This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the 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 financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Société de Prise de Participation de l'Etat

Year ended December 31, 2010

Statutory auditors' report on the financial statements

ERNST & YOUNG et Autres

Société de Prise de Participation de l'Etat
Year ended December 31, 2010

Free Translation

**Statutory auditors' report
on the financial statements**

To the Shareholders,

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

- the audit of the accompanying financial statements of Société de Prise de Participation de l'Etat;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the 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 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 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 matters:

Investments are estimated according to the methods disclosed in note 2-2 to the financial statements. As part of our assessments, we made sure of the reasonableness of the data, of the assumptions on which the assessment of the value in use is based and of the calculations made by your company.

These assessments were made as part of our audit of the 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 verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Neuilly-sur-Seine, May 24, 2011

The statutory auditors
ERNST & YOUNG et Autres
French original signed by

Christine Vitrac　　　　Philippe Peuch-Lestrade

FREE TRANSLATION

SOCIETE DE PRISE DE PARTICIPATION DE L'ETAT

Financial Statements

for the year ended 31 December 2010

Société de prise de participation de l'État
(SPPE)
Registered office: 139 rue de Bercy, Paris 75012

Registration number: 507 54 2652 RCS PARIS

CONTENTS

1. Financial statements

1.1. Assets

Assets (in €'000s)	Note	Gross at 31/12/2010	Depreciation, amortisations and provisions	Net at 31/12/2010	Net at 31/12/2009
Shareholdings and related receivables	3.1			0	560 000
Other fixed asset securities	3.2	3 253 289	677 000	2 576 289	6 474 228
Total non-current assets		**3 253 289**	**677 000**	**2 576 289**	**7 034 228**
Trade receivables	3.4	67 399		67 399	31
Cash and cash equivalents	3.3	1 802 250		1 802 250	1 847 564
Total current assets		**1 869 649**	**0**	**1 869 649**	**1 847 595**
Deferred expenses		3 993		3 993	7 560
TOTAL ASSETS		5 126 931	677 000	4 449 931	8 889 383

1.2. Equity and liabilities

Equity and liabilities (in €'000s)	Note	31/12/10	31/12/09
Share capital		1 000	1 000
Share premium		121 484	449 037
Reserves and unappropriated profit or loss		100	-414 809
Net profit / (loss) for the year		103 870	724 356
Equity	**3.5**	**226 454**	**759 584**
Provisions		0	0
Provisions		**0**	**0**
Loans and borrowings	3.6	4 176 017	7 665 367
Trade payables and related accounts		135	157
Tax, employment and social benefit liabilities			162 525
Cash instrument		47 325	301 750
Liabilities		**4 223 477**	**8 129 799**
Deferred income		0	0
TOTAL EQUITY AND LIABILITIES		4 449 931	8 889 383

1.3. Income statement

Income statement (in €'000s)	Note	2010	2009
Revenue		0	0
Other operating income		0	0
Purchases and external expenses		259	259
OPERATING PROFIT		-259	-259
Financial income	3.9	420 342	986 841
Financial expenses	3.9	261 701	99 701
NET FINANCIAL INCOME / (EXPENSE)		158 641	887 140
EXCEPTIONAL INCOME / (LOSS)		-2	0
PROFIT / (LOSS) BEFORE TAX		**158 381**	**886 881**
Income tax	3.8	54 511	162 525
NET PROFIT / (LOSS)		103 870	724 356

1.4. Statement of cash flows

	in millions of €
CASH FLOW FROM OPERATIONS	341
Change in working capital requirement	-359
NET CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES	**-18**
INVESTING ACTIVITIES	
Subscription to share capital increase (Preference Shares)	0
Redemption of Preference Shares	1,800
Subscriptions to issues of Perpetual Deeply Subordinated Bonds	0
Redemption of Perpetual Deeply Subordinated Bonds	2,300
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES	**4,100**
FINANCING ACTIVITIES	
Proceeds from issues of commercial paper	25,140
Repayment of commercial paper	-28,630
Dividends paid	**-637**
CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES	**-4,126**
Net cash at start of year	**1,847**
Change in cash	-45
Net cash at end of year	**1,802**

2. Annexes to the Financial Statements

2.1. Key events in the year

Reminder:

The *Société de Prise de Participation de l'État* (Corporation for State Equity Holdings – SPPE) was formed pursuant to Article 6 of the Supplementary Budget Act 2008-1061 of 16 October 2008.

The corporate purpose of SPPE, of which the French State is the sole shareholder, is to subscribe to issues of securities made by financial institutions, up to a limit of €40 billion.

Under the framework established by the European Commission, these arrangements are reserved for financially sound banks that comply with the prudential rules set by the *Commission Bancaire*. They consist in maintaining the banks' lending capacity, and therefore in temporarily alleviating the difficulties they encounter in sustaining capital levels due to their poor results and to the need for additional capital related to the increase in the risk of default by borrowers, amid deteriorating economic conditions.

The SPPE was formed from a company purchased from a subsidiary of SNCF-French Railways (SAS SNCF B3), formed in July 2008. SPPE was converted to a limited liability company with a Board of Directors (*Société anonyme à conseil d'administration*) at the Shareholders' General Meeting of 18 November 2008, following an increase in its equity effected by converting a shareholder advance of €450 million. 2008 was its first financial year.

The key events in 2010 were:

- Refunding by the CNCE and BFPB banks of €2.3 billion of Deeply Subordinated Bonds, including:
    - €1.1 billion subscribed to in 2008 (CNCE)
    - €1 billion subscribed to in 2009 (CNCE)
    - €200 million subscribed to in 2009 (BFPB)

- Refunding of €1.8 billion in Preference Shares by the BPCE group during financial year 2010 (on 6 August 2010 and 15 October 2010).

- Issue of a total of €25.1 billion in short-term bonds by SPPE in the form of commercial paper. Total commercial paper now stands at €4.176 billion, following the redemptions during 2010 for a total of €28.6 billion.

- Distribution of €637 million in dividends for financial year 2009.

2.2. Accounting policies and methods

Preamble

The information below forms an integral part of the annual financial statements approved by the Board of Directors on 10 May 2011.

The financial year covers the 12-month period from 1 January 2010 to 31 December 2010. This was the Corporation's third financial year.

2.2.1. Accounting rules and methods

The generally accepted accounting principles (French Commercial Code R. 123-180 and Article 531.1 of the National Accounting Code) have been applied, complying with the principle of prudence, and in accordance with the fundamental assumptions:

- Consideration of the enterprise as a going concern
- Consistency of method from one financial year to the next
- Accruals and matching

The historical cost method has been used as the standard method for measuring items recorded in the accounts.

2.2.2. Non-current assets

➢ *Non-current financial assets*

Shareholdings are shown in the balance sheet at their net cost of acquisition less any impairment losses.

An impairment loss is recognised whenever an asset's value in use falls below its carrying amount. At any dates other than their acquisition date, shareholdings, whether listed or not, are measured at their value in use, representing the amount that the entity would be willing to disburse to obtain this shareholding if it had to acquire it.

The following factors may be taken in account in making this estimate, provided they do not change because of accidental circumstances: profitability and prospects for profitability, equity, prospects for realisation, the economic situation, average market price in the last month together with the assessment factors underlying the original transaction.

Other non-current financial assets are recognised at acquisition cost. If their value is less than their historical cost, an impairment loss is recognised.

2.2.3. Current assets

➢ *Receivables*

Receivables are measured at their nominal value. Allowances are booked to take account of any difficulties that may be encountered in recovering them.

➢ *Cash assets*

Cash assets are recognised at their historical acquisition cost. The liquidation value of these investment securities cannot be used as their carrying amount whenever it is greater than their acquisition cost. On the contrary, when their recoverable amount is less than cost, an impairment loss is recognised for the difference.

2.2.4. Provisions

Provisions are measured on the basis of the information available to the Company at the balance sheet date.

A liability is a component of an entity's net assets that has a negative economic value for the enterprise; in other words it is an obligation of the entity to a third party that it is probable or certain will result in an outflow of resources to this third party, without an expected inflow that is at least equivalent. Overall, these items are designated external liabilities.

This obligation may be legal, regulatory or contractual. It may also derive from an established pattern of past practice, published policies or sufficiently explicit public statements by which the entity has indicated to other parties that it will assume certain responsibilities.

The third party may be a natural or legal person, whether identifiable or not.

The liability is measured at the amount of the outflow of resources that the entity must bear to settle its obligation to the third party.

Any related asset recognised represents the economic benefits that the entity expects from the third party to which it has an obligation.

2.2.5. Financial debt

Commercial paper is mainly issued in foreign currency (USD and CHF) and is recorded under liabilities in the balance sheet in euros at the nominal value at the forward hedge rate, interest having been deducted. Commercial paper is hedged by a euro swap as soon as it is issued for the total of the nominal plus interest. Interest is calculated prorata temporis over the maturity period of the paper issued, at the contractually defined rate.

As mandated by SPPE, Agence France Trésor (AFT) makes margin calls to hedge the impairment of its open market position. This guarantee serves to guarantee the unwinding of the hedge in the event of the banking counterparty failing to meet its obligations. The collateral is calculated daily for each counterparty. It may be a credit or debit and is recorded under cash instruments in the balance sheet. A credit balance on the financial instrument account corresponds to an unrealised gain on hedges. The opposite entry of cash received is recorded in the cash instrument suspense account under liabilities.

2.2.6. Financial income

- *Preference shares*

As the payment of preference dividends remains conditional on a Shareholders' General Meeting being held and a dividend on ordinary shares being paid, dividend income is linked to the financial year in which the decision is taken by the Shareholders' General Meeting.

In the event of Preference Shares being bought back, this income is then considered as earned and is recorded in profit or loss in the period when the shares are bought back.

3. Additional information: notes to the financial statements

3.1. Financial assets

(in €'000s)	GROSS				
	31/12/2009	Increase	Decrease	Reclass	31/12/2010
NON-CURRENT FINANCIAL ASSETS					
Shareholdings	1 000 000			-1 000 000	0
Other fixed asset securities	6 474 228	53 289	4 274 228	1 000 000	3 253 289
including other loans, for	3 300 000		2 300 000		1 000 000
including fixed asset securities, for	3 000 000		1 800 000	1 000 000	2 200 000
including other fixed asset receivables, for	174 228	53 289	174 228		53 289
TOTAL	7 474 228	53 289	4 274 228	0	3 253 289

(in €'000s)	IMPAIRMENT				
	31/12/2009	Expense	Reversal	Reclass	31/12/2010
NON-CURRENT FINANCIAL ASSETS					
Shareholdings	440 000			-440 000	0
Other fixed asset securities	0	237 000		440 000	677 000
TOTAL	440 000	237 000	0	0	677 000

(in €'000s)	NET				
	31/12/2009	Increase	Decrease	Reclass	31/12/2010
NON-CURRENT FINANCIAL ASSETS					
Shareholdings	560 000			560 000	0
Other fixed asset securities	6 474 228	53 289	4 511 228	-560 000	2 576 289
including other loans, for	3 300 000		2 300 000		1 000 000
including fixed asset securities, for	3 000 000		2 037 000		1 523 000
including other fixed asset receivables, for	174 228	53 289	174 228		53 289
TOTAL	7 034 228	53 289	4 511 228		2 576 289

3.2. Other fixed-asset securities

The other fixed-asset securities are Dexia securities and deeply subordinated bonds.

3.2.1 Dexia securities

These securities, which had been reported as shareholdings, were restated as other fixed-asset securities in 2010. The equity interest in Dexia is now less than 10% and no directors from the Corporation for State Equity Holdings (SPPE - *Société de Prise de Participation de l'Etat*) hold directorships with Dexia.

<u>As a reminder:</u>

At the date of closure of SPPE's 2008 accounts, given the proximity of the share purchase date and the then-current public-sector valuation options, Dexia's shares were evaluated using the so-called Discounted Dividend Model (DDM). The evaluation was based on a normative result for 2008 (excluding the exceptional losses posted by Dexia for that year) as well as a model calling for long-term results distributable to shareholders, and factoring in the long-horizon prudential requirements as called for under Basel II.

Using this method, the share value is estimated to be €5.60 per share, depreciation of €440 million in the accounts of the SPPE as of the first year.

The 2009 financial year was a much more favourable one for the Dexia share price over the previous year. The share price was evaluated on the basis of an updated DDM used in the previous year – leading to the share price being evaluated at €6.26 per share. In order to factor in the change in stock price, the previous financial year's valuation of €5.60 was not changed in order to take into account the 60-day share price, which came to €5.37.

<u>2010 Evaluation</u>

The Dexia share price declined further after the end of 2009, dropping from €4.46 at 31 December 2009 to €2.60 at 31 December 2010. It was driven down by the European sovereign debt crisis and market expectations regarding the new Basel III prudential rules. The total impact of these new rules on future dividends is hard to determine at this point, since the banks are still reporting their prudential ratios under the Basel II standard.

Given these uncertainties and the lack of annual forecasts for the medium term from Dexia (other than a target for 2014 discussed during the Investor Day in 2010), we decided to value Dexia securities at the 2010 year-end using the average value of the last 60 trading days, i.e. €3.05 per share.

The Corporation for State Equity Holdings posted supplementary asset impairment of €237 million at the end of December 2010, for a total loss of €677 million and a net value of €323 million.

This evaluation method represents a continuity with respect to the method used in the previous fiscal year.

The line item *Other loans* comprises Deeply Subordinated Bonds and breaks down as follows (in millions of euros):

		Exercice 2008	Exercice 2009			Exercice 2010			
Beneficiary financial institutions	**Subscription date**	**Balance at 31/12/2008**	**Issues 2009**	**Refunding**	**Balance at 31.12.2009**	**Refunding at 22.03.10**	**Refunding at 06.08.10**	**Refunding at 10.12.10**	**Balance at 31.12.2010**
BNPP	11/12/2008	**2 550**							
	31/03/2009			-2 550	**0**				**0**
Société Générale	11/12/2008	**1 700**							
	04/11/2009			-1 700	**0**				**0**
Crédit Agricole	11/12/2008	**3 000**			**0**				**0**
	27/10/2009			-3 000					
Banque Fédérative du Crédit	11/12/2008	**1 036**			**0**				**0**
	01/10/2009			-1 036					
Cie Financière du Crédit Mutuel	11/12/2008	**164**			**0**				**0**
	01/10/2009			-164					
Caisses d'Epargne	11/12/2008	**1 100**			**1 100**		**-600**	**-500**	**0**
	26/06/2009		1 000		**1 000**	**-1 000**			**0**
Banques Populaires	11/12/2008	**950**		-750	**200**			**-200**	**0**
	26/06/2009		1 000		**1 000**				**1 000**
SOLDE		**10 500**	**2 000**	**-9 200**	**3 300**	**2 300**	**1 700**	**1 000**	**1 000**

The first tranche was drawn in 2008 for a total of €10.5 billion. In 2009, 9.2 billion of this tranche was redeemed, and the remainder was redeemed in 2010 following redemptions by Caisses d'Épargne and Banques Populaires for €1.1 billion and €0.2 billion, respectively.

The second tranche of funding for strengthening the banks' capital began in January 2009 for an effective amount of €11.8 billion, which was almost completely subscribed.

Following the 2009 and 2010 redemptions, corresponding to €1.8 billion in Preference Shares for BPCE, and €1 billion in Deeply Subordinated Bonds by the Caisse d'Épargne, the total now comes to €2.2 billion, and concerns only BPCE for €1.2 billion in Preference Shares and €1 billion in Deeply Subordinated Bonds for BFBP.

Movements of Preference Shares during the period break down as follows (in millions of euros):

		2009 Financial Year			2010 Financial Year		
Beneficiary financial institutions	Subscription date	Amounts paid (in €'000s)	Redeemed (in €'000s)	**Balance at 31/12/2009**	Redeemed at 06/08/2010	Redeemed at 15/10/2010	**Balance at 31/12/2010**
BNP Paribas	31/3/2009 28/10/2009	5,100 0	0 5,100	0			
Société Générale	28/6/2009 4/11/2009	1,700 0	0 1,700	0			
BPCE (since 31 July 2009) BSA	31/7/2009 31/7/2009	3,000 65		3,000	-1,200	-600	1,200
Total Preference Shares		**9,800**	**6,800**	**3,000**	**1,800**	**1,200**	**1,200**

At 31 December 2010, the balance of Preference Shares was €1.2 billion, all issued by BPCE. Financial income in respect of 2010 on Preference Shares in BPCE amounted to €102.2 million.

3.3. Cash and cash equivalents

Cash and cash prevalence are solely cash at bank. Cash and cash equivalents shown in the cash flow statement comprise the following amounts in the balance sheet:

(in €'000s)	31/12/2010	31/12/2009
Cash	1,802,250	1,847,564
Cash and cash equivalents	**1,802,250**	**1,847,564**

3.4. Trade receivables

Trade receivables came to nearly €67.4 million and primarily concerned the corporate income tax receivable for 2010. The advances in corporate income tax paid out during the financial year represented a total of €121.9 million, whereas current taxes on companies came to €54.5 million (cf. 3.8).

3.5. Changes in equity

(in €'000s)	Position at 31/12/2009	Change in reserves	Change in share capital	Profit or loss for the year	Appropriation of previous-year profit or loss	Distribution of dividends	Situation at 31/12/2010
Share capital	1,000						1,00[illegible]
Share premium	449,037					-327,553	121,48[illegible]
Legal reserve	0				100		10[illegible]
Unappropriated profit or loss	-414,809				724,256	-309,447	[illegible]
Profit / (loss) for the period	724,356				-724,356		[illegible]
EQUITY	759,584	0	0	0	0	-637,000	122,584

SPPE's equity amounted to €122,583.9 thousand at 31 December 2010 (excluding the result of the period).

Further to the 26 March 2010 decision by the Board of Directors, the earnings for financial year 2009 were allocated as follows:

2009 earnings	€724,355,948
Negative unappropriated earnings	€-414,809,355
Allocation to the legal reserve	€-100,000
Distributable profits	***€309,446,593***

The distributable profits were entirely allocated to dividends, representing a per-share dividend of €3094.47.

The General Assembly, acting on the proposal of the Board of Directors, decided to distribute an additional dividend, representing €327,553,407, as a distribution of reserves, deducted from share premiums; the total additional amount distributed came to €3,275.53 per share.

3.6. Financial loans

	NET			
(in €000s)	31/12/2009	Increase	Decrease	31/12/2010
LOANS FROM FINANCIAL INSTITUTIONS				
Other loans	7,665,455	25.140.162	28,629,600	4.176.017
TOTAL	7,665,455	25,140,162	28,629,600	4,176,017

The line item "other loans" totalled €4.176 billion at 31 December 2010, and concerned the issue of commercial paper. Exchange rate risk for commercial paper is contractually covered at 100% by a euro swap at issue for the total nominal value and interest.

The financial debt matures at one year or less.

3.7. Asset and liability accrual and deferral accounts

Deferred expenses		
(in €'000s)	31/12/2010	31/12/2009
Accrued interest not matured	0	3,025
Trade payables and related accounts	35	63
Deferred expenses	35	3,088

Accrued income		
(in €'000s)	31/12/2010	31/12/2009
Other loans	53,289	174,228
Accrued income	53,289	174,228

Accrued income relates to interest receivable in the period on the remaining Deeply Subordinated Bonds issued by CNCE. This interest is payable in arrears (see 2.2 Accounting policies and methods).

In respect of 2009, accrued income mainly comprises interest on the Deeply Subordinated Bonds for €92.6 million and Preference Shares for €81.6 million.

It should be noted that trade payables are due within 60 days at 31 December 2010 for a total of €10,000.

3.8. Tax position

The 2010 result was an accounting profit of €103,870 thousand.

The 2010 corporate income tax, calculated using a 34.43% rate (including the Social Contribution on Profits) is given in the following table:

Current year profit before tax	€158,380,699.85
Taxable profit	€158,380,699.85
33.33%	€-52,793,566.62
"Social contribution" levy	€-1,717,008.70
2010 corporate income tax	**€-54,510,575.32**

3.9. Financial income

	in €'000s
Financial income	
Interest on Perpetual Deeply Subordinated Bonds	212,066
Interest on Preference Shares	207,793
Interest on margin calls	457
Other miscellaneous income	25
Total financial income	***420,342***
Financial expenses	
Depreciation of Dexia shares	237,000
Interest on commercial paper	23,921
Interest on margin calls	780
Total financial expenses	***261,701***
Net financial income / (expense)	***158,641***

4. Financial commitments

4.1. Commitments received

By an Order dated 12 August 2009, the French State guaranteed the debt securities issued by SPPE under its multi-currency commercial paper programme.

The State's independent, unconditional and irrevocable guarantee at first request is given for debt securities of any nature with a maximum term of 397 days issued by SPPE at the latest on 30 June 2012 under its multi-currency commercial paper programme, for an aggregate amount outstanding of €20 billion in principal or its equivalent amount in any currency in which securities are issued, plus interest and ancillary expenses.

4.2. Commitments made

None

5. Other disclosures

5.1. Other fixed-asset securities

	Equity attributable to owners including profit or loss for the period (in € millions)	Percentage equity held at 31 December 2010	Carrying amount of shares held	Net income (in €millions)	Profit or loss of last period closed
DEXIA	9 070	5,7%	323 000	5 310	723

5.2. Average number of employees

SPPE has no employees.

5.3. Remuneration paid to members of governance and management bodies

No remuneration is paid to members of governance and management bodies.

5.4. Combined financial statements

The financial statements of SPPE are combined with the financial statements of the French government Shareholding Agency (Agence des Participations de l'État).

5.5. Post-balance sheet events

On 11 March 2011, the Preference Shares issued by BPCE were redeemed in full for a total of €1.2 billion, and on 23 March 2011, BFBP also redeemed in full the Deeply Subordinated Bonds it had issued, for a total of €1 billion.