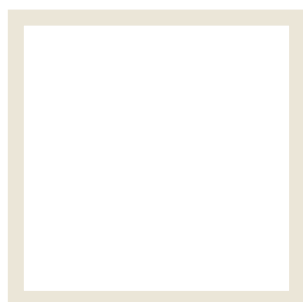




Annual Report  
2004

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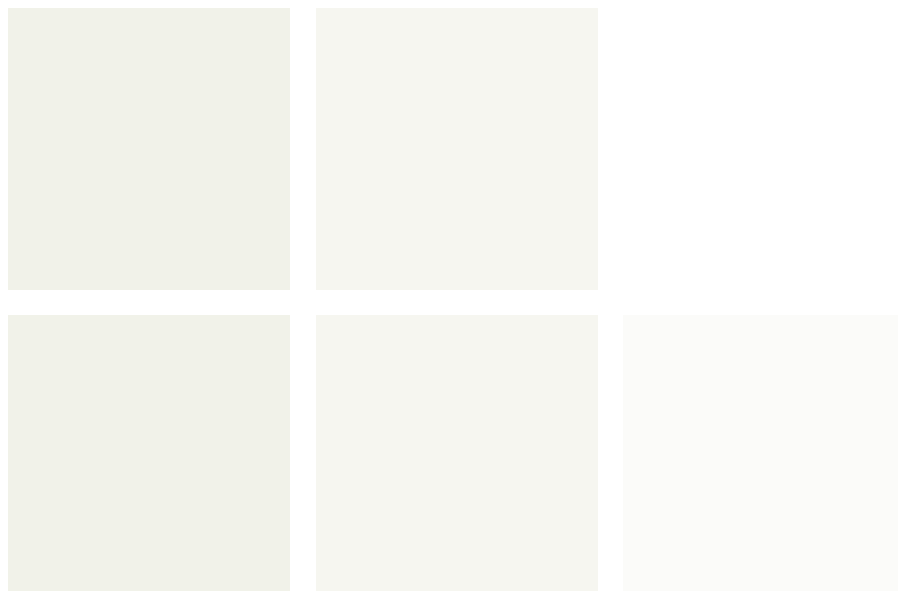
# Profile

Caisse des Dépôts is a state-owned financial institution that performs public-interest missions on behalf of France's central, regional and local governments.

Today, it is:

- the leading administrator of **savings deposits** (tax-free passbook accounts) and **retirement savings funds** for French citizens (one retiree out of five), and **private-sector funds that require special protection under French law** (legal profession's funds, etc.);
- the leader in **financing low-income housing** and urban development in France;
- the **long-term partner of local and regional governments**, investing in local development projects otherwise neglected by the private sector: real estate and urban renewal, regional private equity and technology venture capital, support for the creation of very small businesses and the not-for-profit sector, and local and regional digital networks. This partnership with local and regional governments is reinforced by the **subsidiaries: Icade** (real estate), **Société nationale immobilière** (middle-income rental housing), **Transdev** (passenger transportation), **Egis** (infrastructure), **Compagnie des Alpes** (leisure resorts), **VVF Vacances** (tourist accommodation);
- a major **long-term institutional investor**, the largest shareholder of **CNP Assurances**, a strategic shareholder of **Caisse Nationale des Caisses d'Épargne**, an investor in leading French companies and with significant private equity portfolios (**CDC Entreprises**) and real estate assets.

**Caisse des Dépôts has made an ongoing commitment to France's social and economic development. Its central purpose is to promote long-term interests, which makes this institution unique and irreplaceable in its service to the nation.**



## Message from the Chairman of the Supervisory Board



### **Marked by an uncertain economic environment, 2004 was a year of consolidation and development for Caisse des Dépôts.**

The government continued the reforms begun in 2003, notably those involving low-income housing, urban renewal, social cohesion, health insurance and decentralization.

The group, with its streamlined organizational structure, supported these initiatives by affirming its role as a long-term investor. It strengthened its activities in line with its strategy based on the preservation of public-sector ownership interests and the realization of investments benefiting the French economy.

Caisse des Dépôts recorded consolidated net income of €1,912 million in 2004, up 21% from the previous year. The dividend paid to the State from 2004 earnings will be €512 million, equivalent to one-third of overall net income, excluding the capital gains generated by the partnership restructuring. Another third will be focused on public-interest investments, while the

“Public-interest missions  
were expanded.”

remaining third will be appropriated to retained earnings.

The Public Institution accounted for 51% (€792 million) of net recurring income, while the remaining 49% (€744 million) was provided by the subsidiaries and CNCE.

**As a whole, public-interest missions were expanded,** with an increase in the average volume of regulated savings deposits, implementation of the civil servants' supplementary retirement savings plan, the award of the administrative mandate for the miners' retirement savings fund and €418 million invested in local and regional development.

**The measures proposed by the Nasse-Noyer report to ensure the renewed structural balance of the savings funds were implemented.**

The Supervisory Board is pleased to report that the net income of the savings funds rose by 11.8% in 2004 to reach €1,266 million.

In a more competitive context, the range of housing loans was renewed. Savings funds were sought out to finance infrastructure and dedicated right-of-way projects for mass transit.

The year was marked by the implementation of the partnership restructuring project.

CDC Ixis's investment banking activities were integrated within CNCE, whose contribution to the consolidated net recurring income of Caisse des Dépôts totaled €356 million last year, up 12% from €318 million in 2003. The Supervisory Board applauds these results, which attest to CNCE's growth potential and the relevance of Caisse des Dépôts' strategic 35% interest.

CNP Assurances performed well, with consolidated premium income rising by 10% to €21.4 billion and consolidated net income up 8%. CNP Assurances contributed €267 million to Caisse des Dépôts' consolidated net income.

The activities performed by the subsidiaries previously held by C3D were also expanded last year through the acquisition of Société nationale immobilière and the establishment of the private equity activities. These activities maintained their contribution to consolidated net income at €90 million.

Finally, the Supervisory Board has encouraged Caisse des Dépôts to play an active role as a long-term institutional investor. Based on the work carried out by the Advisory Committee chaired by René Barbier de La Serre, Caisse des Dépôts is even more committed to the practice of good corporate governance at the companies in which it invests.

**The role of the Supervisory Board is to ensure the continued prudent management of Caisse des Dépôts and the protection of savings deposits.** It has

two main missions: controlling the Public Institution and the savings funds and overseeing Caisse des Dépôts. The Supervisory Board believes that it was able to perform its duties under optimal governance conditions last year through a mix of discipline and transparency. It met 19 times, was assisted by its own specialized sub-committees and extended its by-laws adopted in 2003 with the full approval of the Chairman and Chief Executive Officer.

Overall, 2004 was a successful year in terms of growth and earnings, as the group's management was strengthened for the implementation of its long-term investment strategy on behalf of the country.

A handwritten signature in black ink, appearing to read 'P. Auberger', written over a light-colored background.

Philippe Auberger

## Message from the Chairman and Chief Executive Officer



In many respects, 2004 was an excellent year for Caisse des Dépôts.

**Consolidated net income rose by 21% to €1,912 million**, and the return on equity was 13.7%. This highly satisfactory result includes a €376 million capital gain on the disposal of Caisse des Dépôts' equity interest in Eulia-CDC Ixis to Caisse d'Epargne Group. Adjusted for this item, net recurring income from operations was €1,536 million. The Central Sector of Caisse des Dépôts accounted for half of this amount, as it benefited from the favorable performance of financial markets, while the other half was contributed by the subsidiaries, which performed well, and the 35% strategic ownership interest in the newly structured Caisse Nationale des Caisses d'Epargne (CNCE). The group continued its operating cost control efforts.

**2004 was an exceptional year for the development of Caisse des Dépôts' public-interest missions.** It established the civil servants' supplementary retirement fund (RAFP). It substantially increased its investments on behalf of local and regional development and decentralization through agreements renewed with the State for small business and innovation equity financing, urban renewal, social cohesion and local and regional digital infrastructure.

It took the initiative to commit €2 billion in new subsidized loans for the renovation of 100,000 additional low-income housing units over five years. The €4 billion lending package for transportation infrastructure and dedicated right-of-way transportation projects was quickly committed. The savings funds administered by Caisse des Dépôts generated net income of €1,266 million, an 11.8% increase.

Finally, it played a lead role in so-called carbon financing. The State entrusted Caisse des Dépôts with the administration of the national greenhouse gas emissions quota register, and the technology it developed for this purpose was adopted by six other European countries. It also helped to launch the European Carbon Fund, which has already received €100 million in subscriptions from French and other investors.

**Caisse des Dépôts reaffirmed its role as a long-term investor in equities.** Its primary concern is to add value to its ownership interests, which is reflected in its very favorable results. As an active shareholder, Caisse des

Dépôts provides long-term support to leading French companies for their growth strategies and helps them to keep their decision-making centers in France. It also pays attention to the rules of good corporate governance for the companies in which it invests, assisted by an independent Advisory Committee.

**As part of its on-going efforts to streamline its corporate structure,** Caisse des Dépôts decided in 2004 to eliminate the C3D holding company. Thus it now owns its subsidiaries directly:

lcade and SNI in the real estate sector; Transdev, Egis, Compagnie des Alpes and VVF Vacances in the services sector. These subsidiaries, which perform core business activities on behalf of the group, strengthen its partnership with local governments.

CNP Assurances continued its growth in the euro zone through the acquisition of Fineco Vita in Italy. The partnership restructuring with Caisse d'Epargne Group was completed in July 2004. As the strategic shareholder in the newly structured CNCE, Caisse des Dépôts supports the profitable growth strategy for the Caisse d'Epargne Group, with a view to a possible initial public offering in 2007-2008. Moreover, for the first time in its history, Caisse des Dépôts has a stake in the earnings generated by the regional savings banks.

Caisse des Dépôts is evolving and on the move. It is strengthening its missions and development. In a world where the future is too often sacrificed on the altar of short-term gain, it continues to be guided by long-term interests. These interests are the *raison d'être* of Caisse des Dépôts, and make up its irreplaceable contribution to the nation.

“These long-term interests are the *raison d'être* of Caisse des Dépôts, and make up its irreplaceable contribution to the nation.”

Francis Mayer

# Structure



## Supervisory Board

**Chairman**  
**Philippe Auberger**  
Member of the Chamber of Deputies

**Jean-Pierre Balligand**  
Member of the Chamber of Deputies

**Pierre Hériaud**  
Member of the Chamber of Deputies

**Philippe Marini**  
Senator, General Reporter of the Senate Finance Committee

**François Lavondès**  
Honorary Member, Administrative Court

**Henri Toutée**  
Member, Administrative Court

**Yves Ullmo**  
Senior Counselor, Court of State Auditors

**Jean Recoules**  
Honorary Senior Counselor, Court of State Auditors

**Christian Noyer**  
Governor of the Banque de France represented by  
**Jean-Paul Redouin**  
Deputy Governor

**Pierre Simon**  
Chairman, Paris Chamber of Commerce and Industry

**Xavier Musca**  
Director, French Treasury

**Jacques Mouton**  
Chairman of the Supervisory Board, Caisse Nationale des Caisses d'Épargne

## Management Committee Caisse des Dépôts

**Francis Mayer**  
Chairman and Chief Executive Officer, Caisse des Dépôts

**Jean Sebeyran**  
Group Corporate Secretary

**Dominique Marcel**  
Senior Executive Vice-President, Group Finance and Strategy

**Pierre Ducret**  
Senior Executive Vice-President, Banking

**Jérôme Gallot**  
Senior Executive Vice-President, Retirement Savings

**François Jouven**  
Senior Executive Vice-President, Local and Regional Development

**André-Laurent Michelson**  
Senior Executive Vice-President, Savings Funds

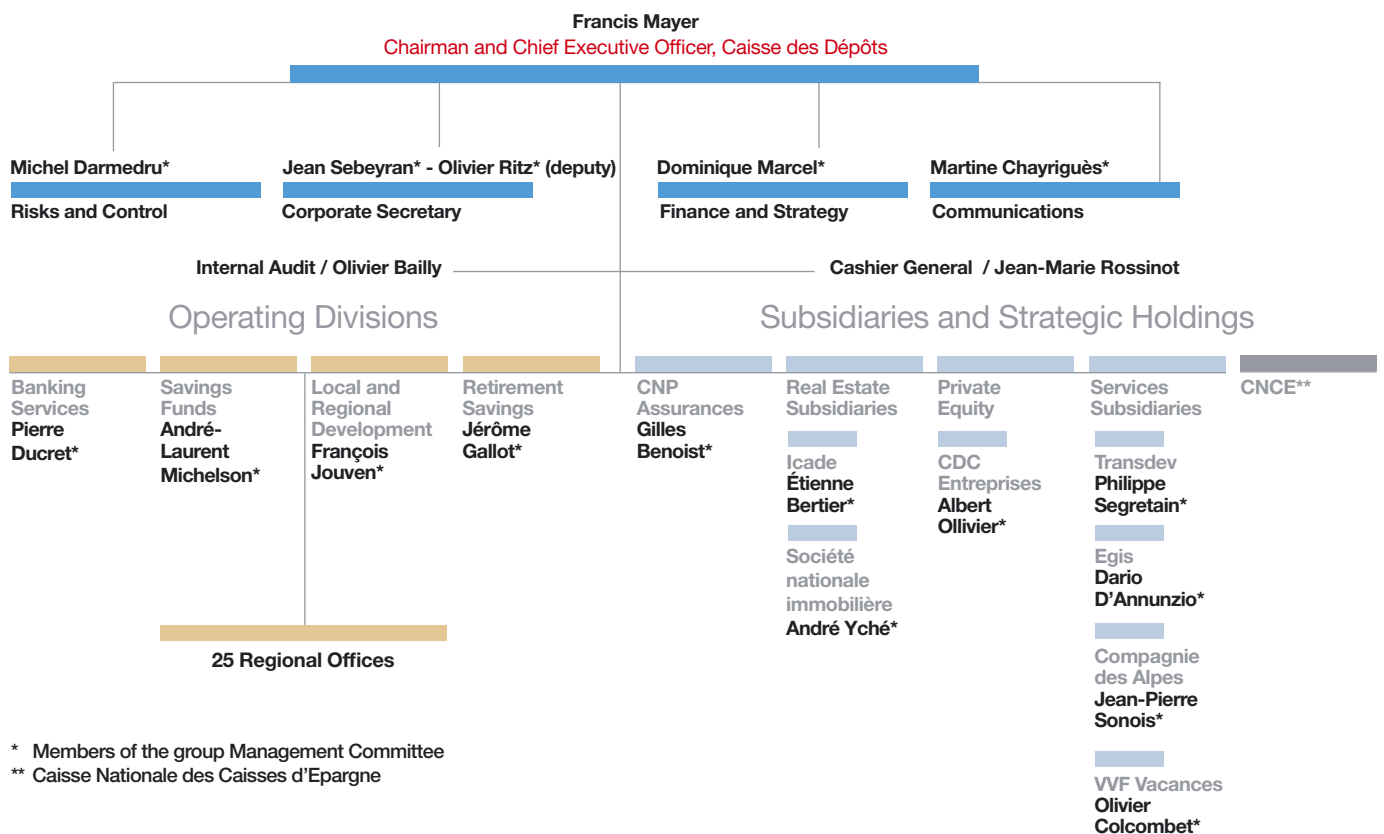
**Martine Chayriguès**  
Senior Executive Vice-President, Communications

From left to right:

Martine Chayriguès, Pierre Ducret, André-Laurent Michelson, Dominique Marcel,  
Francis Mayer, Jean Sebeyran, François Jouven, Jérôme Gallot.

## Group management structure

April 2005



# The implementation of strategic orientations

The strategic plan defined in 2003 called for the expansion of Caisse des Dépôts' missions and activities, in both the Public Institution and the subsidiaries.

In that regard, several major projects were implemented in 2004.

Caisse des Dépôts is the leading long-term investor in France, whether for housing, infrastructure, local and regional development or the development of French companies.

Caisse des Dépôts develops new activities provided they satisfy three conditions: consistency with its strategic orientations, a trust-based relationship with public-sector entities and project selectivity.

## — Administering French savings deposits and financing low-income housing for the long term

Caisse des Dépôts centralizes and financially administers a substantial portion of regulated savings deposits collected by all the banking networks, in particular the Caisses d'Épargne and La Poste. At end-2004, these savings deposits totaled €225 billion.

It also administers funds deposited with the legal profession (notaries, court-appointed agents and administrators, etc.), the funds of the French national health insurance and social security programs and other public-interest organizations. These deposits totaled nearly €49 billion as of December 31, 2004.

Through the savings funds it administers, Caisse des Dépôts provides loan financing for the construction of around 50,000 low-income housing units each year and the renovation of existing buildings. In 2004, loan volume in these areas was €4.2 billion. It also participates in the financing of urban development, which had loan volume outstanding at end-2004 of €80.8 billion.

## — Leading retirement savings administrator

In the area of retirement savings, Caisse des Dépôts administers substantial public-sector pay-as-you-go retirement savings plans for French national and local government employees and hospital workers. These plans cover nearly 7 million active workers, more than 2.6 million retirees and 70,000 public-sector employers.

Caisse des Dépôts also administers the retirement trust fund (FRF), which is designed to help maintain the solvency of the French pay-as-you-go retirement system after 2020.

## — New missions to benefit the nation

As a leading institution in providing secure administration of funds entrusted to it by the public authorities, Caisse des Dépôts aims to expand its missions. This expansion is based on its ongoing efforts to improve its performance and its proven ability to deliver high-quality and cost-effective services.

Thus Caisse des Dépôts was made responsible for the administration of the civil servants' supplementary retirement savings plan (RAFP) and the Caisse des Mines old age and disability fund. These two contracts represent the start of a new phase for the Retirement Savings Division.

Caisse des Dépôts' role as custodian and privileged administrator received a further boost through two new missions in 2004:

- the maintenance of the CO<sub>2</sub> emission quotas register for industrial companies, as part of the implementation of the European directive on climate change. The technical applications developed for this purpose by Caisse des Dépôts, which play an essential role in France's effort to reduce greenhouse gases, have been adopted by several European countries;
- the administration of the new Social Cohesion Fund. With the French government contributing €73 million over five years, this fund will have as its first objective to increase guarantee funds for micro-credit, in order



to assist company start-ups by the unemployed and those currently working for the minimum wage. In a first, this fund will also make it possible to guarantee emergency, interest-free loans to individuals, thereby providing access to bank credit for the most economically disadvantaged members of society. This is the first time that Caisse des Dépôts has been entrusted with the administration of a fund supplemented through French budget appropriations.

### — Caisse des Dépôts as a major player in decentralization

Caisse des Dépôts, a long-term partner of local and regional governments, helps to advance the government-led process of financial decentralization.

As a prudent investor in public-interest areas otherwise neglected by the private sector, Caisse des Dépôts attracts other investors through its activities in four areas: real estate and urban renewal, private equity financing for small businesses and local and regional broadband Internet infrastructure.

In each of these areas, Caisse des Dépôts' regional branches serve as the primary interface to develop a trustworthy relationship with the local authorities based on the Public Institution's impartiality. In that context, several partnership agreements involving low-income housing, urban development and economic development were signed in 2004 with the greater Nancy region, the Grenoble tax-free urban zone, the Regional Council of Basse-Normandie, the General Council of Hérault and the city of Perpignan.

Finally, in accordance with the decisions of the December 18, 2003 meeting of the Interministerial Committee for Local and Regional Renewal and Development, Caisse des Dépôts put together a €4 billion loan package for local governments designed to finance major transportation infrastructure projects and dedicated right-of-way public transportation projects.

In local and regional infrastructure — housing, urban renewal, broadband technology and transportation — Caisse des Dépôts is complementing its role as a long-term investor by working closely with local governments.

### — Motivate and support the development of the group's subsidiaries

Caisse des Dépôts is also a long-term investor through its subsidiaries.

In 2004, the group adapted its organizational and financial structure toward this end. The intermediary holding company C3D will be gradually phased out, with Caisse des Dépôts becoming the direct shareholder of the subsidiaries through a flatter and more responsive organizational structure. The subsidiaries are now organized on the basis of the following business lines: CNP Assurances, CDC Entreprises (private equity); Icade and SNI (real estate); and Transdev, Egis, Compagnie des Alpes and VVF Vacances (services).

Caisse des Dépôts aims to steer and support the development of these subsidiaries. This approach does not rule out strategic and ownership changes.

Thus, in 2004, Caisse des Dépôts reduced its equity interest in Compagnie des Alpes from 52.7% to 40%. It remains the largest single shareholder and will continue to support the development of this former subsidiary, which since its creation in 1989 has become the worldwide leader in ski resort operations and a European leader in family leisure activities.

Similarly, a consultation process was begun in 2004 to identify a potential partner to invest in VVF, in order to assist with the renovation of its tourist facilities that is necessary for the company's future growth.

Also as part of this strategic approach, in April 2004 Caisse des Dépôts became the sole shareholder of Société nationale immobilière (SNI), which owns and manages more than 60,000 housing units, by acquiring the 74% stake previously held by the French State. This transaction is designed to strengthen Caisse des Dépôts's technical and financial expertise in managing public-sector real estate. Caisse des Dépôts plans to use these additional resources to take part in the State's initiative to divest real estate assets.



■ ■ ■

### — Strategic shareholder in CNCE

The restructuring of the partnership with the Caisses d'Epargne was a major highlight of 2004. On July 1, Caisse des Dépôts in effect switched from being an investment banking firm to a strategic shareholder in France's third-largest universal bank. With a 35% stake in Caisse Nationale des Caisses d'Epargne (CNCE), Caisse des Dépôts provides support for the Caisse d'Epargne Group's strategy of profitable development and is helping to strengthen its governance, with an eye toward a possible initial public offering in 2007-2008.

### — Sustaining major ownership interests

Caisse des Dépôts, the leading equities investor on the Paris stock exchange, helps to create a stable ownership base for French companies. It seeks to fully carry out its role as a long-term investor by maintaining its major equity investments, with a view to adding value to its ownership interests and by practicing good corporate governance. ■



# Consolidated earnings and balance sheet in 2004

**In 2004, Caisse des Dépôts' consolidated net income (group share) increased by 21% to €1,912 million (2003: €1,581 million). The return on equity (ROE) was 13.7%.**

In 2004, Caisse des Dépôts had consolidated net income (group share) of €1,912 million, up 21% from €1,581 million in 2003.

This result includes non-recurring income from the partnership restructuring transactions between Caisse d'Épargne Group and Caisse des Dépôts, namely a capital gain of €376 million, net of taxes and other expenses.

The partnership restructuring, which took place on July 1, 2004, had a major impact on the group's financial statements and required the preparation of pro forma 2003 financial statements for comparison purposes. These pro forma accounts provide a retrospective view of the group's results at comparable scope to 2004.

The pro forma 2003 financial statements also include two non-recurring items:

- revenues on the CDC Ixis equities portfolio in the first half of 2003, whereas in the first half of 2004 no revenues were generated after the agreements related to the partnership restructuring took effect (net impact of €95 million);
- the exceptional level of provision reversals on the Caisse des Dépôts equity portfolios in 2003 (net impact of €64 million), following a particularly sluggish 2002 given the bear market for equities.

Adjusted for these two items, recurring net income (group share) was €1,433 million in 2003.

In 2004, recurring net income was €1,536 million (€1,912 million less €376 million), up 7% from 2003.

As in 2003, the respective contributions to recurring net income by Caisse des Dépôts and the subsidiaries were balanced.

At comparable scope and excluding non-recurring items, recurring net banking income rose by 14% to €5.8 billion. Net income from operations increased 15% to €2.2 billion and the group's operating expenses increased by 4% at comparable scope.

The group's share of consolidated retained earnings including FGBR (after the dividend) totaled €14.8 billion as of December 31, 2004, up €1 billion since 2003. The group's return on equity reached 13.7% in 2004, compared with 12.8% in 2003.

## — Caisse des Dépôts

At constant scope and excluding non-recurring items, the Public Institution contributed €792 million to consolidated net income (group share) in 2004, up 7% from the previous year. This contribution accounted for 51% of total consolidated net income (group share) excluding the gain on the partnership restructuring. Recurring net banking income rose by 10% to €1.5 billion. The contribution from the Caisse des Dépôts equities portfolio accounted for approximately one-half of this total. Gross operating expenses increased by 0.9% relative to 2003. The implementation of the cost control plan by the Public Institution, launched in 2003, enabled the increase in these expenses to be held to less than 1% for the second consecutive year.



### — CNCE

In view of the partnership restructuring between Caisse des Dépôts and Caisse d'Épargne Group, this business line recorded the earnings of the CDC Ixis and Eulia subsidiaries in the first half, and the share of equity-affiliate income from Caisse Nationale des Caisses d'Épargne (CNCE) group in the second.

The CNCE business line contributed €356 million to consolidated net income. Adjusted for non-recurring items, its contribution was up 12%.

### — CNP Assurances

The CNP Assurances business line's contribution to consolidated net income increased by 8% to €267 million in 2004.

With a nearly 9% gain in assets under management, (€167.3 billion as of December 31, 2004), CNP Assurances maintained its leadership position in the French life insurance market.

Recurring income from operations increased by 12.4% to reach €1,138.5 million in 2004. The effective tax rate for CNP Assurances climbed from 29% in 2003 to 31% in 2004, mainly as a result of legislation to eliminate the *avoir fiscal* tax credit. As a result, CNP Assurances consolidated net income (group share) increased by 8% to €629.3 million.

The embedded value of CNP Assurances continued to grow, reaching €50.1 per share as of December 31, 2004, compared with €45.5 per share in 2003, a 10% increase year-on-year.

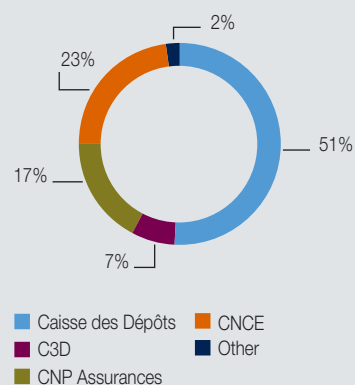
### — C3D

Revenues increased by 11% to €2.7 billion in 2004, up from €2.5 billion in 2003. Consolidated net income (group share) remained stable at €90 million. C3D's contribution to net income remained strong after reaching an exceptionally high level in 2003 thanks to the disposal of Médica France.

### — CDC Entreprises

As part of the partnership restructuring transactions between Caisse des Dépôts and Caisse d'Épargne Group, CDC Entreprises acquired the unlisted private

**Contribution by Caisse des Dépôts and business lines to consolidated net income, group share**



equity assets of CDC Ixis. The CDC Entreprises business line contributed €22 million to consolidated net income, as the acquisition of the Ixis assets took place in the second half of 2004.

### — Société nationale immobilière (SNI)

The SNI group's net income totaled €88 million in 2004, up from €40 million in 2003. This substantial improvement resulted from the realization of significant capital gains. SNI's contribution to consolidated net income was €9 million in 2004, which corresponded to the net income for the second half of 2004 after deducting the capital gains realized during said year, which were integrated into the acquisition price. ■

**Consolidated balance sheet (€ millions)**

<b>Assets</b>	<b>2004</b>	<b>2003</b>
Interbank and similar transactions	30,928	129,022
Customer transactions	2,750	52,249
Bonds, equities other fixed and variable income securities	60,513	94,443
Investments of insurance companies	73,938	68,936
Long-term equity holdings, shares in related undertakings, other long-term investments	6,657	4,467
Tangible and intangible fixed assets	6,876	5,296
Accruals, deferrals and other assets	6,165	25,093
<b>Total</b>	<b>187,827</b>	<b>379,506</b>

<b>Liabilities</b>	<b>2004</b>	<b>2003</b>
Interbank and similar transactions	27,715	120,173
Customer transactions	47,901	68,819
Debt securities	3,563	52,663
Technical provisions of insurance companies	71,402	66,559
Accruals, deferrals and other liabilities	18,460	52,790
Provisions for risks and charges	750	976
Subordinated debt	1,168	2,034
Fund for general banking risks (FGBR)	610	795
Minority interests	1,533	1,157
group share of retained earnings	14,725	13,540
<b>Total</b>	<b>187,827</b>	<b>379,506</b>

**Income statement intermediate balances (€ millions)**

	<b>2004</b>		<b>2003</b>	
	Reported	Recurring*	Reported	Recurring*
Net banking income	5,726	5,766	6,264	5,047
Operating expenses	(3,423)	(3,379)	(3,752)	(3,040)
Gross income from operations	2,303	2,387	2,512	2,007
Net income from operations	2,110	2,195	2,304	1,911
Recurring income before income tax	2,949	2,398	2,462	2,173
Net income, group share	1,912	1,536	1,581	1,433

\* Excluding the gain on partnership restructuring and the non-recurring items described on page 9.