market;
- bonds, EMTNs, BMTNs: for each instrument, the value is determined based on the most recent of the quoted prices available - on the stock exchange, from brokers, trading rooms or trading platforms;
- units in mutual funds and other funds, measured at net asset value;
- BTAN treasury notes, at the prices quoted under the Banque de France's centralised quotation system;
- derivative instruments traded on an organised market.

Financial instruments "Measured using observable inputs" (Level 2 of the hierarchy) concern: (i) instruments that are measured using the prices of similar-type instruments quoted on an active market; (ii) identical or similar-type instruments quoted on a non-active market on which regular, observable transactions take place; or (iii) financial instruments measured using inputs other than quoted prices that are observable.

They include:

- structured products valued by the Group, arrangers or external valuers;
- investments in unlisted securities;
- OTC derivative contracts;
- money market securities other than BTANs measured based on the zero coupon price curve plus a spread.

Financial instruments "Measured using unobservable inputs" (Level 3 of the hierarchy) concern financial instruments measured using inputs not based on observable market data. These are defined as inputs based neither on observable market transactions involving the same instrument at the measurement date, nor on observable market data available at the same date. Very few financial instruments used by the Group fall into this category and it mainly includes asset-backed securities.

5. Employee benefits

Note 33 - Employee benefits expense

(in millions of euros)	31.12.2010	31.12.2009
Payroll costs	(2,886)	(2,867)
Post-employment benefit plan costs	(8)	(10)
Cost of other long-term benefits	11	(9)
Discretionary and non-discretionary profit-sharing	(97)	(60)
Total employee benefits expense	(2,980)	(2,946)

Note 34 - Average number of employees

	31.12.2010	31.12.2009
France	29,203	31,741
International	25,058	22,700
Average number of employees^(*)	54,261	54,441

(*) Of which, Transdev group: 30,463 (France: 9,702; International: 20,761).

Note 35 - Employee benefit obligations

35.1 - Change in actuarial liability

(in millions of euros)	31.12.2010	31.12.2009
Opening actuarial liability	380	355
Current service cost	20	27
Interest cost	8	9
Benefits paid	(18)	(29)
Plan amendments/curtailments	(21)	(6)
Actuarial gains and losses for the period	17	10
Translation adjustment		2
Effect of changes in scope of consolidation	(82)	12
Closing actuarial liability	304	380

35.2 - Employee benefit plan expense recognised in the income statement

(in millions of euros)	31.12.2010	31.12.2009
Current service cost	(20)	(27)
Interest cost	(8)	(9)
Expected return on plan assets for the period		
Amortisation of past service cost	22	29
Amortisation of actuarial gains and losses		
Losses on curtailments and settlements	21	6
Total net expense recognised in the income statement	15	(1)

6. Related-party transactions

Related parties include consolidated companies, savings funds and pension funds managed by Caisse des Dépôts and post-employment benefit plan managers.

1 - Relations between consolidated companies

Transactions and balances between fully consolidated companies are eliminated in consolidation. The following information therefore only concerns intra-group transactions with jointly-controlled companies for the portion not eliminated in consolidation, and associates (accounted for by the equity method).

	31.12.2010		31.12.2009	
	Jointly-controlled companies	Associates	Jointly-controlled companies	Associates
(in millions of euros)				
Loans		1,075		75
Other financial assets		815		953
Other assets	36		16	
Total related-party assets	36	1,890	16	1,028
Borrowings		420		487
Other financial liabilities				
Other liabilities	2		4	1
Total related-party liabilities	2	420	4	488
Commitments given	550	32	507	24
Commitments received	7		8	
Total related-party commitments	557	32	515	24
Interest income, net	1	39		41
Fee and commission income, net				
Income from financial transactions				
Net income (loss) from other activities				(9)
General operating expenses, net of rebillings	44		44	
Gross operating profit from related-party transactions	45	39	44	32

2 - Related parties not controlled by the Group

a) Savings funds

(in millions of euros)	31.12.2010	31.12.2009
Loans		
Other financial assets	25	25
Other assets	35	24
Total assets	60	49
Borrowings	513	454
Other financial liabilities	3	4
Other liabilities	221	273
Total liabilities	737	731
Commitments given		
Commitments received		
Total commitments		
Interest income, net	(1)	(3)
Fee and commission income, net		
Net income from financial transactions	7	4
Net income (loss) from other activities	(34)	6
General operating expenses, net of rebillings	104	93
Gross operating profit	76	100

b) Pension funds

(in millions of euros)	31.12.2010	31.12.2009
Loans		152
Other financial assets		
Other assets	48	81
Total assets	48	233
Borrowings	3,319	2,416
Other financial liabilities		
Other liabilities	27	22
Total liabilities	3,346	2,438
Commitments given	31	21
Commitments received		
Total commitments	31	21
Interest income, net	(10)	(15)
Fee and commission income, net		
Net income from financial transactions		
Net income from other activities	1	1
General operating expenses, net of rebillings	271	272
Gross operating profit	262	258

3 - Post-employment benefit plan managers

Caisse des Dépôts Group has entered into several agreements with group pension fund managers.

Assets and liabilities from transactions with post-employment benefit plan managers were not material at 31 December 2010 or 31 December 2009.

7. Financial instrument risk management system

I - FINANCIAL INSTRUMENT RISK MANAGEMENT SYSTEM

1 - Risk control organisation

a) Role of the Risk Management and Internal Control department (DRCI)

Controlling financial and operational risks is a key aspect of any system of internal control. Within Caisse des Dépôts Group, the internal control process is driven, coordinated and monitored by the head of the Risk Management and Internal Control department, who is a member of the Group Management Committee.

The system comprises both periodic controls performed by the internal auditors reporting to the Chairman and Chief Executive Officer of the Group, and recurring controls that are the responsibility of DRCI.

DRCI is also responsible for ethical compliance and anti-money laundering measures across the entire Group.

b) Positioning

The organisation of internal control is based on the principle of segregating responsibility for execution from responsibility for control, and on a multi-tier system. The first tier consists of controls performed directly by line personnel. Responsibility for second-tier controls depends on the type of risk:

- second-tier controls over financial risks are performed by dedicated teams reporting directly to DRCI;
- second-tier controls over operational risks are also performed by dedicated teams that are independent from the line units.

The teams report to the highest level of management within the business line concerned and have a dotted-line reporting relationship with DRCI. In keeping with this organisation, each unit is required to set up risk measurement, monitoring and prevention systems geared to the nature of the business and the magnitude of the risks incurred.

c) Scope

The system described above applies to Caisse des Dépôts and also to its subsidiaries, as regards operational risks and internal control. Financial risks are managed directly by the subsidiaries, which report to DRCI.

DRCI monitors the Group's compliance with its legal and regulatory obligations.

Pursuant to decree 2009-268 of 9 March 2009, implementing the August 2008 Law on Modernisation of the Economy (LME), CRBF 97-02 applies to Caisse des Dépôts as of 1 January 2010, subject to certain adaptations. Beginning from 1 January 2011, Caisse des Dépôts has to comply with a number of capital adequacy

requirements in accordance with decree 2009-268 of 9 March 2009 and decree 2010-411 of 27 April 2010.

The Supervisory Committee will entrust the French banking and insurance watchdog (*Autorité de Contrôle Prudentielle - ACP*) with compliance oversight for the application of this standard to its banking and financial activities and the resulting capital adequacy ratios will reflect the specific nature of the Group's activities.

2 - Risk control policies, objectives and procedures

The Group's strategy, formulated in the Elan 2020 strategic plan, leverages its core strengths of reliability and security.

"Caisse des Dépôts' strategy, formulated in the Elan 2020 strategic plan, leverages the core strengths represented by its unique status as a public institution supervised by the French Parliament, its stable sources of funds, its financial strength, the confidence of savers and its inherent reliability."

"Caisse des Dépôts maintains a constant commitment to controlling risks through asset allocation strategies aligned with the business model and the application of best management practices. Application of market standards (Basel II) and implementation of strict control and monitoring procedures guarantee a strong risk management culture that underpins the institution's robustness and credibility."

"Elan 2020" Strategic Plan, Investor Principles.

Risk controls are described in the internal control charter named "Internal Control Organisation Principles". This charter, which applies to the entire Group, also deals with issues relating to compliance risk management and the organisation of ethical compliance and anti-money laundering procedures. It was last updated in December 2009.

DRCI performs ex-ante controls on the business lines' commitments, as well as monitoring credit and market risks on financial portfolios.

It also performs independent back-up reviews of financial risks on a basis geared to the nature of the investment and the amount involved.

Lastly, in the area of operational risk monitoring, DRCI works with the business lines to ensure that all appropriate control measures are implemented to obtain reasonable assurance that the risks inherent in each process are properly managed. Various tools are deployed at the level of the business lines within Caisse des Dépôts, including:

- the event database, detailing risk events and the corresponding action plans;
- operational risk maps;
- warning flags;
- the compliance enforcement plan, which takes the form of a contract between DRCI and the business lines and subsidiaries

specifying various levels of controls, the methods to be used to perform those controls, and monitoring arrangements;
- the business continuity plan.

In 2010, the Group acquired integrated software to manage all of these different applications.

DRCI reviews the internal control and operational risk management procedures of all business lines within Caisse des Dépôts at half-yearly intervals.

3 - Ex-ante reviews of commitments

The business lines are assigned annual operating targets that are determined jointly with the Strategic Management, Sustainable Development and Surveys department and validated by the Chairman and Chief Executive Officer.

DRCI intervenes in the pre-commitment phase, as a member of:
- the Group Commitments Committee chaired by the Chairman and Chief Executive Officer, which examines all commitments above a certain amount;
- the department-level Commitments Committees – representing the ultimate decision-making body within the department concerned – and the Real Estate Investment Committee;
- the Asset/Liability Committee, which meets monthly, and the Asset/Liability Monitoring and Portfolio Management Committee, which meets at quarterly intervals to present management strategies to the Chairman and Chief Executive Officer.

4 - Credit and market risk monitoring

The Counterparty Risk Committee (CRC) meets every month to review the updated counterparty risk assessments prepared by DRCI for the bond and money market portfolios and related derivatives portfolios. These assessments cover:
- the breakdown by credit rating, geographical area and issuer category;
- the level of risk concentration;
- changes in counterparty ratings since the last report.

The management reporting schedules prepared by the lender business lines include information to monitor their credit risks.

Market and liquidity risks are monitored during monthly presentations to the Asset/Liability Committee on the management of these risks and of financial (market and ALM) risks.

The monthly management reports submitted to the Chairman and Chief Executive Officer and the Management Committee include input from DRCI on financial risks.

DRCI also prepares half-yearly risk reports for the Supervisory Committee. These reports, which are reviewed at meetings of the Financial Statement and Risk Review Committee, include detailed information about credit risks, market risks and concentration risks.

II - IDENTIFYING RISKS

1 - Definitions

a) Credit and counterparty risk

Credit risk is the current or prospective risk of a loss on a receivable, due to a deterioration in the borrower's credit standing that may result in an inability to meet payments when they fall due.

b) Concentration risk

Concentration risk is the risk that results from a large exposure to a given counterparty, or from a high probability that certain groups of counterparties will default.

c) Liquidity risk

Liquidity risk is the risk that the entity will be unable to meet the commitments associated with its financial liabilities when they fall due, or to access the funds needed on the market.

d) Market risk

Market risk is the risk of losses on balance sheet or off-balance sheet items resulting from an unfavourable change in market factors such as interest rates, equities, credit spreads, exchange rates or volatility, or from price fluctuations in general.

e) Currency risk

Currency risk is the risk that changes in exchange rates will affect the entity's profitability.

f) Interest rate risk

Interest rate risk is the impact on an entity's annual earnings and net assets of an adverse change in interest rates.

g) Insurance risk

Insurance risk is the risk arising on the application of a variety of insurance policies written by the CNP Assurances group. A detailed description of these risks is provided in section II.3.e "Risk measurement methods - Insurance risk".

h) Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes or from external events which may be caused naturally, intentionally or accidentally.

Internal processes mainly involve people and systems. External events include floods, fire, earthquakes and terrorist attacks.

i) Compliance risk

Compliance risk arises from a failure to respect laws and regulations applicable to banking and financial activities, professional and ethical standards, or management instructions given in line with decisions taken by the governing body. Compliance risk exposes the entity to legal, administrative or disciplinary sanctions, as well as to significant losses.

2 - Risk acceptance process

a) Decision-making process

Investments (other than capital markets transactions) are reviewed during meetings of the Commitments Committee. The committee is chaired by the Group's Chairman and Chief Executive Officer when investments involve over €50 million, and by the Deputy Chief Executive Officer when they concern amounts between €10 million and €50 million.

a.1) Commitments other than as an institutional investor

The business lines are responsible for their commitments, which must comply with the annual objectives approved by the Chairman and Chief Executive Officer.

Commitments (other than capital markets transactions) are decided by committees at different levels within the business lines. DRCI participates in all meetings of Commitments Committees representing the ultimate decision-making body within a department, expressing an opinion on the project before the final decision is made and requesting additional information about the related risk when appropriate. It checks that the project is in line with the Group's strategy, that risks have been properly identified and – if necessary – hedged, and that the expected return on investment is reasonable for the class of assets concerned. If DRCI opposes a project, it may be overruled only by the business line's executive management and, in this case, the Group Management Committee must be informed.

a.2) Commitments as an institutional investor

Portfolios of financial assets are managed within the framework of authorised investment criteria and defined management processes. To efficiently manage this type of portfolio, it is important to be able to respond quickly to changing market conditions. For this reason, the commitment process for these portfolios is different to that for other activities.

For these portfolio transactions, DRCI's independent risk review is organised around its participation in monthly meetings of the Asset/Liability Committee and quarterly meetings of the Portfolio Review Committee, chaired by the Chairman and Chief Executive Officer, during which management strategies for the coming period are discussed.

The Portfolio Review Committee reviews management activities for the previous quarter. At the end of each year, it determines the management strategy for the coming year, based on an assessment of balance sheet financial risks and objectives over the medium term (typically five years). These exercises are based on detailed analyses of forecast asset/liability ratios performed by a dedicated team. The broad asset allocation strategies are then rolled down to each individual asset class.

Real estate and private equity investments are examined by specific Investment Committees.

b) Oversight procedure

Concerning credit risks on financial portfolios, the Counterparty Risk Committee referred to above meets every month to set exposure limits by counterparty, based on DRCI's recommendations, and to review compliance with these limits during the previous month. The exposure limits recommended by DRCI are determined using methods that aim to diversify risks within each portfolio. DRCI also performs daily checks to ensure that the limits are complied with. Specific market risk exposure limits are set for each portfolio.

The monthly reporting schedules submitted to the Financial Management Committees include risk measurements for each of these limits.

c) Risk mitigation procedure

For fixed income portfolios, issuer, issue or transaction guarantees are taken into account by the information systems in calculating credit risk exposures at the level of the guarantors.

Caisse des Dépôts is exposed to counterparty risk on its capital markets transactions which it manages through standard contractual arrangements requiring counterparties to put up collateral or to offset trades.

Offsetting is used to mitigate counterparty risk on derivative instruments.

Caisse des Dépôts mainly uses the technique of close-out netting which works as follows: in the event of counterparty default, all positions are unwound at their current market value and aggregated to a net amount payable or receivable with the counterparty.

This close-out netting balance may be secured by collateral in the form of pledges on liquidities, securities or cash deposits. All such transactions are executed in accordance with bilateral master agreements that comply with the general provisions of French or international master agreements.

The main bilateral agreement models used are those of the Fédération Bancaire Française (FBF) and the Master agreement of the International Swaps and Derivatives Association ("ISDA") for international agreements.

The Group does not use securitisation techniques to attenuate its risk exposures.

d) Impairment procedure

d.1) Business line and central Impairment Committees

A procedure exists within Caisse des Dépôts for recording or reversing impairment losses.

According to this procedure, impairment decisions are made by Impairment Committees set up at the level of the business lines, or by a central Impairment Committee, depending on the amounts involved in each transaction.

In addition to provisions for impairment of assets (such as non-performing loans and fixed assets), these committees also review untaxed provisions and provisions for contingencies and charges. Impairment losses are recorded in particular for non-performing

or irrecoverable loans and receivables. Previously handled by the Impairment Committees, the Proprietary Investment Valuation Committee is now responsible for deciding on any impairment to be recognised against equity investments, with the exception of public-interest investments which are managed by the Regional Development department (see section II d.2).

Investments subject to legal proceedings (e.g. disputes, litigation, liquidations) continue to be dealt with by the business line and central Impairment Committees.

The committees meet at quarterly intervals and decisions are made based on a file containing all information needed to understand and validate the proposed write-downs.

The business line committees are competent to decide impairment losses ranging from €50,000 to €300,000. They review commitments of between €1.5 million and €4 million related to a given third party or file.

The central committee vets impairment losses in excess of €300,000 and reviews commitments in excess of €4 million.

The Legal and Tax department and DRCl are permanent members of the central Impairment Committee.

d.2) The Proprietary Investment Valuation Committee

This committee is tasked with using available information to determine the value of proprietary investments in the financial statements of the Central Sector and the consolidated financial statements of the Group, along with any necessary impairment losses.

Chaired by the Group Finance Director, the committee meets at half-yearly intervals in the month following the end of the

reporting period as fixed in the bylaws. Its permanent members are the head of the Risk Management and Internal Control department, the head of the Legal and Tax department, the managers of the Accounts & Management Control, Investments & Subsidiaries Development and Finance departments, and the investment portfolio manager of the Central Sector.

The committee assesses proposed impairment losses based on IFRS and in line with the procedure set out in the accounting policies section.

The basis for determining impairment relating to goodwill and investments in associates is also described in the section on significant accounting policies.

3 - Risk measurement methods

Given the ongoing economic turmoil affecting the financial markets and the business environment generally, Caisse des Dépôts has stepped up its oversight of financial risks (especially market and credit risks).

The Group currently has exposure on four categories of fixed income assets and counterparties:

- sovereign issuers in the European Union. Caisse des Dépôts may also contract with issuers in the US, Canada, Switzerland and Japan. No exposure was recorded on these investments at 31 December 2010;
- financial institutions in OECD countries rated at least investment grade;
- corporate issuers in OECD countries rated investment grade;
- senior asset-backed securities, mainly exposed to risk in the European residential housing sector.

a) Credit risk

■ Maximum exposure to credit risk

Maximum exposure to credit risk corresponds to the carrying amount of loans and receivables, debt instruments and

derivative financial instruments, net of any offsets and impairment losses.

(in millions of euros)

	31.12.2010	31.12.2009
Financial assets at fair value through profit or loss (excl. variable-income securities)	27,007	26,139
Hedging instruments with a positive fair value	309	183
Available-for-sale financial assets (excl. variable-income securities)	111,613	103,968
Loans and receivables due from credit institutions	4,670	12,578
Loans and receivables due from customers	31,060	24,636
Held-to-maturity investments	20,171	18,009
On-balance sheet exposure, net of impairment losses	194,830	185,513
Financing commitments given	6,485	24,490
Commitments given in respect of securities	2,077	1,989
Other commitments given	30,504	20,078
Provisions for commitments given		
Off-balance sheet exposure, net of provisions	39,066	46,557
Total net exposure	233,896	232,070

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The Group's total net exposure corresponds mainly to the exposures of the Central Sector and CNP Assurances:

- at 31 December 2009, the Central Sector represented 50% of the total and CNP Assurances 47%.

- at 31 December 2010, the Central Sector represented 46% of the total and CNP Assurances 50%.

The net exposure of other subsidiaries is not material to the Group as a whole.

Credit risks on fixed-income portfolios are measured on the basis of the sum of commitments by consistent credit rating category.

A team of DRCL analysts assigns internal ratings to issuers (other than structured finance) on a scale that is consistent with that used by the rating agencies. The commitment towards a given issuer is measured by reference to the fair value of the underlying securities and their nature.

For derivative instruments, the commitment includes an add-on to reflect the potential future exposure.

The internal rating system for structured finance issues comprises detailed quality graduations. The Group invests only in structured products rated AAA by at least one agency.

The business lines engaged in lending activities have set up dedicated counterparty rating teams.

The securities portfolios – other than the held-to-maturity portfolio – have been measured at fair value, in accordance with IFRS. For most of these securities, fair value corresponds to their market price at 31 December.

■ Financial assets by type

	31.12.2010					
	Gross financial assets ^(*)	o/w financial assets neither past due nor impaired	o/w financial assets past due but not impaired	o/w impaired financial assets	Impairment losses on financial assets	On-balance sheet exposure, net of impairment losses
(in millions of euros)						
Debt instruments not measured at fair value through profit or loss	133,649	133,374		275	(275)	133,374
Loans and prepayments	34,492	33,776	35	681	(352)	34,140
Derivative financial instruments						2,158
Total financial assets by type	168,141	167,150	35	956	(627)	169,672
Debt instruments at fair value through profit or loss						25,158
Total financial assets						194,830

(*) No financial assets were renegotiated at the balance sheet date.

	31.12.2009					
	Gross financial assets ^(*)	o/w financial assets neither past due nor impaired	o/w financial assets past due but not impaired	o/w impaired financial assets	Impairment losses on financial assets	On-balance sheet exposure, net of impairment losses
(in millions of euros)						
Debt instruments not measured at fair value through profit or loss	123,284	122,961		323	(323)	122,961
Loans and prepayments	36,385	35,859	27	499	(155)	36,230
Derivative financial instruments						1,544
Total financial assets by type	159,669	158,820	27	822	(478)	160,735
Debt instruments at fair value through profit or loss						24,778
Total financial assets						185,513

(*) No financial assets were renegotiated at the balance sheet date.

■ Caisse des Dépôts' sovereign debt risk exposure

Sovereign debt comprises all debt securities for which the counterparty is a given country, i.e., a national government or one of its agencies.

Gross sovereign debt exposure comprises all such amounts carried on the balance sheet (marked to market and less any

impairment losses). Net exposure corresponds to gross exposure less any guarantees received.

The Group's sovereign debt exposure corresponds mainly to the exposures of the Central Sector and CNP Assurances.

■ Central Sector sovereign debt exposure

(in millions of euros)	31.12.2010	
	Gross exposure	Net exposure
France	5,492	5,492
Spain	5,363	5,363
Germany	2,901	2,901
Italy	2,067	2,067
Austria	1,006	1,006
Ireland	710	710
Belgium	326	326
Finland	265	265
Greece	206	206
Canada	174	174
Netherlands	119	119
Iceland	10	10
Total Central Sector sovereign debt exposure	18,639	18,639

■ CNP Assurances sovereign debt exposure

(in millions of euros)	31.12.2010	
	Gross exposure	Net exposure
France	14,769	963
Italy	6,104	448
Belgium	3,906	235
Spain	3,880	307
Austria	3,341	182
Brazil	3,153	1,580
Portugal	1,584	120
Netherlands	1,518	85
Ireland	1,406	80
Germany	1,229	71
Greece	793	51
Finland	682	43
Poland	108	11
Luxembourg	104	19
Sweden	89	4
Denmark	88	4
Slovenia	62	3
United Kingdom	54	7
Canada	42	4
Cyprus	13	12
Other	64	4
Total sovereign debt exposure of CNP Assurances group	42,989	4,231

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The data in the previous table correspond to the Group's 40.17% interest in CNP Assurance. The calculation of net exposure includes the impact of deferred taxation and of deferred participation in application of shadow accounting principles.

In the absence of any default incident, no impairment losses have been recognised on these sovereign debt securities, most of which are classified in available-for-sale financial assets.

b) Concentration risk

Concentration risk is measured as described below:

> For fixed income portfolios, based on the sum of commitments:

- by geographic area;
- by industry;

- by credit rating category;
- for the 50 largest exposures.

> For equity portfolios:

- industry concentration: based on the portfolio's Value-at-Risk by industry;
- individual concentration: based on the Gini and Herfindahl indices.

> For aggregate commitments:

- based on the sum of the Group's largest exposures – according to the Basel II definition of credit risk – and the Herfindahl index calculated on these exposures.

■ Performing debt instruments (not measured at fair value through profit or loss) and derivative financial instruments by rating

(in millions of euros)	31.12.2010	31.12.2009
AAA	49,393	46,700
AA	35,304	31,688
A	35,788	32,660
BBB	5,574	4,274
BB	1,488	613
B	111	87
Not rated	7,874	8,483
Total	135,532	124,505

■ Performing debt instruments (not measured at fair value through profit or loss), loans and advances by counterparty category and geographic area

(in millions of euros)	31.12.2010	31.12.2009
Central government agencies	60,793	44,599
Credit institutions	22,169	31,477
Institutions other than credit institutions	70,856	67,787
Large corporations	11,931	13,483
Retail banking customers	1,377	1,312
Other	24	162
Total by counterparty category	167,150	158,820
France	80,669	77,289
Other European countries	72,107	68,974
North America	5,336	5,561
Central and South America	801	900
Africa and the Middle East	19	4
Asia-Pacific	222	1,044
Other	7,996	5,048
Total by geographic area	167,150	158,820

c) Liquidity risk

■ Financial assets by maturity

31.12.2010

	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	No fixed maturity	Total financial assets
(in millions of euros)							
Cash and amounts due from central banks	6						6
Financial assets at fair value through profit or loss	199	868	499	1,646	3,430	26,359	33,001
Hedging instruments with a positive fair value			1	26	71	211	309
Available-for-sale financial assets	15,274	2,519	14,463	34,487	63,153	20,947	150,843
Loans and receivables	6,152	5,233	21,348	865	2,069	63	35,730
Cumulative fair value adjustments to portfolios hedged against interest rate risk							
Held-to-maturity investments	755	157	1,279	9,004	8,974	2	20,171
Total financial assets	22,386	8,777	37,590	46,028	77,697	47,582	240,060

31.12.2009

	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	No fixed maturity	Total financial assets
(in millions of euros)							
Cash and amounts due from central banks	17						17
Financial assets at fair value through profit or loss	622	345	1,027	1,538	2,599	25,520	31,651
Hedging instruments with a positive fair value			3		2	178	183
Available-for-sale financial assets	12,759	6,476	8,943	37,162	46,887	29,150	141,377
Loans and receivables	29,376	56	5,560	771	1,443	8	37,214
Cumulative fair value adjustments to portfolios hedged against interest rate risk							
Held-to-maturity investments	225	460	1,640	9,425	6,257	2	18,009
Total financial assets	42,999	7,337	17,173	48,896	57,188	54,858	228,451

■ Financial liabilities by maturity

31.12.2010

	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	No fixed maturity	Total financial liabilities
(in millions of euros)							
Due to central banks and post office banks							
Financial liabilities at fair value through profit or loss	94	554	228	2,461	2,824		6,161
Hedging instruments with a negative fair value	3	2	21	358	249	413	1,046
Due to credit institutions	2,197	304	9,100	3,168	2,669	160	17,598
Due to customers	43,346	477	2,166	665	16	4,238	50,908
Debt securities	6,130	10,577	4,719	2,171	2,972		26,569
Subordinated debt				6	803	92	901
Total financial liabilities	51,770	11,914	16,234	8,829	9,533	4,903	103,183

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31.12.2009							
	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	No fixed maturity	Total financial liabilities
(in millions of euros)							
Due to central banks and post office banks							
Financial liabilities at fair value through profit or loss	1		153	2,450	2,323		4,927
Hedging instruments with a negative fair value	2	7	7	247	324	164	751
Due to credit institutions	5,041	297	13,202	2,747	3,213	59	24,559
Due to customers	37,402	3	1,618	106	63	4,124	43,316
Debt securities	5,533	9,116	7,089	550	2,450		24,738
Subordinated debt				6	502	92	600
Total financial liabilities	47,979	9,423	22,069	6,106	8,875	4,439	98,891

The **Central Sector's** exposure to liquidity risk is tracked based on the asset/liability gap and changes in the gap over time as assets and liabilities fall due. Deposits are taken into account based on the same maturity assumptions as for the calculation of interest rate mismatches.

The exposure of the **CNP Assurances group** to liquidity risk is determined by analysing future cash flows from assets and projected benefit payments by maturity.

The following figures correspond to the CNP Assurances group on a 100% basis. In the consolidated financial statements, the

CNP Assurances group is proportionally consolidated by Caisse des Dépôts based on 40%.

■ Future cash flows from assets (CNP Assurances group)

31.12.2010				
	< 1 year	1-5 years	5-10 years	10-15 years
(in millions of euros)				
Available-for-sale financial assets	28,349	95,308	88,438	36,469
Financial assets at fair value through profit or loss	5,334	13,068	55,128	1,445
Held-to-maturity investments	244	789	225	118
Loans and receivables	17			

31.12.2009				
	< 1 year	1-5 years	5-10 years	10-15 years
(in millions of euros)				
Available-for-sale financial assets	20,909	76,667	78,664	44,629
Financial assets at fair value through profit or loss	3,106	13,837	5,671	1,838
Held-to-maturity investments	179	607	472	136
Loans and receivables	14			38

■ Projected benefit payments by maturity (CNP Assurances group)

31.12.2010					
	< 1 year	1-5 years	5-10 years	10-15 years	> 15 years
(in millions of euros)					
Insurance and financial liabilities (including linked liabilities)	16,920	75,251	64,481	47,053	173,963

31.12.2009					
	< 1 year	1-5 years	5-10 years	10-15 years	> 15 years
(in millions of euros)					
Insurance and financial liabilities (including linked liabilities)	16,481	70,623	61,239	45,392	158,919

d) Market risk

d.1) Market risk

The **Central Sector performs the following Value-at-Risk** calculations:

> For equity portfolios: VaR (1 year, 99%) is calculated by DRCI using the Monte Carlo method based on an annualised one-month horizon and multiplication by root (12) using Riskdata software. This indicator is reported to Caisse des Dépôts senior management;

> for the interest rate arbitrage portfolio: VaR (10 days, 99%) is calculated using Bloomberg software.

The VaR calculation uses normal (Gaussian) distribution assumptions for the underlyings. This provides an estimate of the maximum risk for the chosen holding period and confidence interval under normal market conditions, assuming the Group will continue as a going concern.

Riskdata processes approximately 20,000 “primary” risk factors – based around equities, interest rates, foreign currencies and implicit volatility – to calculate VaR.

In order to measure risk (including VaR), Riskdata uses a high dimension Monte Carlo model that analyses 1,000 different scenarios by choosing from among 20,000 risk factors in the light of historical volatilities and correlations.

If the price of an instrument does not vary in line with the primary risk factor - as is the case with options - Riskdata remeasures it under each of the 1,000 scenarios using integrated pricing formula.

Riskdata’s historical database goes back to 1 January 2000. It uses exponential weighting for events (one half-life weighting is approximately eight months) that assigns a higher weighting to more recent events.

Caisse des Dépôts’s equity portfolio risk is broken down by industry using the Industry Classification Benchmark (ICB) which makes it possible to break out marginal VaR and to analyse the contribution of each industry to overall VaR.

Since models based on a Gaussian distribution cannot properly capture extreme movements in markets, DRCI has devised other methods to calculate risk. These methods take the form of stress tests, and are based on extreme distribution patterns which give a more accurate estimate of extreme events and how often they occur.

The current model used to calculate VaR does not factor in the impact of drift (risk-free yield under a risk-neutral probability) which tends to drive down VaR. Consequently, current VaR calculations overestimate risk by approximately 0.83% on an annualised basis (i.e., the annual average risk-free yield at end-2010).

■ VaR at 31 December 2010

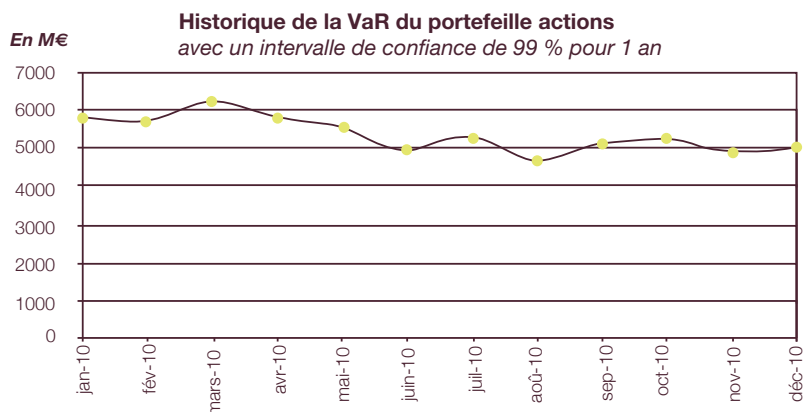
	VaR (1 year, 99%)	VaR (10 days, 99%)
Equities portfolio	4,989 M€	
Interest rate arbitrage portfolio		0.97 M€

■ VaR at 31 December 2009

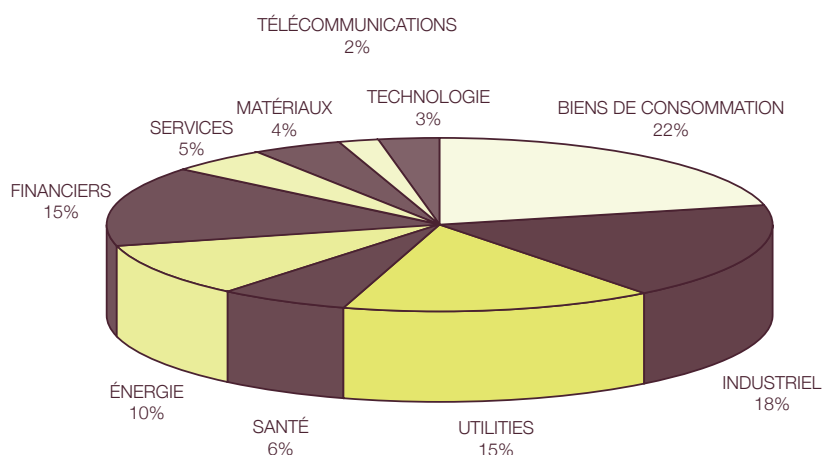
	VaR (1 year, 99%)	VaR (10 days, 99%)
Equities portfolio	5,926 M€	
Interest rate arbitrage portfolio		1.27 M€

■ Timeline of equity portfolio VaR for 2010

Backtesting of VaR revealed that VaR values did not exceed the monthly amounts recorded in 2010 (based on a one month horizon for risk and performance).



■ Breakdown of equity portfolio VaR by industry at end-2010



The **CNP Assurances group** performs sensitivity tests to assess its exposure to changes in stock market prices. CNP Assurances management uses Market Consistent European Embedded Value tests (MCEV) to measure sensitivity to market and insurance risks. The tests cover CNP Assurances SA, its main subsidiaries in France, the Brazilian subsidiary and the Italian subsidiary.

They measure the impact of a 10% fall in equity and property markets, representing an immediate 10% drop in equity and property prices.

■ MCEV sensitivity to equity risk

(in millions of euros)

MCEV Impact

	31.12.2010	31.12.2009
	10% decrease in stock market prices	10% decrease in stock market prices
	(493)	(383)

VaR of the SIF's listed equity portfolio valued at €12,539.9 million in the consolidated financial statements at 31 December 2010 (€12,241.8 million at 31 December 2009) is calculated by DRCI

using the Monte Carlo method and Riskdata software, i.e., VaR (1 year, 99%).

■ VaR of the SIF's listed equity portfolio

(in millions of euros)

Portfolio of listed equities

	31.12.2010	31.12.2009
	VaR (1 year, 99%)	VaR (1 year, 99%)
	4,586	4,439

d.2) Currency risk

The **Central Sector's** exposure to currency risks on the carrying amount of foreign currency items is fully hedged by financing asset positions with borrowings in the same currency. Unrealised gains and losses on these positions are not hedged, but are taken into account in Value-at-Risk calculations.

portfolios is therefore very low, with less than 1% of the French companies' investments denominated in a currency other than the euro.

The **Strategic Investment Fund** has no direct material currency risk exposure at 31 December 2010.

The **CNP Assurances group's** asset portfolios are invested primarily in eurozone securities. Currency risk on investment

d.3) General interest rate risk

The **Central Sector** analyses assets and liabilities based on three types of interest rates: contractual, variable and fixed. The fixed rate position is monitored based on the fixed rate gap – corresponding to the excess of fixed rate liabilities over fixed rate assets – and changes in the gap over time as assets and liabilities fall due. Deposits are taken into account at a discount that increases over time.

The sensitivity of annual interest margins to an unfavourable change in interest rates is calculated according to four scenarios: (i) an immediate increase in short-term rates followed by stabilisation (scenario 1); (ii) a steady, prolonged increase in short-term rates (scenario 2); (iii) a general volatility in short-term rates with no distinct trend (scenario 3); and a forward movement in short-term rates (scenario 4):

- Scenario 1: impact on refinancing costs of a 100 basis points increase in short-term rates.
- Scenario 2: impact on refinancing costs if short-term rates increase by 100 basis points a year for three years running.
- Scenario 3: impact on refinancing costs if short-term rates increase by 100 basis points over six months, then decrease by 100 basis points over six months (i.e., return to the initial situation) for three years running.
- Scenario 4: impact on refinancing costs of a forward movement in short-term rates.

These sensitivity analyses are rounded out by a VaR calculation of the fixed rate position that factors in the risk of decrease in VaR of the fixed rate position.

Deposits from notaries and the float are adjusted for seasonal variations in calculating sensitivities.

■ Sensitivity of general interest margin to changes in short-term rates

(in millions of euros)

31.12.2010

Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2011	(7.67)	(10.91)	(3.72)	(4.61)
2012	(41.27)	(55.61)	(20.29)	(33.81)
2013	(13.78)	(30.24)	(6.28)	(21.15)

(in millions of euros)

31.12.2009

Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2010	(43.21)	(27.05)	(23.75)	(40.82)
2011	(46.88)	(54.8)	(15.92)	(73.02)
2012	(15.66)	(32.48)	(2.25)	(30.91)

The **CNP Assurances group** performs sensitivity tests to assess its exposure to changes in interest rates. The tests cover CNP Assurances SA, its main subsidiaries in France, the Brazilian subsidiary and the Italian subsidiary. They measure

the impact of an immediate 100-basis point increase or decrease in the yield curve. Sensitivity adjusts the market value of fixed income products and discount rates applied to risk.

■ MCEV sensitivity to interest rate risk

(in millions of euros)

31.12.2010

	100 bps increase in interest rates	100 bps fall in interest rates
MCEV impact	0	(115)

(in millions of euros)

31.12.2009

	100 bps increase in interest rates	100 bps fall in interest rates
MCEV impact	54	(222)

e) Insurance risk

e.1) Contract terms and conditions

■ Type of insured risk by class of business and overview of the business lines

The insurer's commitments differ according to the class of business. CNP Assurances writes three main types of business: savings, pensions and personal risk insurance.

Savings contracts: mainly a financial commitment

Savings contracts include:

- non-unit-linked contracts, for which the insurer commits to paying a capital sum and – in some cases – a guaranteed yield, plus a share of the investment yield over and above the guaranteed minimum in the event of death or when the contract is surrendered or matures;
- unit-linked contracts, where the policyholder bears the entire investment risk and the insurer's commitment is limited to any additional cover sold with the contract, such as a capital guarantee in the event of death.

Pension products: technical and financial commitments

Pension commitments depend on:

- the period of benefit payments, which cannot be determined in advance; and
- the interest rate, which reflects the return on the capital managed by the insurer.

Personal risk insurance contracts: mainly a technical commitment

For personal risk contracts, the main risk assessment factors are the insured's age, gender and socio-professional category.

■ Description of the main policyholder guarantees

Non-unit-linked savings contracts – which give rise to a commitment to pay a capital sum – fall into four broad categories:

- deferred capital insurance with counter-insurance of premiums, giving rise to the payment of a lump sum or annuities;
- term life insurance, giving rise to the payment of a capital sum when the contract matures, regardless of whether the insured is still alive or not;
- endowment insurance, giving rise to the payment of a capital sum to the insured when the contract matures or to a named beneficiary if the insured dies before the maturity date;
- investment certificates, giving rise to the payment of a capital sum.

These contracts generally pay a minimum yield (credited interest) plus policyholder dividends.

Unit-linked savings contracts do not involve any capital guarantee for the insurer, except for contracts that also include death and/or disability cover. For these latter contracts, the insurer's commitment is limited to any positive difference between cumulative gross or net premiums and the value of the units.

Pension contracts – which give rise to a commitment to pay a life annuity – fall into the following categories.

- voluntary individual pension accounts ("Article 82" accounts) giving rise to the payment of a life annuity from retirement. Retirement age is decided by the insured and a reversionary pension may be paid to a named beneficiary. The contract includes an option to convert the annuity into a lump sum.
- compulsory individual pension accounts ("Article 83" accounts) giving rise to the payment of a life annuity. The total annuities paid to the insured are based directly on the insured's salary during

the contribution period and a reversionary pension may be paid to a named beneficiary;

- defined benefit plans ("Article 39" plans) funded by contributions based on total payroll. The contributions are paid into a mutual fund. When each plan participant retires, the total amount of future pension benefits is transferred from the mutual fund to the pension fund. Benefits are paid in the form of annuities;
- points-based pay-as-you-go group pension plans ("Article L.441-1" plans) giving rise to the payment of annuities corresponding to the number of points earned during the contribution period multiplied by the value of one point. Annuities are adjusted based on changes in the value of a point;
- immediate and deferred annuity contracts, giving rise to the payment of annuities immediately or at the end of a specified period.

Contracts to fund length-of-service awards payable to employees in France on retirement are also qualified as pension contracts. Under these contracts, the insurer's liability for the payment of benefits is limited to the amount held in the related fund.

Personal risk contracts cover various types of death, disability, long-term care, health and unemployment risks. The main types of contracts are as follows:

- term life insurance, renewable term insurance, long-term insurance and whole life insurance contracts, which pay a lump sum in the case of death or permanent disability of the insured. Most of them include an accidental death option whereby the death benefit provided for under the primary guarantee is doubled or tripled;
- contracts paying a temporary or life annuity to dependent children or the spouse on the death of the insured;
- death/disability contracts providing for the payment of a lump sum in the case of death of the insured or a per diem allowance for temporary disability or a lump sum or annuities for permanent disability. Temporary disability benefits are payable on a monthly basis, in some cases after a waiting period;
- loan insurance contracts, which cover all or part of an outstanding loan in the case of death of the insured, or monthly repayments – less a specified deductible – during a period of temporary disability or until the insured is recognised as being permanently disabled, or all or part of the monthly repayments in the case of permanent disability, or all or part of the monthly repayments after a waiting period in the case of unemployment. Death cover is compulsory and the loan will not be paid out until evidence of cover is provided;
- long-term care insurance contracts, providing for the payment of a fixed annuity covering part of the cost of long-term care. The amount of the annuity depends on the option selected by the insured;
- supplementary health insurance contracts, which cover all or part of the healthcare costs incurred by the insured, the insured's spouse and dependent children, that are not reimbursed by the social security authorities.

In addition to these main types of contracts, CNP Assurances' subsidiaries in Portugal (Global Nao Vida) and Brazil (Caixa Seguros) write property and casualty insurance. The main property and casualty policies marketed by these subsidiaries consist of construction and auto insurance. The cover provided under these contracts is determined in accordance with local insurance regulations. Commitments under property and casualty insurance are marginal in relation to those arising from the personal insurance written by CNP Assurances.

■ Participation clauses

Non-unit-linked savings contracts, certain group personal risk contracts and certain pension contracts include participation clauses. Under the terms of these clauses, the parties agree to share – on the basis defined in the contract – part of the income generated by the investment of the funds corresponding

to the contract's technical reserves and, in the case of pension and personal risk contracts, part of the underwriting result.

■ **Participation policy**

Most contracts contain a discretionary participation feature, whereby the participation allocated to the insured is determined by the insurer as part of its marketing policy subject to compliance with the contract terms and the applicable laws. Participation is determined based on investment income for the year and the insurer has full discretion over the volume of capital gains realised during the period. The insured does not have individual rights to the participation until it is allocated to benefits or mathematical reserves. Participation that has been attributed but not yet allocated is accumulated in the policyholders' surplus reserve.

■ **Basis for determining participation rates**

Participation rates are determined based on the local accounts.

e.2) Valuation of insurance liabilities (assumptions and sensitivities)

■ **Technical reserve models**

Technical reserves are defined as follows:

- mathematical reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured;
- policyholder surplus reserves correspond to the participation attributed to the contract beneficiaries that is not payable in bonuses in the year following the one in which the surplus was generated;
- administrative expense reserves are intended to cover future contract administration costs that are not otherwise covered;
- escalating risks reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured under temporary and permanent disability and long-term care contracts;
- unearned premium reserves cover the portion of written and accrued premiums for the period between the reporting date and the next premium payment date or the contract expiry date. They are recorded for all types of contracts;
- premium deficiency reserves cover the portion of claims and benefits and the related handling costs for the period between the reporting date and the earliest possible premium adjustment date or the contract expiry date that is not covered by the unearned premium reserve;
- outstanding claims reserves cover the estimated principal amounts and internal and external expenses payable to settle all outstanding claims, including total future annuity payments.

■ **Modelling objectives**

The approach used to ensure that technical reserves are adequate focuses on:

- managing the risks associated with a fall in interest rates;
- taking swift action to adjust technical reserves following a change in mortality tables;
- using experience-based data concerning annuities in payment when observed losses appear unusually low compared with expected mortality rates.

■ **Procedure for determining the main assumptions**

The assessment of technical reserves is supported by:

- detailed knowledge of effective dates and the timing of accounting recognition and processing of the various technical and management events, as well as of the exact specifications of period-end processing operations and their scheduling, in order to accurately determine the underwriting and loss years;

- the creation of files at each period-end to check the consistency of reserves with technical flows;
- recurring audits of management system calculations, based on random tests and detailed repeat calculations;
- detailed risk assessments, based on prospective guaranteed yield calculations taking into account commitments in excess of regulatory limits, and on detailed statistical and other analyses of personal risk contracts, including loss monitoring (by contract/underwriting year/loss year) and tracking of the utilisation of reserves.

■ **Assumptions based on market or company-specific variables**

Discount rates for savings and life insurance contracts are capped at a level corresponding to a conservative estimate of the expected return on the corresponding assets. Non-life technical reserves are discounted at market interest rates. All other assumptions are determined by reference to internal experience-based data.

■ **Use of assumptions that do not reflect historical experience**

Assumptions are generally based on past experience and do not differ from those that would be expected to be used based on observed historical data. However, for liability adequacy testing purposes, the Group uses dynamic surrender rates which factor in possible increases in surrender rates that are not supported by past experience. In addition, the allocation keys used to allocate unrealised capital gains are based on Embedded Value calculations. As such, they do not reflect observed historical data but consist of a reasonable projection of future unrealised gain allocations, determined according to the principles applied to calculate the Group's Embedded Value published each year.

■ **Assumption correlations**

Apart from the use of dynamic surrender rates reflecting the correlation between surrender rates and the level of guaranteed yields for liability adequacy testing purposes, correlations among the various assumptions are not taken into account.

■ **Uncertainty concerning insurance cash flows**

Uncertainties concerning insurance cash flows mainly relate to the timing of surrenders and the payment of death and other benefits.

■ **Sensitivity of MCEV to changes in surrender rates and loss ratios**

At 31 December 2010, a 10% fall in surrender rates would have a positive impact of €136 million on MCEV; a 5% fall in observed losses (mortality and disability) would have a positive impact of €133 million on MCEV.

e.3) Insurance risk concentration

■ **Risk reduction through reinsurance**

CNP Assurances' reinsurance programmes are designed to avoid earnings fluctuations and increase its underwriting capacity. The objectives of the reinsurance policy defined by the Board of Directors are as follows:

- to implement a reinsurance programme covering direct business and inward reinsurance written for provident institutions and subsidiaries;
- to protect underwriting results by entering into non-proportional treaties which are geared to the size of CNP Assurances' business and provide excess-of-loss cover per risk and per occurrence: (catastrophe risk);
- to share risks on large-scale new business.

■ Exposure to catastrophe risk and aggravated risk

All portfolios are protected against catastrophe risks by excess of loss reinsurance obtained from professional reinsurers.

> Individual policies: death and permanent and total disability risks for all portfolios of individual policies (direct business and inward reinsurance written by the Group for its LBPP, CNP Vita, CNP Vida subsidiaries) are reinsured on the market as follows: for each catastrophic loss event – defined as an event involving at least five victims – the Group retains ten times the annual social security ceiling (€34,620 in 2010) and the reinsurers cover 1,000 times this ceiling per event and 2,000 times the ceiling per loss year.

> Group policies:

- death and disability risks on all Group policies (direct business net of risks ceded to co-insurers, and all quota-share reinsurance purchased from CNP Assurances by provident institutions and mutual insurers) are covered through the Bureau Commun des Assurances Collectives pool. The system provides successively for the retention of the two largest claims per insurer, €30 million in co-insurance cover (of which CNP Assurances' share is 26%) and reinsurance cover purchased by the pool from external reinsurers. There are four levels of reinsurance cover, as follows: level 1: 20 XS €30 million; level 2: 100 XS €500 million; level 3: 250 XS €150 million; and level 4: 100 XS €400 million with 200% paid reconstitution except for nuclear and NBC terrorism risks. A loss event is defined as involving three or more victims;

- catastrophe risks insured by CNP Assurances for provident institutions and mutual insurers are reinsured on the market. A loss event is defined as involving three or more victims. The Group and provident institutions (acting as a matter of priority on behalf of the two or three largest claimants) retain €1.25 million per loss event and the reinsurers cover €37 million per loss event and €60 million per loss year, except for nuclear and NCB terrorism risks, for which the ceiling is €30 million per loss year.

All CNP portfolios are also covered after 40 times the ceiling per loss year for high capital payouts in the case of IPA3 death of an insured.

Reinsured portfolios are analysed each year, covering:

- the age pyramid, risk dispersion and concentration of insured populations;
- the number, size and cause of paid claims, including a detailed analysis of the largest claims;
- underwriting and reinsurance results.

Reinsurance balances are net-settled at quarterly, half-yearly or annual intervals depending on the treaty. There are currently no disputed balances.

e.4) Options, guarantees and embedded derivatives not separated from the host contract

■ Exposure to interest rate and market risks associated with embedded derivatives not measured at fair value

Non-unit-linked savings contracts with a guaranteed yield have been classified by declining levels of commitment, as follows:

- contracts offering a guaranteed rate of return and a guaranteed profit share when the contract matures;
- contracts offering a higher fixed rate of return (generally 75% of the TME ARR rate) over a maximum of eight years;
- contracts offering a guaranteed rate of return representing less than 60% of the TME ARR rate at the time of payment.

e.5) Credit risk arising from insurance business

■ Credit risk arising from outward reinsurance - terms and conditions of guarantees received or given

CNP Assurances regularly checks the solvency of its reinsurance partners. The discriminating criteria applied for the selection of these partners include their credit rating.

Excess-of-loss contracts have been placed with reinsurers who are rated between A-and AAA.

■ Risks associated with credit insurance policies and financial guarantees and with intermediate current accounts

Certain specific risks are associated with insurance contracts, including the risk of disputes with the insured or beneficiaries.

The number of new lawsuits concerning the interpretation of policy terms dropped 5% in 2010, while the number of outstanding lawsuits fell by 11% to 1,439 at the year-end. This was a greater drop than in 2009 (3%) because of the fall in the number of new disputes and a 5% year-on-year increase in the number of claims dismissed. The contested policies represent only a minute proportion of the total number of individual and group policies managed by CNP Assurances.

Two-thirds of lawsuits concern temporary disability clauses and a smaller number concern death benefits.

Certain issues raised in connection with lawsuits go beyond a simple dispute between CNP Assurances and the insured. These issues could have serious consequences for the entire insurance industry if the courts all ruled against the insurer.

There is also evidence of certain emerging insurance risks. The legal security of the business must be underpinned by strict application of existing legislation in a highly-regulated environment in which legal interpretations and outcomes can be difficult to predict.

It is also vital to carefully monitor pending legislation and CNP actively participates in all of the representative professional bodies and all of the work related to new legislation in order to be fully aware of all of the potential impacts.

8. Subsequent events

I - Veolia Transdev merger

On 3 March 2011, Veolia Environnement and Caisse des Dépôts announced the creation of Veolia Transdev, the world's private-sector leader in sustainable mobility with more than 110,000 employees in 28 countries, the result of the combination of their respective subsidiaries, Veolia Transport and Transdev.

Following completion of the transactions set out in the agreements signed in May 2010, Veolia Transdev will be owned in equal proportions by Veolia Environnement and Caisse des Dépôts. The 25.6% stake held by RATP in Transdev was repurchased in exchange for assets held by Transdev and by Veolia Transport both inside and outside France.

The adaptation of the shareholders' agreement, announced on February 7, 2011, will provide Veolia Transdev with a unified management structure in which each shareholder will exercise joint control. Veolia Transdev will be proportionally consolidated by Caisse des Dépôts from the beginning of March 2011.

9. Scope of consolidation

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
Caisse des Dépôts Division						
Caisse des Dépôts						
CDC (CENTRAL SECTOR)	FULL	100.00	100.00	FULL	100.00	100.00
FINANCIÈRE TRANSDEV SA	FULL	100.00	50.11	FULL	100.00	50.11
BETURE GROUP/CAP ATRIUM SASU	FULL	100.00	99.96	FULL	100.00	99.96
CDC ENTREPRISES VALEURS MOYENNES	FULL	100.00	100.00	FULL	100.00	100.00
CDC PME CROISSANCE	FULL	100.00	58.84	FULL	100.00	61.16
INFORMATIQUE CDC	FULL	100.00	40.00	FULL	100.00	40.00
AEW EUROPE	EQUITY	40.00	40.00	EQUITY	40.00	40.00
SCI SARIHV	FULL	100.00	100.00	FULL	100.00	100.00
SCI ATHOS ⁽¹⁾				FULL	100.00	100.00
SCI RIVE GAUCHE	FULL	100.00	100.00	FULL	100.00	100.00
URBA CLUB ⁽¹⁾				FULL	100.00	100.00
LOGISTIS	EQUITY	33.33	33.33	EQUITY	33.33	33.33
FONCIÈRE FRANKLIN	FULL	100.00	100.00			
SCI BOULOGNE ILÔT V	FULL	100.00	100.00			
SCI SILOGI	FULL	100.00	100.00			
SCI 43 45 RUE DE COURCELLES	FULL	100.00	100.00			
SCI 182 RUE DE RIVOLI	FULL	100.00	100.00			
SCI ALPHA PARK	PROP	50.00	50.00			
SCI PRINTEMPS DE LA VALETTE	PROP	50.00	50.00			
SCI CUVIER MONTREUIL	PROP	50.00	50.00			
SAS RICHELIEU VIVIENNE	PROP	50.00	50.00			
Anatol Invest group						
ANATOL INVEST HOLDING FRANCE	FULL	100.00	100.00	FULL	100.00	100.00
ANATOL INVEST HOLDING BV (Netherlands)	FULL	100.00	100.00	FULL	100.00	100.00
PBW REAL ESTATE FUND (Netherlands)	FULL	100.00	100.00	FULL	100.00	100.00
ATRIUM TOWER (Poland)	FULL	100.00	100.00	FULL	100.00	100.00
BRISTOL (Hungary)	FULL	100.00	100.00	FULL	100.00	100.00
IBC (Czech Republic)	FULL	100.00	100.00	FULL	100.00	100.00
MOMPARK MFC (Hungary)	FULL	100.00	100.00	FULL	100.00	100.00
MYSLBEK (Czech Republic)	FULL	100.00	100.00	FULL	100.00	100.00
PAIGE INVESTMENTS (Poland)	FULL	100.00	100.00	FULL	100.00	100.00
WEBC (Hungary)	FULL	100.00	100.00	FULL	100.00	100.00

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
Banking and Insurance Division						
Dexia						
DEXIA	EQUITY	13.03	13.03	EQUITY	13.03	13.03
CNP Assurances group						
CNP ASSURANCES⁽²⁾	PROP	40.17	40.17	PROP	40.14	40.14
AEP3 SCI	PROP	40.17	40.17	PROP	40.14	40.14
AEP4 SCI	PROP	40.17	40.17	PROP	40.14	40.14
AL DENTE 3 3DEC	PROP	40.17	22.69	PROP	40.14	22.34
ASSURBAIL	PROP	40.17	40.17	PROP	40.14	39.76
ASSURIMMEUBLE	PROP	40.17	40.17	PROP	40.14	40.14
BARCLAYS VIDA Y PENSIONNES (Spain)	PROP	40.17	20.08	PROP	40.14	20.07
BOULE DE NEIGE 3 3DEC	PROP	40.17	24.59	PROP	40.14	24.29
CAIXA SEGUROS (Brazil)	PROP	40.17	20.79	PROP	40.14	20.77
CDC IONIS FCP 4DEC	PROP	40.17	40.17	PROP	40.14	40.14
CIMO	PROP	40.17	40.17	PROP	40.14	40.14
CNP ACP 10 FCP	PROP	40.17	19.98	PROP	40.14	19.96
CNP ACP OBLIG FCP	PROP	40.17	19.94	PROP	40.14	19.95
CNP ASSUR ALT. 3DEC	PROP	40.17	40.08	PROP	40.14	39.79
CNP ASSUR EURO SI	PROP	40.17	39.00	PROP	40.14	38.94
CNP HOLDING BRASIL (Brazil)	PROP	40.17	40.17	PROP	40.14	40.14
CNP EUROPE LIFE LTD (Ireland)	PROP	40.17	40.17	PROP	40.14	40.14
CNP IAM	PROP	40.17	40.17	PROP	40.14	40.14
CNP IMMOBILIER	PROP	40.17	40.17	PROP	40.14	40.14
CNP INTERNATIONAL	PROP	40.17	40.17	PROP	40.14	40.14
CNP SEGUROS DE VIDA (Argentina)	PROP	40.17	30.72	PROP	40.14	30.69
CNP UNICREDIT VITA (Italy)	PROP	40.17	23.10	PROP	40.14	23.08
CNP VIDA (Spain)	PROP	40.17	37.76	PROP	40.14	37.73
ÉCUREUIL PROFIL 30	PROP	40.17	38.28	PROP	40.14	38.05
ÉCUREUIL PROFIL 90	PROP	40.17	21.80	PROP	40.14	21.89
ÉCUREUIL VIE DÉVELOPPEMENT	PROP	40.17	20.49	PROP	40.14	20.47
GLOBAL (Portugal)				PROP	40.14	33.52
GLOBAL VIDA (Portugal)				PROP	40.14	33.54
ITV	PROP	40.17	40.17	PROP	40.14	40.14
LA BANQUE POSTALE PRÉVOYANCE	PROP	20.08	20.08	PROP	20.07	20.07

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GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
LBPAM ACT. DIVERSIF 5DEC	PROP	40.17	30.40	PROP	40.14	29.67
LBPAM PROFIL 50 D 5DEC	PROP	40.17	30.00	PROP	40.14	28.59
MARFIN INSURANCE HOLDINGS LTD (Cyprus)	PROP	40.17	20.12	PROP	40.14	20.11
PB6	PROP	20.08	20.08	PROP	20.07	20.07
PRÉVIPOSTE	PROP	40.17	40.17	PROP	40.14	40.14
PROGRESSIO 5DEC	PROP	40.17	37.15	PROP	40.14	36.93
SICAC	PROP	40.17	40.17	PROP	40.14	40.14
UNIVERS CNP 1 FCP	PROP	40.17	40.08	PROP	40.14	40.05
VIVACCIO ACT 5DEC	PROP	40.17	32.46	PROP	40.14	32.29
Corporate Finance Division						
Strategic Investment Fund group						
STRATEGIC INVESTMENT FUND (SIF)	FULL	100.00	51.00	FULL	100.00	51.00
EIFFAGE	EQUITY	20.67	10.54	EQUITY	20.75	10.58
SOPROL	EQUITY	18.75	9.56	EQUITY	18.75	9.56
HIME	EQUITY	38.00	19.38	EQUITY	38.00	19.38
SÉCHÉ ENVIRONNEMENT	EQUITY	20.13	10.27	EQUITY	20.14	10.27
TYROL ACQUISITION 1 & CIE SCA	EQUITY	23.99	12.23	EQUITY	23.99	12.23
EUTELSAT COMMUNICATIONS	EQUITY	25.62	13.07	EQUITY	25.63	13.07
DAHER	EQUITY	17.06	8.70	EQUITY	17.13	8.73
CDC ENTREPRISES CAPITAL INVESTISSEMENT	FULL	100.00	51.00	FULL	100.00	51.00
FCPR PART'COM	FULL	100.00	51.00	FULL	100.00	51.00
PART'COM	FULL	100.00	51.00	FULL	100.00	51.00
FSI PME PORTEFEUILLE	FULL	100.00	51.00	FULL	100.00	51.00
FFI PARTS A	FULL	100.00	51.00	FULL	100.00	51.00
FFI PARTS B	FULL	100.00	51.00	FULL	100.00	51.00
FPMEI	FULL	100.00	51.00	FULL	100.00	51.00
FFI2	FULL	100.00	51.00			
SA OSÉO	EQUITY	27.32	27.32	EQUITY	43.23	43.23
QUALIUM INVESTISSEMENT	FULL	100.00	100.00	FULL	100.00	100.00
CDC ENTREPRISES I				FULL	100.00	89.90
CDC ENTREPRISES II	FULL	100.00	37.30	FULL	100.00	37.30
CDC INNOVATION	FULL	100.00	100.00	FULL	100.00	100.00
UNIVERS 12	FULL	100.00	100.00	FULL	100.00	100.00

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
CDC ELAN PME	FULL	100.00	100.00	FULL	100.00	100.00
AVENIR ENTREPRISES GESTION	FULL	100.00	60.48	FULL	100.00	60.48
CDC ENTREPRISES	FULL	100.00	100.00	FULL	100.00	100.00
Real Estate and Tourism Division						
Real Estate						
Icade group						
ICADE SA⁽³⁾	FULL	100.00	56.28	FULL	100.00	59.17
ICADE FINANCES	FULL	100.00	56.28	FULL	100.00	59.17
PROPERTY INVESTMENT COMPANIES						
HOUSING						
ICADE COMMERCES SAS	FULL	100.00	56.28	FULL	100.00	59.17
SCI LOCATIVES (property rental companies - 7 entities)	FULL	100.00	56.28	FULL	100.00	59.17
BUSINESS PARKS						
CFI	FULL	100.00	56.28	FULL	100.00	59.17
SCI 68 VICTOR HUGO	FULL	100.00	56.28	FULL	100.00	59.17
SCI BASSIN NORD	PROP	50.00	28.14	PROP	50.00	29.58
SCI BATI GAUTIER	FULL	100.00	56.28	FULL	100.00	59.17
SCI LE PARC DU MILLÉNAIRE	FULL	100.00	56.28	FULL	100.00	59.17
SCI PDM 1	FULL	100.00	56.28	FULL	100.00	59.17
SCI PDM 2	FULL	100.00	56.28	FULL	100.00	59.17
SCI PDM 3	FULL	100.00	56.28	FULL	100.00	59.17
SCI SEVERINE	FULL	100.00	33.77	FULL	100.00	35.50
SNC ICADE CBI	FULL	100.00	56.28	FULL	100.00	59.17
OFFICES - France						
ICADE TOUR DESCARTES	FULL	100.00	56.28	FULL	100.00	59.17
SCI CAMILLE DESMOULINS	FULL	100.00	56.28	FULL	100.00	59.17
SCI DU 1 TERRASSE BELLINI	PROP	33.33	18.76	PROP	33.33	19.72
SCI DU 31-33 RUE DE MOGADOR	FULL	100.00	56.28	FULL	100.00	59.17
SCI DU 69 BLD HAUSSMANN	FULL	100.00	56.28	FULL	100.00	59.17
SCI ICADE LEO LAGRANGE (formerly VILLEJUIF)	FULL	100.00	56.28	FULL	100.00	59.17
SCI ICADE RUE DES MARTINETS	FULL	100.00	56.28	FULL	100.00	59.17
SCI LE TOLBIAC	FULL	100.00	56.28	FULL	100.00	59.17

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GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
SCI MESSINE PARTICIPATIONS	FULL	100.00	56.28	FULL	100.00	59.17
SCI MORIZET	FULL	100.00	56.28	FULL	100.00	59.17
SUBSIDIARIES OF COMPAGNIE LA LUCETTE						
SCI CHAMBOLLE	FULL	100.00	56.28			
SARL IRANCY	FULL	100.00	56.28			
SCI MOREY	FULL	100.00	56.28			
SARL GARONNE	FULL	100.00	56.28			
SCI MONDOTTE	FULL	100.00	56.28			
SARL DIDEROT	FULL	100.00	56.28			
SNC MISTRAL	FULL	100.00	56.28			
SARL BRETON	FULL	100.00	56.28			
SCI LOIRE	FULL	100.00	56.28			
LA LUCETTE MANAGEMENT SAS	FULL	100.00	56.28			
MILU INVESTISSEMENTS SAS	FULL	100.00	56.28			
SARL LIBOURNE	FULL	100.00	56.28			
SARL LANDES	FULL	100.00	56.28			
SCI 21 (TRANSALLIANCE)	FULL	100.00	56.28			
SCI ST OUEN ÉVRY	FULL	100.00	56.28			
SCI 3 FONTANOT	FULL	100.00	56.28			
SCI NANTERRE ETOILE PARK	FULL	100.00	56.28			
SCI GASCOGNE - BUREAUX	FULL	100.00	56.28			
SCI ÉVRY MOZART	FULL	100.00	56.28			
SCI ÉVRY EUROPEEN	FULL	100.00	56.28			
SIICinvest						
HC INVESTISSEMENT	FULL	100.00	56.28	FULL	100.00	59.17
SCI MARIGNANE LA PALUN	FULL	100.00	56.28	FULL	100.00	59.17
SCI XM CLERMONT FERRAND				FULL	100.00	59.17
SCI ZEUGMA	FULL	100.00	56.28	FULL	100.00	59.17
OFFICES - Germany						
ICADE REIT	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM GERMANY GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM AHRENSDORF GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM ARNULFSTRASSE MK8 GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM ARNULFSTRASSE MK9 GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM DACHAUER STRASSE GMBH	FULL	100.00	56.28	FULL	100.00	59.17

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
ICADE REIM FRANKENALLEE GMBH				FULL	100.00	59.17
ICADE REIM FRIESENSTRASSE HAUS 3 GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM FRIESENSTRASSE HAUS 4 GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM GOLDSTEINSTRASSE GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM HOHENZOLLERNDAMM GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM INDUSTRIESTRASSE (PRO 1) GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM INDUSTRIESTRASSE (PRO 3) GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM KOCHSTRASSE GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM MERCEDESSTRASSE GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM RHINSTRASSE GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM SALZUFERSTRASSE GMBH	FULL	100.00	56.28	FULL	100.00	59.17
ICADE REIM TURLLENSTRASSE GMBH	FULL	100.00	56.28	FULL	100.00	59.17
KABALO GRUNDSTÜCKS VERWALTUNGSGESELLSCHAFT GMBH	FULL	100.00	56.28	FULL	100.00	59.17
KABALO GRUNDSTÜCKS VERWALTUNGSGESELLSCHAFT & Co KG	FULL	100.00	56.28	FULL	100.00	59.17
SHOPPING CENTRES						
ICADE BRICOLAGE	FULL	100.00	56.28	FULL	100.00	56.21
ICADE BRICOLAGE CBI	FULL	100.00	56.28	FULL	100.00	56.21
SAS ODYSSEUM	PROP	50.00	28.14	PROP	50.00	29.58
PUBLIC AND HEALTH SECTOR REAL ESTATE						
SAS ICADE SANTÉ	FULL	100.00	56.28	FULL	100.00	59.17
SCI BÂTIMENT SUD CENTRE HOSPITALIER PONTOISE	FULL	100.00	56.28	FULL	100.00	59.17
SCI BSM DU CHU DE NANCY	FULL	100.00	56.28	FULL	100.00	59.17
SCI LES TOVETS	FULL	100.00	56.28	FULL	100.00	59.17
SCI POLICE DE MEAUX	FULL	100.00	56.28	FULL	100.00	59.17
SCI SOCRATE	FULL	100.00	56.28	FULL	100.00	59.17
PROPERTY DEVELOPMENT COMPANIES						
HOUSING						
125 fully-consolidated companies	FULL			FULL		
72 proportionally-consolidated companies	PROP			PROP		
19 companies accounted for by the equity method	EQUITY			EQUITY		

CONSOLIDATED FINANCIAL STATEMENTS

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
BUSINESS						
ICADE PROMOTION	FULL	100.00	56.28	FULL	100.00	59.17
AMÉNAGEMENT CROIX DE BERNY	FULL	100.00	35.29	FULL	100.00	37.10
ANTONY PARC II SCI				FULL	100.00	59.17
ARKADEA SAS	PROP	50.00	28.14	PROP	50.00	29.58
CITÉ SANITAIRE NAZAIRIENNE	FULL	100.00	33.77	FULL	100.00	35.50
CLAUDE BERNARD LOT T	PROP	50.00	28.14	PROP	50.00	29.58
FRANCE OUEST PROMOTION				FULL	100.00	59.17
ICADE DOCKS DE PARIS	FULL	100.00	56.28	FULL	100.00	59.17
ICADE G3A PROMOTION	FULL	100.00	56.28	FULL	100.00	59.17
ICADLEO	FULL	100.00	37.52	FULL	100.00	39.45
LES BUREAUX DE L'ILE DE NANTES	FULL	100.00	56.28	FULL	100.00	59.17
LES PORTES D'ARCUEIL A SNC				FULL	100.00	59.17
LES PORTES D'ARCUEIL B SNC				FULL	100.00	59.17
LES PORTES D'ARCUEIL C SNC				FULL	100.00	59.17
NERUDA FONTANOTS SCI	FULL	100.00	56.28	FULL	100.00	59.17
ODYSSEUM 2 SCI	FULL	100.00	43.34	FULL	100.00	45.56
PB31 PROMOTION SNC	PROP	50.00	28.14	PROP	50.00	29.58
SAS PARIS NORD-EST ⁽⁴⁾	PROP	80.00	66.88	PROP	80.00	67.75
SCCV LE PERREUX CANAL	FULL	100.00	40.80	FULL	100.00	42.90
SCCV SAINT DENIS LANDY 3	PROP	50.00	28.14	PROP	50.00	29.58
SCI 22/24 RUE DE LAGNY				PROP	51.00	30.17
SCI CAP EST LOISIRS	PROP	50.00	28.14	PROP	50.00	29.58
SCI ESPACE MARCEAU				PROP	51.00	30.17
SCI HELENA PARC	FULL	100.00	28.70	FULL	100.00	30.17
SCI MONTROUGE CAP SUD	PROP	50.00	28.14	PROP	50.00	29.58
SCI PARIS BERTHELOT	PROP	50.00	28.14	PROP	50.00	29.58
SCI PORTES DE CLICHY	PROP	50.00	28.14	PROP	50.00	29.58
SCI VILLEJUIF GUIPONS	FULL	100.00	56.28	FULL	100.00	59.17
SNC DU CANAL ST LOUIS	FULL	100.00	56.28	FULL	100.00	59.17
SNC DU PLESSIS BOTANIQUE	FULL	100.00	56.28	FULL	100.00	59.17
SNC GERLAND 1	PROP	50.00	28.14	PROP	50.00	29.58
SNC GERLAND 2	PROP	50.00	28.14	PROP	50.00	29.58

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
SNC ICAPROM (formerly SNC TECHNICAMPUS)	PROP	45.00	25.33	PROP	45.00	26.62
SNC ÎLE SEGUIN 6				PROP	50.00	29.58
SNC ROBINI	PROP	50.00	28.14	PROP	50.00	29.58
SNC SAMICADE	PROP	50.00	28.14	PROP	50.00	29.58
SORIF ICADE LES PORTES D'ESPAGNE	PROP	50.00	28.14	PROP	50.00	29.58
TOULOUSE CANCERPOLE	PROP	50.00	28.14	PROP	50.00	29.58
RETAIL PARK DES VIGNOBLES	FULL	100.00	56.28	FULL	100.00	59.17
SAMICADE GUADELOUPE	PROP	50.00	28.14	PROP	50.00	29.58
SAS CHRYSALIS DEVELOPPEMENT	PROP	35.00	19.70			
SCCV MACDONALD BUREAUX	PROP	50.00	28.14			
SNC PARIS MACDONALD PROMOTION	FULL	100.00	56.28			
SCI MACDONALD COMMERCES	FULL	100.00	56.28			
ICADE ARCOBA						
ICADE ARCOBA	FULL	100.00	56.28	FULL	100.00	59.17
ICADE SETRHI SETAE						
ICADE SETRHI SETAE	FULL	100.00	56.28	FULL	100.00	59.17
PROPERTY SERVICES COMPANIES						
ICADE SERVICES	FULL	100.00	56.28	FULL	100.00	59.17
CONSULTING AND EXPERTISE						
ICADE CONSEIL	FULL	100.00	56.28	FULL	100.00	59.17
ICADE EXPERTISE	FULL	100.00	56.28	FULL	100.00	59.17
ICADE GESTEC RS	FULL	100.00	56.28	FULL	100.00	59.17
ICADE SURETIS	FULL	100.00	56.28	FULL	100.00	59.17
ICADE TRANSACTIONS	FULL	100.00	56.28	FULL	100.00	59.17
IMMOBILIARIA DE LA CDC ESPANA	FULL	100.00	56.28	FULL	100.00	59.17
IPORTA SAS	FULL	100.00	56.28	FULL	100.00	59.17
RESIDENTIAL SERVICES						
ICADE RÉSIDENCES SERVICES (formerly ICADE EUROSTUDIOMES)	FULL	100.00	56.28	FULL	100.00	59.17
EURO CAMPUS	FULL	100.00	33.77	FULL	100.00	35.50
FINCAS ANZIZU	FULL	100.00	53.47	FULL	100.00	56.21
RESA	FULL	100.00	37.71	FULL	100.00	39.64
PROPERTY MANAGEMENT						
ICADE PROPERTY MANAGEMENT (formerly IGT)	FULL	100.00	56.28	FULL	100.00	59.17

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GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
ICADE BENELUX				FULL	100.00	59.17
ICADE ITALIA				FULL	100.00	59.17
ICADE ITALIA AGENCY				FULL	100.00	59.17
Société Nationale Immobilière group						
SOCIÉTÉ NATIONALE IMMOBILIÈRE	FULL	100.00	100.00	FULL	100.00	100.00
S2AI	FULL	100.00	100.00	FULL	100.00	100.00
SAGI				FULL	100.00	100.00
SAINTE BARBE	FULL	100.00	100.00	FULL	100.00	100.00
SAS DES CASERTS	FULL	100.00	97.00	FULL	100.00	97.00
SCET	FULL	100.00	100.00	FULL	100.00	100.00
SCI DES RÉGIONS ⁽⁵⁾	FULL	100.00	100.00	FULL	100.00	100.00
Tourism						
Compagnie des Alpes group						
COMPAGNIE DES ALPES SA	FULL	100.00	39.94	FULL	100.00	39.61
COMPAGNIE DES ALPES FINANCEMENT SNC	FULL	100.00	39.94	FULL	100.00	39.61
SKI RESORTS						
CADEVI	FULL	100.00	39.94			
CDA DS SAS	FULL	100.00	39.94	FULL	100.00	39.61
CDA SKI DIFFUSION SAS	FULL	100.00	39.94	FULL	100.00	39.61
CIEL SAS	FULL	100.00	39.94	FULL	100.00	39.61
CMBF (COURMAYEUR MT BLANC) SPA (Italy)				EQUITY	29.81	15.41
DEUX ALPES INVEST SA ⁽⁶⁾	FULL	100.00	42.90			
DEUX ALPES LOISIRS SA ⁽⁶⁾	FULL	100.00	41.69			
DEUX ALPES VOYAGES SA (DAV) ⁽⁶⁾	FULL	100.00	41.69			
DOMAINE SKIABLE DE FLAINE (DSF) SA	FULL	100.00	32.33	FULL	100.00	32.07
DOMAINE SKIABLE DE LA ROSIÈRE SAS (DSR)	EQUITY	20.00	7.99	EQUITY	20.00	7.92
DOMAINE SKIABLE DE VALMOREL SAS (DSV)	EQUITY	20.00	7.99	EQUITY	20.00	7.92
DOMAINE SKIABLE DU GIFFRE (DSG) SA	FULL	100.00	32.32	FULL	100.00	32.06
GROUPE COMPAGNIE DU MONT-BLANC SA	EQUITY	33.47	13.37	EQUITY	33.47	13.26
MERIBEL ALPINA SAS	FULL	100.00	39.94	FULL	100.00	39.61
MONTAVAL SAS	FULL	100.00	39.94	FULL	100.00	39.61
PIERRE ET NEIGE SA ⁽⁶⁾	FULL	100.00	41.69			
SAAS FEE BERGBAHNEN AG (Switzerland)				FULL	100.00	16.49

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
SERRE CHEVALIER VALLEY SA	FULL	100.00	39.94	FULL	100.00	39.61
SOCIÉTÉ DES MONTAGNES DE L'ARC SA (SMA)	FULL	100.00	38.80	FULL	100.00	38.48
STÉ AMÉNAGEMENT ARVES GIFFRE SA (SAG)	FULL	100.00	32.32	FULL	100.00	32.06
STÉ AMÉNAGEMENT LA PLAGNE SA (SAP)	FULL	100.00	39.16	FULL	100.00	38.84
STÉ CONSTRUCTION IMMOBILIÈRE VALLÉE DE BELLEVILLE SCI (SCIVABEL)	FULL	100.00	32.60	FULL	100.00	32.34
STÉ EXPLOIT RM MORZINE AVORIAZ SAS (SERMA)	EQUITY	20.00	7.99	EQUITY	20.00	7.92
STÉ EXPLOITATION VALLÉE DE BELLEVILLE SAS (SEVABEL)	FULL	100.00	32.60	FULL	100.00	32.33
STÉ TÉLÉPHÉRIQUES DE LA GRANDE MOTTE SA (STGM)	FULL	100.00	31.07	FULL	100.00	30.81
STÉ TÉLÉPHÉRIQUES DE L'AIGUILLE GRIVE SAS (STAG)	FULL	100.00	38.80	FULL	100.00	38.48
STÉ TÉLÉPHÉRIQUES DE VAL D'ISÈRE SAS (STVI)	FULL	100.00	39.94	FULL	100.00	39.61
SWISSALP SA (Switzerland)	FULL	100.00	39.94	FULL	100.00	39.61
SWISSALP SERVICES SA (Switzerland)	FULL	100.00	39.94	FULL	100.00	39.61
VALBUS SAS	FULL	100.00	39.94	FULL	100.00	39.61
AMUSEMENT PARKS						
AQUARIUM GÉANT DE SAINT-MALO SAS	FULL	100.00	39.94	FULL	100.00	39.61
AVENIR LAND SAS	FULL	100.00	39.94	FULL	100.00	39.61
BAGATELLE SAS	FULL	100.00	39.94	FULL	100.00	39.61
BELPARK BV (Belgium)	FULL	100.00	39.94	FULL	100.00	39.61
BICI ENTERTAINMENT SA (Switzerland)	FULL	100.00	39.94	FULL	100.00	39.61
BOIS DE BAGATELLE SCI	FULL	100.00	39.94	FULL	100.00	39.61
CENTRES ATTRACTIFS JEAN RICHARD LA MER DE SABLE SAS	FULL	100.00	39.94	FULL	100.00	39.61
COFILO SAS	FULL	100.00	39.94	FULL	100.00	39.61
DOLFINARIUM HARDEWIJK BV (Netherlands)	FULL	100.00	39.94	FULL	100.00	39.61
ECOBIOGESTION SAS	FULL	100.00	39.94	FULL	100.00	39.61
ECOPARCS SA ⁽⁷⁾	EQUITY	51.02	35.36	EQUITY	51.02	35.27
FRANCE MINIATURE SAS	FULL	100.00	39.94	FULL	100.00	39.61
GRÉVIN & CIE SA	FULL	100.00	39.94	FULL	100.00	39.61
GRÉVIN & CIE TOURAINE SAS	FULL	100.00	39.94	FULL	100.00	39.61
GRÉVIN AVONTURENPARK BV (Netherlands)	FULL	100.00	39.94	FULL	100.00	39.61
GRÉVIN DEUTSCHLAND GMBH (Germany)	FULL	100.00	39.94	FULL	100.00	39.61
HARDERWIJK HELLENDOORN HOLDING BV (Netherlands)	FULL	100.00	39.94	FULL	100.00	39.61

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	Method	% control	% interest	Method	% control	% interest
IMMOFLOR NV (Belgium)	FULL	100.00	39.94	FULL	100.00	39.61
LES PRODUCTIONS DU PARC SAS	FULL	100.00	39.94	FULL	100.00	39.61
MUSÉE GRÉVIN SA	FULL	100.00	38.29	FULL	100.00	37.98
CDA MANAGEMENT SAS (formerly P2P WEB SAS)	FULL	100.00	39.94	FULL	100.00	39.61
PARC AGEN SAS	FULL	100.00	39.94	FULL	100.00	39.61
PARC DE LOISIRS DE BAGATELLE SCI	FULL	100.00	39.94	FULL	100.00	39.61
PLEASUREWOOD HILLS LTD (United Kingdom)	FULL	100.00	39.94	FULL	100.00	39.61
PREMIER FINANCIAL SERVICES BV (Belgium)	FULL	100.00	39.94	FULL	100.00	39.61
SAFARI AFRICAÏN DE PORT SAINT-PERE SA	FULL	100.00	39.94	FULL	100.00	39.61
WALIBI WORLD BV (Netherlands)	FULL	100.00	39.94	FULL	100.00	39.61
Santoline group						
Santoline group	EQUITY	33.87	33.87	EQUITY	39.87	39.87
Infrastructure, Transport and Environment Division						
Infrastructure						
ALTEAU SA				FULL	100.00	51.00
CDC INFRASTRUCTURE	FULL	100.00	100.00	FULL	100.00	100.00
VERDUN PARTICIPATIONS 1	EQUITY	49.00	49.00	EQUITY	49.00	49.00
COMPAGNIE NATIONALE DU RHÔNE	EQUITY	33.20	33.20	EQUITY	33.20	33.20
Egis group						
EGIS SA	FULL	100.00	100.00	FULL	100.00	100.00
FRANCE						
ACOUSTB	FULL	100.00	59.41	FULL	100.00	59.41
AIRPORT AERONAUTICAL EQUIPMENT	PROP	45.00	45.00	PROP	45.00	45.00
ATELIER VILLES ET PAYSAGES	FULL	100.00	100.00	FULL	100.00	100.00
BETEREM INFRASTRUCTURE	FULL	100.00	100.00	FULL	100.00	100.00
BETURE INFRASTRUCTURE	FULL	100.00	100.00	FULL	100.00	100.00
EGIS AMÉNAGEMENT	FULL	100.00	100.00	FULL	100.00	100.00
EGIS AVIA	FULL	100.00	100.00	FULL	100.00	100.00
EGIS BCEOM INTERNATIONAL	FULL	100.00	100.00	FULL	100.00	100.00
EGIS BDPA	FULL	100.00	100.00	FULL	100.00	100.00
EGIS CONSEIL	FULL	100.00	100.00	FULL	100.00	100.00
EGIS EAU	FULL	100.00	100.00	FULL	100.00	100.00

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
EGIS INGÉNIERIE	FULL	100.00	100.00	FULL	100.00	100.00
EGIS ENGINEERING	FULL	100.00	100.00	FULL	100.00	100.00
EGIS MOBILITÉ	FULL	100.00	100.00	FULL	100.00	100.00
EGIS PROJECTS	FULL	100.00	100.00	FULL	100.00	100.00
EGIS RAIL	FULL	100.00	99.12	FULL	100.00	86.04
EGIS ROAD OPERATION SA	FULL	100.00	100.00	FULL	100.00	100.00
EGIS ROUTE	FULL	100.00	100.00	FULL	100.00	100.00
EGIS STRUCTURE ET ENVIRONNEMENT	FULL	100.00	100.00	FULL	100.00	100.00
GUIGUES ENVIRONNEMENT	FULL	100.00	100.00			
IOSIS HOLDING	FULL	100.00	100.00	EQUITY	34.00	34.00
JEAN MULLER INTERNATIONAL	FULL	100.00	99.99	FULL	100.00	99.99
MFI SAS	EQUITY	33.34	33.34	EQUITY	33.34	33.34
MUTATIONS	FULL	100.00	99.98	FULL	100.00	69.98
PARK + PARKINGS SÉCURISÉS POIDS LOURDS	PROP	40.00	40.00	PROP	40.00	40.00
ROUTALIS SAS	FULL	100.00	70.00	FULL	100.00	70.00
SATEC				FULL	100.00	100.00
SEGAP SA	EQUITY	50.00	50.00	EQUITY	50.00	50.00
SEP A88	PROP	70.00	70.00	PROP	70.00	70.00
SINTRA	FULL	100.00	99.12	FULL	100.00	86.04
SLI				FULL	100.00	100.00
SOCIÉTÉ DU MÉTRO DE MARSEILLE (SMM)	FULL	100.00	99.12	FULL	100.00	86.04
SOCIÉTÉ NOUVELLE INGERROUTE	FULL	100.00	99.99	FULL	100.00	99.99
SOFREAVIA - SERVICE SA	FULL	100.00	99.97	FULL	100.00	99.97
URBANISME ET ACOUSTIQUE				FULL	100.00	99.98
INTERNATIONAL						
ARGE PPP FOE (Austria)	PROP	40.00	40.00	PROP	40.00	40.00
ATTIKES DIADROMES LTD (Greece)	EQUITY	20.00	20.00	EQUITY	20.00	20.00
AUTOBAHN + A8 GMBH (Germany)	EQUITY	19.00	19.00	EQUITY	19.00	19.00
AUTOBAHN + SERVICES (Germany)	PROP	56.00	56.00	PROP	56.00	56.00
AUTOSTRADA EXPLO EKSPLOATACJA (AES) (Poland)	PROP	34.71	34.71	PROP	34.71	34.71
BIPROGEOPROJEKT (Poland)	FULL	100.00	100.00	FULL	100.00	100.00
BHEGIS (Australia)	PROP	50.00	50.00	PROP	50.00	50.00
BONAVENTURA STRASSENERHALTUNG GMBH (Austria)	PROP	50.00	50.00	PROP	50.00	50.00
CAOG (Cyprus)	PROP	36.00	36.00	PROP	36.00	36.00

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	Method	% control	% interest	Method	% control	% interest
CEL TRAK (Ireland)	EQUITY	22.22	22.22	EQUITY	22.22	22.22
BIPROGEO-PROJEKT (Poland)				FULL	100.00	100.00
EASYTRIP SERVICES CORPORATION (Philippines)	FULL	100.00	100.00	FULL	100.00	100.00
EASYTRIP SERVICES IRELAND LTD (Ireland)	PROP	50.00	50.00	PROP	50.00	50.00
EAZY PASS LTD (Ireland)	PROP	50.00	50.00	PROP	50.00	50.00
EGIS ALGÉRIE (Algeria)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS BULGARIE (Bulgaria)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS CAMEROUN (Cameroon)	FULL	100.00	99.92	FULL	100.00	99.93
EGIS EYSER (Spain)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS INDIA CONSULTING ENGINEERS PRIVATE LIMITED (India)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS INVESTMENT PARTNERS (Luxembourg)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS INVESTMENT SARL (Luxembourg)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS MOBILITÉ (UK) Limited (United Kingdom)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS POLAND (Poland)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS PROJECTS ASIA PACIFIC (Australia)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS PROJECTS PHILIPPINES (Philippines)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS PROJECTS IRELAND (Ireland)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS RAIL ISRAËL (Israel)	FULL	100.00	99.12	FULL	100.00	86.04
EGIS RAIL SL (Spain)	FULL	100.00	99.12			
EGIS ROAD OPERATION CROATIA (Croatia)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS ROAD OPERATION PHILIPPINES (Philippines)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS ROAD OPERATION UK (United Kingdom)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS ROMANIA (Romania)	FULL	100.00	100.00	FULL	100.00	100.00
EP INFRASTRUKTURPROJEKTENTWICKLUNG (Austria)	FULL	100.00	100.00	FULL	100.00	100.00
EGIS PROJECTS POLSKA (Poland)	FULL	100.00	100.00	FULL	100.00	100.00
HERMES AIRPORTS LTD (Cyprus)	EQUITY	20.00	20.00	EQUITY	20.00	20.00
ISIS BELGIQUE (Belgium)	FULL	100.00	100.00	FULL	100.00	100.00
ITS ROAD SERVICES LTD (Ireland)	PROP	50.00	50.00	PROP	49.50	49.50
JMI PACIFIC (Thailand)	FULL	100.00	100.00	FULL	100.00	100.00
M6 TOLNA EXPLOITATION HONGRIE (Hungary)	PROP	52.00	52.00	PROP	52.00	52.00
OPERS CUT (Portugal)	FULL	100.00	70.00	FULL	100.00	70.00
ROAD SAFETY OPERATION IRELAND LTD (Ireland)	PROP	42.00	42.00			
SEMALY IRELAND (Ireland)	FULL	100.00	99.12	FULL	100.00	86.04

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
SEMALY PORTUGAL (Portugal)	FULL	100.00	99.12	FULL	100.00	86.04
SEMALY SINGAPORE (Singapore)	FULL	100.00	99.12	FULL	100.00	86.04
SEMALY UK (United Kingdom)	FULL	100.00	99.12	FULL	100.00	86.04
STALEXPORT TRANSROUTE AUTOSTRADA (Poland)	PROP	45.00	45.00	PROP	45.00	45.00
TMC (Philippines)	PROP	34.00	34.00	PROP	34.00	34.00
TRANSLINK INVESTMENT (Australia)	PROP	50.00	50.00	PROP	50.00	50.00
TRANSROUTE AUSTRALIA (Australia)	FULL	100.00	100.00	FULL	100.00	100.00
TRANSROUTE INTERNATIONAL CANADA SERVICES INC (Canada)	FULL	100.00	100.00	FULL	100.00	100.00
TRANSROUTE TUNNEL OPERATIONS LTD (Ireland)	FULL	100.00	100.00	FULL	100.00	100.00
TRANSROUTE UK LTD (United Kingdom)	FULL	100.00	100.00	FULL	100.00	100.00
Transport and Environment						
CDC CLIMAT	FULL	100.00	100.00			
Transdev group						
TRANSDEV SA	FULL	100.00	74.41	FULL	100.00	74.41
FRANCE						
AEROPASS	FULL	100.00	74.41	FULL	100.00	74.41
AIRCAR	FULL	100.00	74.41	FULL	100.00	74.41
ALPBUS FOURNIER	FULL	100.00	74.41	FULL	100.00	74.41
ALTIBUS.COM	FULL	100.00	49.09	FULL	100.00	49.09
AMV	FULL	100.00	74.41	FULL	100.00	74.41
ÉTABLISSEMENTS BREMOND FRÈRES (formerly AUTOCARS BONNAFOUX BREMOND)	FULL	100.00	74.41	FULL	100.00	74.41
AUTOCARS CHAMBONGROS	FULL	100.00	74.41	FULL	100.00	74.41
AUTOCARS DARCHEGROS	FULL	100.00	74.41	FULL	100.00	74.41
AUTOCARS MARTIN	FULL	100.00	74.41	FULL	100.00	74.41
BIÈVRE BUS MOBILITÉS	FULL	100.00	74.41	FULL	100.00	74.41
BESANCON MOBILITÉS	FULL	100.00	74.41			
C.E.A.T.	FULL	100.00	74.41	FULL	100.00	74.41
C.T.C.				FULL	100.00	59.53
CAISSE COMMUNE	FULL	100.00	74.41	FULL	100.00	74.41
CAP	FULL	100.00	74.41	FULL	100.00	74.41
CARS DE CHÂTEAU-THIERRY	FULL	100.00	74.41	FULL	100.00	74.41
CARS D'ORSAY	FULL	100.00	74.41	FULL	100.00	74.41

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	Method	% control	% interest	Method	% control	% interest
CARS DU PAYS DE VALOIS	FULL	100.00	74.41	FULL	100.00	74.41
CHAMPAGNE MOBILITÉS	FULL	100.00	74.41	FULL	100.00	74.41
CHARTRES MOBILITÉ	FULL	100.00	74.41	FULL	100.00	74.41
CITÉBUS 2 RIVES	FULL	100.00	74.41	FULL	100.00	74.41
COURRIERS DE L'AUBE	FULL	100.00	68.06	FULL	100.00	68.06
DRYADE	FULL	100.00	53.24	FULL	100.00	53.24
ÉQUIVAL	PROP	50.00	37.21	PROP	50.00	37.21
TRANSDEV ESPACES	FULL	100.00	74.41	FULL	100.00	74.41
EURAILCO	PROP	50.00	37.21	PROP	50.00	37.21
EUROPE AUTOCARS	FULL	100.00	74.41	FULL	100.00	74.41
HANDILIB	FULL	100.00	74.41	FULL	100.00	74.41
IBEROLINES	PROP	50.00	18.74	PROP	50.00	18.74
IBERFRAN	PROP	25.00	9.44			
INTERVAL	FULL	100.00	74.41	FULL	100.00	74.41
LAON MOBILITÉ	FULL	100.00	74.41	FULL	100.00	74.41
LES CARS MARIETTE	FULL	100.00	74.41	FULL	100.00	74.41
LOPES VOYAGES	FULL	100.00	37.48	FULL	100.00	37.48
MACON BUS				FULL	100.00	74.41
MONTBLANC BUS	FULL	100.00	55.73	FULL	100.00	55.73
MOULINS MOBILITÉ	FULL	100.00	74.41	FULL	100.00	74.41
N°4 MOBILITÉS	FULL	100.00	71.93	FULL	100.00	71.93
ODULYS	FULL	100.00	40.93	FULL	100.00	40.92
TRANSDEV AÉROPORT TRANSIT (TAT)	FULL	100.00	74.41	FULL	100.00	74.41
PAYS D'OC MOBILITÉS	FULL	100.00	74.41	FULL	100.00	74.41
PÔLE ÎLE DE FRANCE IMMOBILIER AND FACILITIES	FULL	100.00	74.41	FULL	100.00	74.41
PROGETOURS	FULL	100.00	74.41	FULL	100.00	74.41
R'ORLY	FULL	100.00	74.41	FULL	100.00	74.41
RAPIDES DE BOURGOGNE	FULL	100.00	74.41	FULL	100.00	74.41
RAPIDES DE SAÔNE ET LOIRE	FULL	100.00	74.41	FULL	100.00	74.41
RAPIDES DU VAL DE LOIRE	FULL	100.00	74.41	FULL	100.00	74.41
S.E.G.A.R.	FULL	100.00	74.41	FULL	100.00	74.41
S.T.A.B.				FULL	100.00	74.41
S.T.B.C.	FULL	100.00	63.26	FULL	100.00	63.26
SAINT QUENTIN MOBILITÉ	FULL	100.00	74.41	FULL	100.00	74.41
SCI LA TRENTAINE	FULL	100.00	74.41	FULL	100.00	74.41
SCI 19 RUE DES SOURCES	FULL	100.00	74.41	FULL	100.00	74.41

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
SCI LA MARE MOUREUSE	FULL	100.00	74.41	FULL	100.00	74.41
SCI LE LUREAU	FULL	100.00	74.41	FULL	100.00	74.41
SCI LE PRÉ BOUDROT	PROP	49.00	36.46	PROP	49.00	36.46
SCI MARAIS DE BELLÈNE	FULL	100.00	74.41	FULL	100.00	74.41
SETAO	FULL	100.00	74.40	FULL	100.00	74.40
SNA AJACCIENS (SNAA)	FULL	100.00	74.41	FULL	100.00	74.41
SOCIÉTÉ DES TRANSPORTS DU BRIANCONNAIS (STB)	FULL	100.00	37.95	FULL	100.00	37.95
HÔTELIÈRE MELDOISE	FULL	100.00	74.41	FULL	100.00	74.41
SOLEA	FULL	100.00	50.45	FULL	100.00	50.45
SAINT BRIEUC MOBILITÉS	FULL	100.00	74.41	FULL	100.00	74.41
STA CHALONS (STAC)	FULL	100.00	59.53	FULL	100.00	59.53
SUD EST MOBILITÉS	FULL	100.00	74.41	FULL	100.00	74.41
T.C.R.M.	EQUITY	39.84	29.65	EQUITY	39.84	29.65
T.C.V.O.	FULL	100.00	37.95	FULL	100.00	37.95
T.I.P.S.	FULL	100.00	67.71	FULL	100.00	67.71
TCR AVIGNON (TCRA)	FULL	100.00	74.41	FULL	100.00	74.41
TRANSAMO	FULL	100.00	66.82	FULL	100.00	66.82
TRANSOVOIE	FULL	100.00	74.04	FULL	100.00	74.04
TRANSDATA	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV AÉROPORT SERVICES	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV ALLIER	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV ALPES	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV ALSACE	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV DAUPHINE	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV ÉQUIPAGE	FULL	100.00	74.41			
TRANSDEV EST	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV FINANCE	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV FORMATION	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV MONTPELLIER	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV MULTIMODES	FULL	100.00	74.41			
TRANSDEV NORD EST	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV OUTRE MER (formerly TRANSDEV OCÉAN INDIEN)	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV ORLÉANS	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV PARIS EST	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV PARIS SUD	FULL	100.00	74.41	FULL	100.00	74.41

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	Method	% control	% interest	Method	% control	% interest
TRANSDEV PAYS D'OR	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV REIMS	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV SUD	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV SUD OUEST	FULL	100.00	74.41	FULL	100.00	74.41
TRANS'L	FULL	100.00	74.40	FULL	100.00	74.40
TRANSPART	FULL	100.00	74.41	FULL	100.00	74.41
TRANSPORT BÉRARD	FULL	100.00	74.41	FULL	100.00	74.41
TRANSPORTS MARNE ET MORIN	FULL	100.00	74.41	FULL	100.00	74.41
VAL D'EUROPE AIRPORT (VEA)	FULL	100.00	74.41	FULL	100.00	74.41
VIENNE MOBILITÉS	FULL	100.00	74.41	FULL	100.00	74.41
VILLENEUVE MOBILITÉS	FULL	100.00	74.41	FULL	100.00	74.41
VISUAL	FULL	100.00	74.41	FULL	100.00	74.41
VOYAGES CROLARD	FULL	100.00	74.41	FULL	100.00	74.41
VOYAGES DUNAND	FULL	100.00	74.41	FULL	100.00	74.41
VOYAGES GUICHARD	FULL	100.00	74.41	FULL	100.00	74.41
INTERNATIONAL						
Germany						
AWV	FULL	100.00	74.41	FULL	100.00	74.41
DEUTSCHE TOURING	FULL	100.00	15.43	FULL	100.00	16.56
DILLS REISEN	FULL	100.00	74.41	FULL	100.00	74.41
EURAILCO	PROP	50.00	37.21	PROP	50.00	37.21
EUROLINES VERKEHRSGESELLSCHAFT	EQUITY	100.00	15.43	EQUITY	100.00	15.43
MVB	FULL	100.00	66.97	FULL	100.00	66.97
NZM	FULL	100.00	74.41	FULL	100.00	74.41
RMVB	PROP	50.00	37.21	PROP	50.00	37.21
SUERLANNER	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV SZ	FULL	100.00	74.41	FULL	100.00	74.41
TRANSREGIO	PROP	50.00	27.90	PROP	50.00	27.90
VLD	FULL	100.00	74.41	FULL	100.00	74.41
VREM	FULL	100.00	74.41	FULL	100.00	74.41
VRL	FULL	100.00	74.41	FULL	100.00	74.41
VRW	FULL	100.00	74.41	FULL	100.00	74.41
VERKEHRSBETRIEBE WESTFALEN-SUD (VWS SIEGEN)	FULL	100.00	74.41	FULL	100.00	74.41
Australia						
METROLINK QUEENSLAND	PROP	50.00	37.21	PROP	50.00	37.21
METROLINK VICTORIA	PROP	50.00	37.21	PROP	50.00	37.21
TRANSDEV AUSTRALIA	FULL	100.00	74.41	FULL	100.00	74.41

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
TRANSDEV NEW SOUTH WALES	FULL	100.00	74.41	PROP	50.00	37.21
TRANSDEV QUEENSLAND	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV TSL PTY	FULL	100.00	74.41	PROP	50.00	37.21
TRANSDEV TSL (BRISBANNE FERRIES)	FULL	100.00	74.41			
TRANSDEV VICTORIA	FULL	100.00	74.41	FULL	100.00	74.41
Canada						
2755 4609 QUÉBEC	FULL	100.00	74.41	FULL	100.00	74.41
4345240 CANADA (AUTOCAR MÉTROPOLITAIN)	FULL	100.00	74.41	FULL	100.00	74.41
4369645 CANADA (AUTOCAR MÉTROPOLITAIN)	FULL	100.00	74.41	FULL	100.00	74.41
9200-0314 QUÉBEC (LES INVESTISSEMENTS RICHARD AUGER)	FULL	100.00	74.41	FULL	100.00	74.41
9078-9975 QUÉBEC (MEDICAR)	FULL	100.00	74.41	FULL	100.00	74.41
LIMOCAR ESTRIE	FULL	100.00	74.41	FULL	100.00	74.41
LIMOCAR	FULL	100.00	74.41	FULL	100.00	74.41
LIMOCAR ROUSSILLON	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV CANADA	FULL	100.00	74.41	FULL	100.00	74.41
Spain						
TENEMETRO	FULL	100.00	44.65	FULL	100.00	44.65
TRANSDEV ESPANA	FULL	100.00	74.41	FULL	100.00	74.41
IBERO EUROSUR	FULL	100.00	20.00	FULL	100.00	20.00
United Kingdom						
BLACKBURN WITH DARWEN TRANSPORT	FULL	100.00	74.41	FULL	100.00	74.41
BLAZEFIELD BUSES	FULL	100.00	74.41	FULL	100.00	74.41
BLAZEFIELD TRAVEL GROUP	FULL	100.00	74.41	FULL	100.00	74.41
BOURNEMOUTH TRANSPORT	FULL	100.00	66.97	FULL	100.00	66.96
BURNLEY & PENDLE TRAVEL	FULL	100.00	74.41	FULL	100.00	74.41
EURAILCO UK	PROP	50.00	37.21	PROP	50.00	37.21
HARROGATE & DISTRICT TRAVEL	FULL	100.00	74.41	FULL	100.00	74.41
HEATHROW COACH SERVICES	FULL	100.00	74.41	FULL	100.00	74.41
KEIGHLEY & DISTRICT TRAVEL	FULL	100.00	74.41	FULL	100.00	74.41
LANCASHIRE COUNTY TRANSPORT	FULL	100.00	74.41	FULL	100.00	74.41
LANCASHIRE UNITED	FULL	100.00	74.41	FULL	100.00	74.41
LONDON UNITED	FULL	100.00	74.41	FULL	100.00	74.41
LONDON UNITED BUSWAYS	FULL	100.00	74.41	FULL	100.00	74.41
LONDON SOVEREIGN	FULL	100.00	74.41	FULL	100.00	74.41

CONSOLIDATED FINANCIAL STATEMENTS

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
NOTTINGHAM TRAM CONSORTIUM	PROP	50.00	37.21	PROP	50.00	37.21
RATP PROJECT UK	PROP	50.00	37.21	PROP	50.00	37.21
TRANSDEV BLAZEFIELD	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV CLAIMS INVESTIGATIONS	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV NORTHERN BLUE	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV RATP IRELAND	PROP	50.00	37.21	PROP	50.00	37.21
TRANSDEV SCOTLAND LIMITED (formerly TRANSDEV EDINBURGH TRAM)	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV PLC	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV TRAM UK	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV YORK	FULL	100.00	74.41	FULL	100.00	74.41
YORKSHIRE COASTLINER	FULL	100.00	74.41	FULL	100.00	74.41
Italy						
AMT	PROP	41.00	30.51	PROP	41.00	30.51
DOLOMITI BUS	PROP	39.50	29.39	PROP	39.50	29.39
TRANSDEV GENOVA	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV ITALIA	FULL	100.00	74.41	FULL	100.00	74.41
Netherlands						
ACM OPLEIDINGEN	FULL	100.00	37.21	FULL	100.00	37.21
FOUNDATION AMBULANCEZORG NOORD OOST GELDERLAND	FULL	100.00	37.21	FULL	100.00	37.21
AUTOMOBIELBEDRIJF GEBROEDERS ZOET	FULL	100.00	37.21	FULL	100.00	37.21
TBC HOLDING BV	FULL	100.00	55.81	FULL	100.00	55.81
CONNEXION HOLDING	FULL	100.00	37.21	FULL	100.00	37.21
BESLOTEN VERVOER UTRECHT	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION AMBULANCEDIENSTEN	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION AMBULANCE SERVICES	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION AMBULANCEZORG	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION FACILITAIR BEDRIJF	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION FINANCE	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION INTERNATIONAL	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION NEDERLAND	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION OPENBAAR VERVOER	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION PARTICIPATIES	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION PERSONENVERVOER	FULL	100.00	37.21	FULL	100.00	37.21

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
CONNEXION TAXI SERVICES	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION TOURS	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION VASTGOED	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION VLOOT	FULL	100.00	37.21	FULL	100.00	37.21
CV ACTIVA WEERT	FULL	100.00	36.83	FULL	100.00	36.83
DELFTLAND BEDRIJFSDIENSTEN	FULL	100.00	37.21	FULL	100.00	37.21
FUTURE TECHNOLOGY NEDERLAND	FULL	100.00	37.21	FULL	100.00	37.21
GEBR. ZOET AMBULANCE	FULL	100.00	37.21	FULL	100.00	37.21
GEBROEDERS ZOET PERSONENVERVOER	FULL	100.00	37.21	FULL	100.00	37.21
GELUBEWI VASTGOED	FULL	100.00	37.21	FULL	100.00	37.21
GVU	FULL	100.00	37.21	FULL	100.00	37.21
HERMES GROEP	FULL	100.00	37.21	FULL	100.00	37.21
HERMES OPENBAAR VERVOER	FULL	100.00	37.21	FULL	100.00	37.21
LIMLINK	FULL	100.00	37.21	FULL	100.00	37.21
MOBINET UTRECHT	FULL	100.00	37.21	FULL	100.00	37.21
NEDERLANDSE BUURTBUSVERVOER MAATSCHAPPIJ	FULL	100.00	37.21	FULL	100.00	37.21
NEDERLANDSE SAMENWERKENDE TAXIBEDRIJVEN	FULL	100.00	37.21	FULL	100.00	37.21
NOVIO	FULL	100.00	37.21	FULL	100.00	37.21
NOVIO EXPRESS	FULL	100.00	37.21	FULL	100.00	37.21
NOVIO NET	FULL	100.00	37.21	FULL	100.00	37.21
NOVIO STEBO	FULL	100.00	37.21	FULL	100.00	37.21
CONNEXION WATER	FULL	100.00	37.21	FULL	100.00	37.21
P.G.W. JANSSEN HOLDING	FULL	100.00	37.21	FULL	100.00	37.21
ROLINE	FULL	100.00	37.21	FULL	100.00	37.21
SCHIPHOL TRAVEL TAXI BV	EQUITY	50.00	18.60	EQUITY	50.00	18.60
CTS NOORD	EQUITY	51.00	18.97	EQUITY	51.00	18.97
BEDRIDJFSVERVOER LIMBURG	EQUITY	25.00	9.30	EQUITY	25.00	9.30
ADVANCED NETHERLANDS TRANSPORT	EQUITY	20.00	7.44	EQUITY	20.00	7.44
FAST FERRY	EQUITY	93.00	34.60	EQUITY	93.00	34.60
REISINFORMATIEGROEP	EQUITY	32.80	12.20	EQUITY	32.80	12.20
REGIONALE AMBULANCEDIENST NOORDWEST VELUWE	FULL	100.00	37.21	FULL	100.00	37.21
REGIONALE AMBULANCE VOORZIENING ZEELAND	FULL	100.00	37.21	FULL	100.00	37.21
SPEEDWELL REISBUREAUX	FULL	100.00	37.21	FULL	100.00	37.21

CONSOLIDATED FINANCIAL STATEMENTS

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
TAXI HARDERWIJK	FULL	100.00	37.21	FULL	100.00	37.21
TECHNO SERVICE NEDERLAND	FULL	100.00	37.21	FULL	100.00	37.21
TSN DEUTSCHLAND	FULL	100.00	37.21	FULL	100.00	37.21
WATERBUS	FULL	100.00	24.37	FULL	100.00	24.37
Portugal						
ALPENDURADA, VIAGENS E TURISMO (ALPTUR)	FULL	100.00	74.17	FULL	100.00	74.16
ANTONIO DA CRUZ E JOAO DIAS NEVES	FULL	100.00	74.17	FULL	100.00	74.16
ASDOURO TRANSPORTES RODOVIARIOS DO DOURO	FULL	100.00	74.17	FULL	100.00	74.16
AUTO MONDINENSE	FULL	100.00	74.41	FULL	100.00	74.41
ROCALDAS EMPRESA DE TRANSPORTES AUTOPENAFIEL	PROP	50.00	18.88	EQUITY	25.31	18.83
AUTO VIACA ALMEIDA E FILHOS (AVAF)	FULL	100.00	74.17	FULL	100.00	74.16
AUTO VIACA AVEIRENSE (AVA)	FULL	100.00	74.17	FULL	100.00	74.16
CAIMA	FULL	100.00	74.41	FULL	100.00	74.41
CALCADA	FULL	100.00	74.41	FULL	100.00	74.41
CHARLINE	FULL	100.00	74.41	FULL	100.00	74.41
MINHOS BUS (formerly DOMINGOS)	FULL	100.00	74.41	FULL	100.00	74.41
EMPRESA AUTOMOBILISTICA DE VIACAO E TURISMO (EAVT)	FULL	100.00	74.41	FULL	100.00	74.41
EMPRESA DE TRANSPORTES ANTONIO CUNHA (ETAC)	FULL	100.00	74.41	FULL	100.00	74.41
EMPRESA DE VIACAO BEIRA DOURO	FULL	100.00	74.41	FULL	100.00	74.41
HOLDING JOALTO TRANSDEV				FULL	100.00	74.41
TRANSPORTES INTERNACIONAIS RODOVIARIOS DO NORTE	FULL	100.00	37.48	FULL	100.00	37.48
INTERCENTRO TRANSPORTES INTERNACIONAIS RODOVIARIOS DO CENTRO	FULL	100.00	32.64	FULL	100.00	32.63
INTERSUL TRANSPORTES INTERNACIONAIS RODOVIARIOS DO SUL	FULL	100.00	31.13	FULL	100.00	31.13
INTERGALIZA PARTICIPACOES E TRANSPORTES	PROP	50.00	17.39	PROP	50.00	17.39
JOALTO, RODOVIARIA DAS BEIRAS	FULL	100.00	74.41	FULL	100.00	74.41
JOAQUIM GUEDES, FILHO E GENROS	FULL	100.00	74.17	FULL	100.00	74.16
JOSE RODRIGUES FONTES E LOURENCO SILVA GRANJA	FULL	100.00	74.17	FULL	100.00	74.16
JOSE VIEIRA PINTO, MENDES, PAIVA E CORREIA	FULL	100.00	74.17	FULL	100.00	74.16
RODOVIARIA D' ENTRE DOURO E MINHO (REDM)	FULL	100.00	74.41	FULL	100.00	74.41
RODOVIARIA DA BEIRA INTERIOR (RBI)	FULL	100.00	74.17	FULL	100.00	74.16

GROUPS/COMPANIES	31 December 2010			31 December 2009		
	Method	% control	% interest	Method	% control	% interest
RODOVIARIA DA BEIRA LITORAL (RBL)	FULL	100.00	74.41	FULL	100.00	74.41
RODOVIARIA DO TEJO (RT)	PROP	50.00	18.88	EQUITY	25.31	18.83
S2M	FULL	100.00	44.65	FULL	100.00	44.65
SOARES OLIVEIRA	FULL	100.00	74.17	FULL	100.00	74.16
SOCIEDADE DE TRANSPORTES DO CARAMULO	FULL	100.00	74.41	FULL	100.00	74.41
TRANSCOVILHA EMPRESA DE TRANSPORTES URBANOS DA COVILHA	PROP	50.00	37.21	PROP	50.00	37.20
TRANSCOVIZELA, TRANSPORTES PUBLICOS	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV MOBILIDADE	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV PARTICIPACOES SGPS	FULL	100.00	74.41	FULL	100.00	74.41
TRANSDEV PORTUGAL TRANSPORTES (TPT)	FULL	100.00	74.41	FULL	100.00	74.41
TRANSPORTES RODOVARIOS POTUGUESES DO NORTE (TRPN)	FULL	100.00	74.41	FULL	100.00	74.41
UNIDADE MECANICA JOALTO (UMJ)	FULL	100.00	74.32	FULL	100.00	74.32
VIUVA CARNEIRO E FILHOS	FULL	100.00	74.41	FULL	100.00	74.41
Morocco						
TRAMWAYS DE RABAT	FULL	100.00	74.41			
Eastern Europe						
TOURING CROATIA	FULL	100.00	15.43	FULL	100.00	16.56
TOURING BOHEMIA	FULL	100.00	15.43	FULL	100.00	16.56
TOURING POLSKA	FULL	100.00	15.43	FULL	100.00	16.56
TOURING-DTG SERBIA	EQUITY	100.00	15.43	EQUITY	100.00	15.43
EUROLINES POLSKA	FULL	100.00	15.43	FULL	100.00	16.56
BOSNIA TOURS	FULL	100.00	15.43	FULL	100.00	16.56
TOURING SCANDINAVIA	FULL	100.00	15.43	FULL	100.00	16.56
KOSMET TOURS INTERNACIONAL	FULL	100.00	15.43	FULL	100.00	16.56

(1) SCI Athos and Urba Club: all of their assets and liabilities were transferred to Caisse des Dépôts on 29 November 2010.

(2) CNP Assurances: 40% interest before adjustment for CNP treasury stock.

(3) Icade SA: 55.78% interest before adjustment for Icade treasury stock.

(4) SAS Paris Nord Est is 50%-owned by Caisse des Dépôts and 30%-owned by Icade Foncier Développement.

(5) SCI des Régions: percent interest calculated by taking into account 50/50 co-ownership with Caisse des Dépôts.

(6) Percent interest calculated by taking into account co-ownership of an 18.9% stake with Caisse des Dépôts.

(7) Ecoparc SA is also 24.94%-owned by Caisse des Dépôts.

Consolidation methods - FULL: full consolidation - PROP: proportional consolidation - EQUITY: equity method.

Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2010

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us, we hereby report to you, for the year ended 31 December 2010, on:

- the audit of the accompanying consolidated financial statements of Caisse des Dépôts et Consignations;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Chief Executive Officer. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as 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.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in section II.8. "Segment information" of Note 2 "Summary of significant accounting policies" and in Note 10 "Segment information" regarding the development of the segment information published at 31 December 2010 and the comparative data published at 31 December 2009 restated to reflect the new business organisation.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

> Accounting change

Within the framework of our assessment of accounting rules and principles applied by your Company, we verified the appropriateness of the aforementioned change and of its presentation.

■ Accounting estimates

> Impairment of investments in associates, goodwill and indefinite-lived intangible assets

Caisse des Dépôts Group tests investments in associates, goodwill and indefinite-lived intangible assets for impairment. These tests are performed as described in sections III.2. and III.8. of Note 2 "Summary of significant accounting policies" to the consolidated financial statements. These impairment tests resulted in the recognition of impairment losses (Notes 20 and 22).

We have assessed the Group's impairment testing procedures as well as the related assumptions.

> Insurance business

Certain technical items specific to the insurance business carried on both the asset and liability sides of the balance sheet, notably technical reserves and the deferred participation reserve are estimated based on statistical and actuarial considerations, as set out in section III.12. of Note 2 "Summary of significant accounting policies" and Note 27 to the consolidated financial statements.

We have assessed the methods applied and the consistency of the assumptions used.

> Impairment of available-for-sale financial assets

As set out in section III.1.2. of Note 2 «Summary of significant accounting policies» and Notes 4 and 13 to the consolidated financial statements, the Group recognises impairment losses on available-for-sale financial assets:

- for equity instruments when there is objective evidence of a significant or prolonged decline in the fair value of the investment;
- for debt securities when there is a proven counterparty risk.

We have assessed the processes used for identifying indications of impairment, measuring the most material portfolios, and estimating impairment losses recognised to bring carrying amounts back into line with fair value.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 29 March 2011

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars



Catherine Pariset

Bruno Tesnière

Guillaume Potel

Denis Grison

Caisse des Dépôts' business review and corporate social responsibility report, as well as the financial statements and the savings funds report, are all available on the corporate website at www.groupecaissedesdepots.fr/en

The annual report may be obtained on request from Caisse des Dépôts' Corporate Communications Department at the following address:

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Note to the reader

The French version of the 2010 financial report includes the audited consolidated financial statements of Caisse des Dépôts Group, the audited financial statements of Caisse des Dépôts Central Sector, and the audited financial statements of the savings funds centralised by Caisse des Dépôts. The English version of the report includes solely the audited consolidated financial statements of Caisse des Dépôts Group.

The detailed financial statements for the subsidiaries and for other organisations and establishments managed by Caisse des Dépôts are not presented in this report, but in specific reports prepared by those entities.

Paper

The paper used in this report is FSC-certified (Forest Stewardship Council). The FSC Logo indicates that the wood used to make the paper for the report comes from a forest which is well managed according to strict environmental, social and economic standards.



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