

Business



Review

AND SUSTAINABLE DEVELOPMENT REPORT

Unprecedented support for the French economy

Caisse des Dépôts has taken decisive steps to head off the crisis, pumping capital into the French economy and shoring up public investment. More than €40 billion has been made available in a bid to restore investor confidence and support public investment.

Faced with a liquidity crunch triggered by the sharp downturn in US financial markets as from summer 2008, a sum of €23.5 billion was rapidly made available by Caisse des Dépôts, drawn from the centralised savings funds it manages (Livret A, Livret Bleu, Livret d'Épargne Populaire and Livret Développement Durable passbook savings accounts). Companies were the first to benefit from the liquidity boost and particularly SMEs, for which €18.5 billion was unlocked by means of bank refinancing (see page 12) and loans granted by Caisse des Dépôts to Oséo Financement (see page 9). To revive lending, Caisse des Dépôts granted a €5 billion advance to the French Financing Corporation (*Société de Financement de l'Économie Française* – SFEF), repaid in December 2008. As a long-standing shareholder of Dexia, Caisse des Dépôts Group put up €2 billion as part of a joint bail-out effort involving the French, Belgian and Luxembourg governments and the bank's institutional

shareholders. The capital injection was vital to the French economy, since Dexia Crédit Local is the main lender to the nation's local authorities. On top of these cash injections, Caisse des Dépôts also mounted a vast investment financing support programme worth €19 billion. In the housing sector, a two-year lending initiative drawing on the Savings Funds was set up to finance 100,000 additional housing units (see pages 12-13 discussing the Savings Funds in 2008). Société Nationale Immobilière, a Group subsidiary, committed to purchasing 10,000 homes under construction (VEFA), 7,500 of such homes had already been purchased at the end of 2008 (see page 17). In infrastructure, Caisse des Dépôts released an €8 billion loan package. It also granted €2.7 billion in loans to local authorities, in a bid to fund the investments planned in the 2008 budget under threat from tight liquidity conditions among banks. Thanks to its robust business model, Caisse des Dépôts has so far stood firm

during the financial crisis, delivering a satisfactory performance and taking an instrumental role in supporting the French economy (see page 4). The Group's results for the year nevertheless testify to its role as a long-term investor serving the public interest. Hit by the collapse in equity markets, Caisse des Dépôts swung to a €1.47 billion loss in 2008. Although the slump in stock prices affected the value of its equity portfolio, Caisse des Dépôts did not have to resort to selling in order to meet its commitments, unlike many other financial players. The Group's fundamentals remain robust, with recurring operating profit 6% higher at €1.5 billion and total equity of €17.9 billion. Net profit for the Savings Funds came in at €108 million, buoyed by a surge in outstandings and vigorous lending momentum driving a 44% leap in new loans to €10.6 billion. (See details of 2008 results on page 5 and extracts from the 2008 financial statements on pages 28 to 30).

Priority focus in 2009: partnering French companies



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Promoting small- and medium-sized businesses is one of the four priorities announced in the Group's Elan 2020 strategic plan. Directly or through its subsidiaries, Fonds Stratégique d'Investisse-

ment (Strategic Investment Fund – SIF), CDC Entreprises and CDC Capital Investissement, the Group offers a broad array of financing solutions suitable for businesses of all sizes. *See pages 8-9.*

Environmental and sustainable development initiatives gather pace

Socially Responsible Investment (SRI) concerns are now embedded in Caisse des Dépôts' investment policy (see page 7). In the realm of social housing, Caisse des Dépôts offers loans at preferential rates for energy-efficient social housing units known as "THPE" (see page 13). Carbon finance is proving a source of innovation and development. Caisse des Dépôts was involved in the creation of Bluenext, the first spot carbon trading market, and has set up a dozen or so domestic carbon projects

representing potential savings of around 2.6 million tonnes of CO₂ (see page 10). In 2008, Caisse des Dépôts also invested more than €46 million in renewable energy projects (wind and solar power, biomass and micro-hydro power). In all, investments made since 2006 represent total output of 287 MW, versus a target of 500 MW by 2010. Lastly, through CDC Biodiversité, Caisse des Dépôts assists public and private players with projects promoting biodiversity in France and Europe (see page 10).

International news

Creation of a long-term investment club

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Birth of a catalyser for growth

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Modernising universities

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The Group is looking out for the long-term interests of its employees

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Savings Funds Caisse des Dépôts, the top provider of social-housing finance in France



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Caisse des Dépôts centralises and manages a large part of the funds held in regulated savings accounts in France, which it mainly uses to finance social housing through long-term loans. In 2008, Caisse des Dépôts Savings Funds financed 62,000 social housing units within the framework of the Social Cohesion Plan.

See pages 12-13

A State-owned group at the service of the public interest and economic development

The status, objectives and governance structure of Caisse des Dépôts make it unique.

Extract from Article L.518-2 of the French Monetary and Financial Code (Code monétaire et financier), supplemented by the French Law on modernisation of the economy (loi de modernisation de l'économie) of 4 August 2008 which details the role of the public institution.

“Caisse des dépôts et consignations and its subsidiaries constitute a State-owned group at the service of the public interest and of 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 also contributes to local and national economic development, particularly in the spheres of employment, urban policy, combating exclusion from banking and finance, company start-ups and sustainable development. Caisse des dépôts et consignations is a long-term investor promoting business development in line with its own patrimonial interests. ”

Editorial



Michel Bouvard
Member of the Chamber of Deputies,
Chairman of the Supervisory Committee

The governance structure of Caisse des Dépôts was strengthened in 2008. Its swift, bold reaction to the crisis illustrates its importance to the nation. Its strong fundamentals are more than ever apparent. The Supervisory Committee has taken particular care to ensure that short-term imperatives do not compromise long-term goals.

The governance structure of Caisse des Dépôts has been strengthened. The French Law on modernisation of the economy of 4 August 2008 introduced greater parliamentary representation at meetings of the Supervisory Committee. The supervisory structure includes an Investment Committee and Nominations Committee, and oversight is reinforced by the French banking commission. The Supervisory Committee discusses the Group's strategies and key investment priorities, and is kept regularly informed of the policies pursued by Caisse des Dépôts and the progress made.

Caisse des Dépôts has proved its capacity to react swiftly to changing circumstances. In the space of just a few weeks over autumn 2008, the Savings Funds, whose lending arrangements are controlled by the State, were called on to ensure that enough credit remained available for the French economy to function properly. The French parliament will keep a close eye on how the funds redirected to banks are ultimately used. Caisse des Dépôts' €2 billion contribution to the Dexia bail-out illustrates that it fully assumes its commitment as the bank's long-term shareholder.

The Strategic Investment Fund is both a challenge and an opportunity. The SIF has been extremely active ever since its creation, an approach I applaud since the Supervisory Committee has set the same objectives for the fund as the French President. The SIF will look to forge alliances with other long-term investors.

The crisis has affected earnings. The Group posted an attributable net loss of €1,468 million in 2008, including provisions and impairment losses recognised for accounting purposes on securities not sold. However, the Group's recurring operating profit came to €1,535 million, confirming its persistently strong fundamentals rooted in both the public institution and its subsidiaries. The Supervisory Committee has not identified any defaults resulting from the Group's own decisions, reflecting the success of its cautious approach to managing risk.

The current unprecedented economic turmoil is another defining moment in the Group's history, with the bank carrying the weight of the nation's expectations. The Supervisory Committee has asked the Chairman and Chief Executive Officer to assess the latitude available to the Group in fulfilling its mission. This process will make it possible to define how the institution, placed under the Parliament's protection, can maintain its financial strength while serving the national interest over the next three years. ■

Interview with Augustin de Romanet, Chairman and Chief Executive Officer of Caisse des Dépôts

“In 2009, we will be focusing on partnering companies and stimulating local and regional development.”

In 2008 Caisse des Dépôts, drawing on its strict management discipline and robust economic model, took decisive steps to support the French economy in response to the crisis. Augustin de Romanet looks back at the year's results and defining moments.



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How would you describe the bank's results in 2008?

AR. Our results for the year reflect Caisse des Dépôts' commitment to supporting the French economy, consistent with its role as a long-term investor at the service of the public interest. The Group posted a loss of €1.47 billion. This results from the collapse in equity markets and not from toxic assets, counterparty risk or liquidity constraints. The Group's fundamentals remain robust. Recurring operating profit was up 6% to €1.5 billion. Equity totalled €17.9 billion, well above 1998 levels (€10.1 billion).

Are the nation's savings safe?

AR. Yes. In 2008, the Savings Funds reported a profit of €108 million. Their role was reaffirmed by the French Law on modernisation of the economy and the demands made of them to tackle the crisis. In the next few years, lending is set to increase sharply in line with the ramp-up of social cohesion and urban regeneration plans. We will therefore need to be increasingly vigilant, and our role as a lender at the service of the public interest will take on added importance.

If you had to choose the three defining moments of 2008, what would they be?

AR. First, the French Law on modernisation of the economy, which enshrined our role as a long-term investor within the Monetary and Financial Code and strengthened our governance structure, particularly our ties to the French Parliament. Secondly, Caisse des Dépôts' unprecedented commitment to the French economy, into which it pumped more than €40 billion. And finally, the creation of the Strategic Investment Fund, which represents an opportunity for the Group to step up and enhance measures aimed at supporting French companies.

Does Caisse des Dépôts create lasting solutions in the international field?

AR. We were behind the creation of the long-term investment club, bringing together economic players with the capacity to make long-term commitments in strategic sectors such as infrastructure or energy. These investors play a decisive role in global economic growth and stability.

What are your ambitions for Caisse des Dépôts' employees?

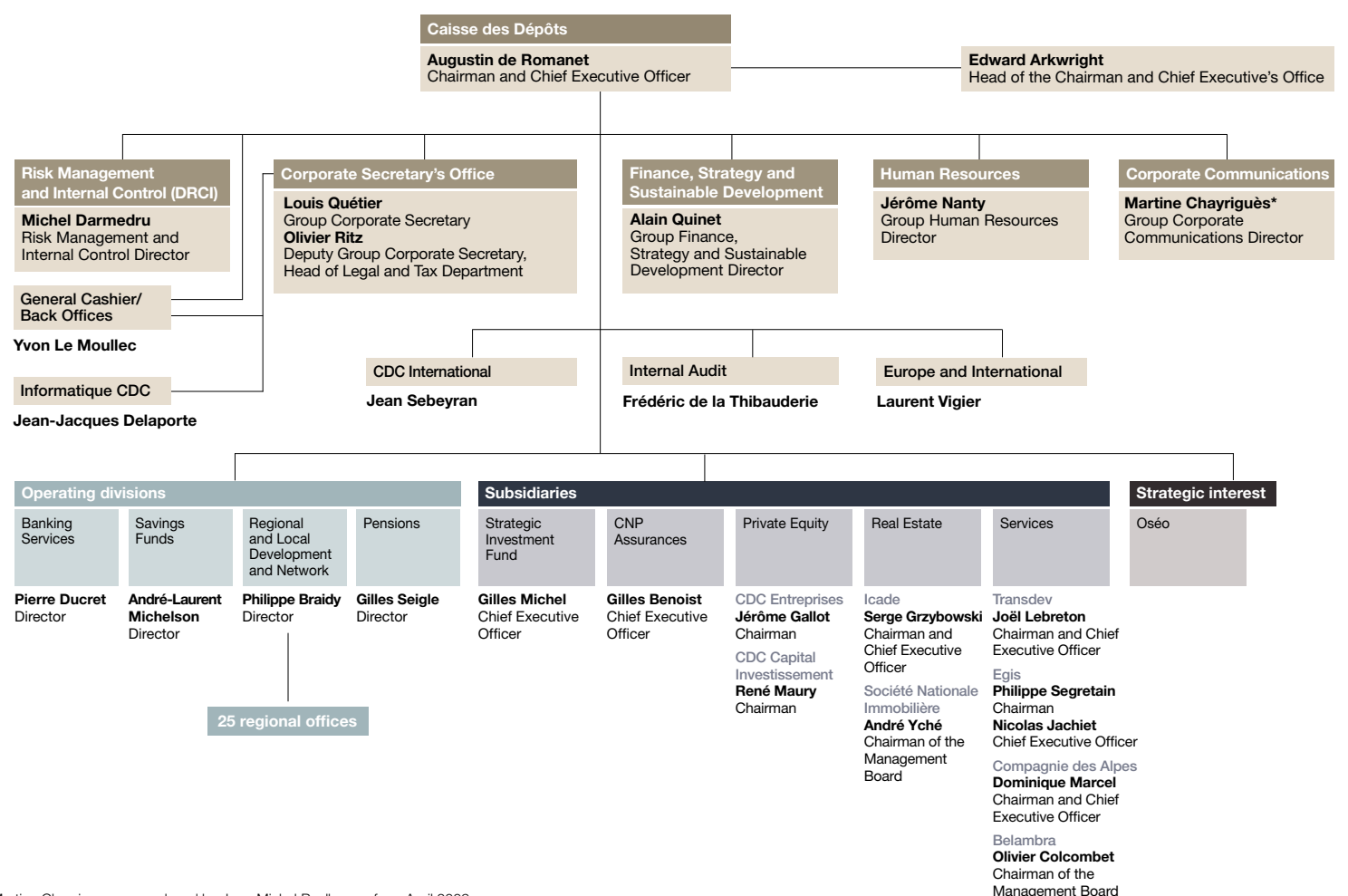
AR. First and foremost, I would like to thank them for their efforts in this exceptional crisis-ridden year, which also saw the roll-out of our Elan 2020 strategic plan. Going forward, I intend to develop professional

training and mobility and ensure transparency on promotion and remuneration issues.

What is your outlook for 2009?

AR. We will be focusing on partnering companies while continuing our work on the other three priorities of Elan 2020: housing, universities, and sustainable development. We will make additional investments and support development projects for our subsidiaries. Alongside local elected officials, we will press ahead with regional development efforts and maintain the sustained pace of our public interest investments. To fulfil our public service mandates, we constantly strive to deliver efficiency gains. ■

March 2009 – Group organisation chart



* Martine Chayrigues was replaced by Jean-Michel Paulhac as from April 2009.

A unique governance model

As a State-owned financial institution, Caisse des Dépôts was placed under the supervision and guarantee of the legislative authority under the Law of 28 April 1816, now incorporated into the French Monetary and Financial Code.

Its unique governance model is tailored to its specific status and to its mission requirements in terms of independence, transparency and compliance with best practices in the Paris financial marketplace. This model has been consolidated by the French Law on modernisation of the economy of 4 August 2008. Caisse des Dépôts is governed by Articles L 518-1 to L 518-24 of the French Monetary and Financial Code and supervised by the Court of State Auditors.

Institutional governance

The Chairman and Chief Executive Officer of Caisse des Dépôts, appointed for a period of five years by decree of the President of the French Republic adopted in the Council of Ministers, takes an oath of office before the Supervisory Committee. The Chairman and Chief Executive Officer is responsible for administering the institution's funds and assets and is assisted both by Caisse des Dépôts' Management Committee and by the Group Management Committee, both of which he chairs.

Supervisory Committee

The Law on modernisation of the economy has enlarged the Supervisory Committee and strengthened its role. It is composed of members of the Parliamentary Finance Committee, members of the Highest Administrative Court and of the Court of State Auditors, the Governor of the Banque de France (Central Bank),

the Director of the French Treasury and three members appointed by the presidents of the National Assembly and the Senate for their financial or economic experience. The Supervisory Committee exercises oversight in particular with regard to strategic policies, the administration of savings funds and the preparation of the financial statements (certified by the Statutory Auditors). The Committee has set up four specialised advisory committees to assist it in its work: the Savings Funds Committee, the Audit & Risks Committee, the Investment Committee and the Nominations Committee. The Supervisory Committee sets an annual maximum limit for issues of debt instruments by Caisse des Dépôts. The Committee deliberates on the reports submitted to it by the Banking Commission in the latter's role as the supervisory authority for banks. Every year, the Chairman of the Supervisory Committee submits a report to Parliament on the financial position of Caisse des Dépôts.

The Law on modernisation of the economy has enlarged the Supervisory Committee and strengthened its role

The Committee met twenty-two times in 2008.

Decision-making and governance bodies

The Law on modernisation of the economy has provided a legal framework for the Supervisory Committee's Internal Rules, clarified its functions and responsibilities and structured its relations with executive management, and defined the functions of the specialised committees. The Supervisory Committee appoints

the chairmen, members and spokespersons of these committees based on the recommendation of its Chairman.

■ The Audit & Risks Committee is chaired by Arlette Grosskost, Member of the Chamber of Deputies and Member of the National Assembly Finance Committee, and is responsible for examining the annual and interim parent company and consolidated financial statements, asset-liability management, the scope of the Group's activities (organisation structure, strategic focuses, disposals and acquisitions), monitoring internal control and risks, the annual audit programme, and following up recommendations from prior periods. The Committee met ten times in 2008.

■ The Savings Funds Committee is also chaired by Arlette Grosskost and examines deposit-taking conditions, the amount and return on savings funds, uses of funds, fund management stability, risks and provisioning policy, and consideration for the State guarantee. The Committee met seven times in 2008.

■ The Nominations Committee is chaired by Michel Bouvard and tasked with vetting proposed appointments of members of Caisse des Dépôts' Management Committee prior to a final decision by the Chairman and Chief Executive Officer.

■ The Investment Committee is also chaired by Michel Bouvard. It is tasked with overseeing the investment strategy of Caisse des Dépôts and Caisse des Dépôts Group. It is requested to deliberate on operations involving the acquisition or sale by Caisse

des Dépôts, directly or indirectly, of holdings in the capital of companies over which it exercises significant influence, or where the cost of the investment or the proceeds from disposal exceed €150 million. The Chairman and Chief Executive Officer may ask the Committee to deliberate upon any operation he deems of material importance and in situations of extreme urgency he may confer with the Chairman of the Supervisory Committee alone, in the latter's capacity as Chairman of the Investment Committee. Investment decisions taken by Caisse des Dépôts are also reviewed by commitments committees which seek to foster a collegial decision-making approach. These committees may be chaired by the Directors of operating divisions or the heads of Group subsidiaries. Commitments above certain limits must be validated by the Director of the Finance, Strategy and Sustainable Development Department and commitments in excess of €30 million must be approved by the Chairman and Chief Executive Officer. In 2004, with the aim of safeguarding its shareholding interests within a framework of impeccable governance and transparency, Caisse des Dépôts set up an Advisory Committee open to independent figures. This Committee, which is chaired by René Barbier de la Serre, has drafted directives and guidelines to ensure that the contributions of Caisse des Dépôts' representatives on the governance bodies of companies of which Caisse des Dépôts is a shareholder are both consistent and relevant. Caisse des Dépôts ensures that governance at its subsidiaries complies with best practices in the Paris financial marketplace. ■

March 2009

Supervisory Committee

CHAIRMAN

Michel Bouvard

Member of the Chamber of Deputies, Vice-Chairman of the National Assembly Finance Committee

MEMBERS

Jean-Pierre Balligand

Member of the Chamber of Deputies, member of the National Assembly Finance Committee

Arlette Grosskost

Member of the Chamber of Deputies, member of the National Assembly Finance Committee

Alain Lambert

Senator, Vice-Chairman of the Senate Finance Committee

Nicole Bricq

Senator, Vice-Chairwoman of the Senate Finance Committee

François Lavondès

Honorary Member of the Highest Administrative Court

Daniel Houry

Senior Counsellor, Court of State Auditors

Daniel Malingre

Senior Counsellor, Court of State Auditors

Christian Noyer

Governor of the Banque de France, represented by Jean-Paul Redouin, Deputy Governor of the Banque de France

Ramon Fernandez

Director of the French Treasury, represented by Sébastien Boitreaud

Olivier Pastré

Professor of Economics at Paris VIII University (eminent personality, appointed by the President of the National Assembly)

Pierre Simon

Chairman of the Paris Chamber of Commerce and Industry (eminent personality, appointed by the President of the National Assembly)

Franck Borotra

Former Minister of Industry and former Member of the Chamber of Deputies for Yvelines (eminent personality, appointed by the President of the National Assembly)

March 2009 – Management Committee of Caisse des Dépôts Group



MEMBERS

- Augustin de Romanet (*)**
Chairman and Chief Executive Officer
- Louis Quétier (*)**
Group Corporate Secretary
- Jean Sebeyran (*)**
Senior Financial Controller
- Alain Quinet (*)**
Group Finance, Strategy and Sustainable Development Director
- Pierre Ducret (*)**
Banking Services Director
- André-Laurent Michelson (*)**
Savings Funds Director
- Gilles Seigle (*)**
Pensions Director

- Philippe Braidy (*)**
Regional and Local Development and Network Director
- Jérôme Nanty (*)**
Group Human Resources Director
- Martine Chayriguès (*)**
Group Corporate Communications Director
- Michel Darmedru**
Risk Management and Internal Control Director
- Olivier Ritz (*)**
Head of Legal and Tax Department, Deputy Group Corporate Secretary

- Laurent Vigier**
Director of European and International Affairs – permanent representative of Caisse des Dépôts Group at the European Union
- Gilles Benoist**
Chief Executive Officer, CNP Assurances
- Gilles Michel**
Chief Executive Officer, SIF
- Serge Grzybowski**
Chairman and Chief Executive Officer, Icade
- André Yché**
Chairman of the Management Board, SNI

- Jérôme Gallot**
Chairman, CDC Entreprises
- René Maury**
Chairman, CDC Capital Investissement
- Joël Lebreton**
Chairman and CEO, Transdev
- Nicolas Jachiet**
Chief Executive Officer, Egis
- Dominique Marcel**
Chairman and CEO, Compagnie des Alpes
- Olivier Colcombet**
Chairman of the Management Board, Belambra

(*) Member of the Caisse des Dépôts Management Committee.

Ethics and oversight

The Supervisory Committee is assisted by four specialised committees:
– the Audit & Risks Committee;
– the Savings Funds Committee;
– the Nominations Committee;
– the Investment Committee.

Investment decisions taken by Caisse des Dépôts are also reviewed by commitments committees that may be chaired by the Directors of operating divisions or the heads of Group subsidiaries. Commitments above certain limits must be validated by the Director of the Finance, Strategy and Sustainable Development Department and commitments in excess of €30 million must be approved by the Chairman and Chief Executive Officer.

Exceptional efforts to deal with the ongoing financial crisis

Since the beginning of the financial crisis, Caisse des Dépôts has deployed all of its resources to optimise the effectiveness of the government's stimulus package and limit the impact of the crisis on the French economy.

In particular, the crisis has hampered long-term financing and, as a long-term investor itself, the Group has sought to ensure that profitable and socio-economically desirable projects and companies with high potential continue to have access to finance on reasonable terms. In addition to maintaining its investments in its various subsidiaries, the Group also raised over €40 billion, mostly from Savings Funds, to help stave off the worst effects of the economic crisis. These unprecedented measures have taken various forms (see the breakdown provided in the table below) *inter alia* the creation of the Strategic Investment Fund (SIF) – 51%-owned by Caisse des Dépôts – which consolidates the already considerable arsenal that the Group can draw on to finance French enterprises. Caisse des Dépôts and the French State have committed an amount of €20 billion in equal proportions to the SIF which has been assigned four tasks: (i) financing small companies with strong growth potential (via CDC Entreprises); (ii) boosting the development of medium-sized companies; (iii) stabilising the ownership structure of certain French companies operating in key businesses or strategic sectors; and (iv) facilitating restructuring in sectors confronted with major change, e.g., the automobile sector. ■

The priority given to supporting SMEs under the Elan 2020 strategic plan has been reinforced by the crisis

Equity capital financing initiatives for small- and medium-sized companies have been stepped up in light of the ongoing financial crisis. ■ The crisis-related capital destruction process has resulted in a rapid deterioration in the business environment and enormous financing difficulties, along with a sharp rise in corporate bankruptcies (up 15.4% in 2008, source: Euler Hermès), particularly among small- and medium-sized companies. ■ Companies that have yet to begin generating significant revenue streams but with strong growth and value-creation potential in innovative sectors are particularly vulnerable. They are faced with both the tight credit policies of the banks, which deem them to be especially high-risk, and the flight away from venture capital and private equity funds. ■

A mission enshrined in law

Caisse des Dépôts' role as a long-term investor in the service of the public interest and economic development is now enshrined in the Law on modernisation of the economy enacted on 4 August 2008. The two implementing decrees will contain details of how Caisse des Dépôts will be regulated by the Banking Commission from 2010 onwards. ■

A responsibility to promote sustainable development

Caisse des Dépôts has social and environmental as well as economic responsibilities. It strives to incorporate environmental, social and ethical governance criteria into all of its investment decisions and not just to invest in socially responsible investment funds. It was one of the original sponsors and signatories of Principles for Responsible Investment (PRI) under the aegis of the United Nations. ■

Transparent investment guidelines

Caisse des Dépôts' investment guidelines were approved by the Supervisory Committee and published in December 2008. They provide a detailed description of investment policy and attest to its commitment to transparency. ■

Housing, universities, SMEs and sustainable development

Tackling the four priorities of the Elan 2020 strategic plan

In December 2007, Caisse des Dépôts set out its long-term strategy focusing on four key areas of investment: housing and urban development, universities and the knowledge-based economy, SMEs and sustainable development and the environment. This strategy has already begun to produce concrete results.



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Housing and urban development

Caisse des Dépôts has invested heavily in developing and improving affordable rental accommodation. It has used loans from savings funds (up 44% in 2008) to develop social housing, accommodate the most disadvantaged populations and

renovate energy-intensive buildings. SNI, France's top social housing operator and a wholly-owned subsidiary of Caisse des Dépôts, is buying off-plan almost one-third of the 30,000 housing units stipulated under a government-sponsored social housing programme.

Universities and the knowledge-based economy

Caisse des Dépôts is helping universities to develop enlightened economic, urban planning and sustainable development programmes as part of the drive to make universities more autonomous under the Campus university development plan. In 2008, it entered into partnership arrangements with 101 higher education establishments, including 59 universities.

SMEs

Caisse des Dépôts is heavily involved in the development of SMEs. CDC Entreprises and the SIF are an integral part of the stimulus programmes to support SMEs and get companies through the current crisis. Programmes to support micro-businesses and the social economy and to develop micro-credit initiatives continue apace. During 2008, Caisse des Dépôts supported 360 SMEs (one a day!) and 23,000 micro-businesses through its network of intermediaries.

Sustainable development and the environment

The key strategic development priorities of Caisse des Dépôts' new businesses include working to combat climate change (organising and developing the business activities of CDC Climat), biodiversity preservation (creation of CDC Biodiversité), boosting renewable energy output (€46 million invested in 2008) and providing support for eco-businesses. Sustainable development is also being promoted across all Group business lines and subsidiaries by gradually rolling out environmental, social and ethical governance performance programmes. ■

Caisse des Dépôts demonstrates its financial solidity and resilience

In 2008, even as the world economy was being battered by a once-in-a-lifetime financial crisis, the Group continued to demonstrate the solidity of its business model. It used its role as a strategic long-term investor to bring maximum benefit to the French economy.

The property bubble burst in the United States, bringing an abrupt end to a period of exuberant financial growth characterised by an abundance of liquidity throughout the international economy, a plethora of unequally regulated financial innovations, insufficient awareness of investment risk and spiralling corporate gearing ratios fuelled by increases in the value of certain assets, particularly real estate. Throughout this heady period, Caisse des Dépôts continued to act as an enlightened long-term investor: it managed its market risk exposure in a prudent manner by diversifying its investment portfolio; it did not invest in high-risk products and steered clear of off-balance sheet transactions likely to leave it exposed in the event of a downturn; it maintained its debt at reasonable levels; and it built up its equity from €10 billion to €20 billion (excluding unrealised gains) between 1998 and 2007. This strategy helped Caisse des Dépôts to weather the financial crisis in a satisfactory manner: – its share portfolios suffered from the stock market crash of 2008 but, unlike many financial institutions, Caisse des Dépôts was not forced to sell in order to meet its commitments; – at the height of the crisis Caisse des Dépôts was able to use its reputation and financial solidity to raise funds to finance, in particular, ACOSS' €25 billion overdraft; – although it posted a consolidated net loss for the year of €1.47 billion, the Group's financial solidity is not in jeopardy: consolidated equity still amounts to €17.9 billion at 31 December 2008; – Caisse des Dépôts is still rated AAA. ■

Progress indicators for the four priorities under the strategic plan

Priority	Imperatives	Elan 2020 objectives	2008 indicators	2007 indicators	Group resources deployed
Housing and urban development	Ensure that housing and urban development enhances both quality of life and the environment by meeting the following needs: – right to housing: France's housing shortage currently stands at 1 million units – refurbishment of existing buildings in order to improve housing sanitation standards and fight against climate change	Increase social housing funding from 54,000 units in 2007 to 90,000 in 2010, with an emphasis on energy efficiency – Number of new social housing units financed under the Social Cohesion Plan – New social housing financed by subsidised loans granted on the basis of high energy performance standards – Number of units of social housing bought off-plan by SNI (objective of 10,000 units) – Number of additional units financed (out of 100,000 targeted in the government stimulus plan)	61,946 7% 7,500 To be launched in 2009	54,582 1.7% NR NR	Loans from savings funds (page 13) and SNI group (page 17)
		Rehabilitate part of Caisse des Dépôts Group's housing portfolio based on environmental performance objectives – Number of dwellings renovated to increase their energy efficiency/Energy Saving Certification (GWhcumac) – Average energy consumption of dwellings managed directly by SNI Group	3,343/244 229 kWhpe/m ² /year	NA NA	SNI group (page 17)
		Renovate the least energy-efficient social housing units (consumption > 230 kWhpe/m²/year) – Finance the renovation of 100,000 social housing units before end-2010	To be launched in 2009	NR	Loans from savings funds (page 13)
Universities and the knowledge-based economy	Support the university reform process by renovating facilities Foster an environment conducive to the development of the knowledge-based economy	By 2009, carry out strategic real estate audits incorporating environmental objectives for all universities which request such assistance – Support provided to higher education and research establishments in drawing up a development plan	101	NR	Local and regional investment (page 11)
		Provide specific support for student accommodation – Number of student dwellings financed from savings funds/amount of loans earmarked for student residences	6,230 / €216 M	3,675 / €100 M	Loans from savings funds (page 13)
		Assist with renovation projects by carrying out engineering surveys – Number of projects funded/amount committed to engineering surveys	27 / €12.8 M	NR	Local and regional investment (page 11)
	Support 10 major university campus renovation projects from 2009	To be launched in 2009	NR		
	Help to introduce high-speed broadband technology in large French cities over the next 5 years – Amounts committed / number of local and regional high-speed broadband projects supported	53.2 M€ / 15 projets	€38.7 M / 11 projets	Local and regional investment (page 11)	
SMEs	Encourage the emergence of innovative SMEs with the capacity to penetrate foreign markets and contribute to French economic growth Reinforce pro-SME initiatives to tackle the economic crisis	Finance the creation of 1,000 SMEs by 2010, with an emphasis on innovation and export-oriented industries – Number of SMEs receiving assistance from CDC Entreprises during the year – Amounts invested in SMEs via CDC Entreprises under the France Investissement programme	360 €412 M	370 €575 M	CDC Entreprises (page 9) and FSI (page 8)
		Assist micro-businesses throughout their life cycle and particularly at the start-up phase – Number of start-ups financed / number of jobs created – Number of operational Oséo – Caisse des Dépôts platforms	23,000 / 45,000 8	22,000 / 43,000 NR	Local and regional investment (page 11) and partnership with Oséo (page 9)
Sustainable development and the environment	Boost French renewable energy output Combat climate change Preserve biodiversity	Objective: assemble a portfolio representing 500 MW of renewable energy capacity by 2010 and generate 10% of French renewable energy output by 2020 – Cumulative portfolio of renewable energy/amount invested during the year	287 MW / €46 M	84 MW / €32 M	Local and regional investment (page 11)
		Boost the development of carbon finance through research, investment and market mechanisms – Volume of carbon quotas traded on the Bluenext market (Mt of CO ₂) – Amounts held in carbon asset investment funds	257 €56.8 M	23 €25 M	CDC Climat (page 10)
		Promote the development of biodiversity clearing house mechanisms – Investment in the capital of CDC Biodiversité, a subsidiary created in 2008	€15 M	NR	CDC Biodiversité (page 10)
	Set sustainable development objectives (investment guidelines, operational objectives) for all Caisse des Dépôts business lines and subsidiaries	Integration of sustainable development objectives is currently in progress		These objectives are presented by business line and by subsidiary throughout this report	

Unprecedented commitment to the French economy

Caisse des Dépôts injected €40 billion into the French economy during the year in an effort to head off the financial crisis. Including impairment losses taken on its equity portfolio, the Group posted a net loss of €1,468 million, but delivered recurring operating profit of €1,535 million.

Caisse des Dépôts showed proof of its unprecedented commitment to the French economy in 2008, making available a sum of more than €40 billion breaking down as:

■ €18.5 billion to finance SMEs through two key measures:

- increase in the loans granted to Oséo Financement from €4 billion to €6 billion;
- decentralisation of funds held in LDD and LEP passbook savings accounts, unlocking a further €16.5 billion.

■ €5 billion in short-term financing for the French Financing Corporation (Société de Financement de l'Economie Française – SFEF).

■ €6.7 billion in loans to finance 100,000 additional housing units, on top of some 70,000 units financed each year.

■ An estimated investment of €1.6 billion by Société Nationale Immobilière (SNI) to purchase 10,000 homes under construction (VEFA). 7,500 of such homes had been already purchased at the end of 2008.

■ €8 billion to fund large-scale infrastructure projects, including €1 billion for universities.

These loans will be granted by the Savings Funds either to the companies carrying out the projects under public-private partnerships, concessions or calls for project proposals, or to the local authorities subsidising the investments.

■ €2.7 billion in loans from the Savings Funds to finance local and regional investment projects.

Caisse des Dépôts also contributed €2 billion to the Dexia bail-out, including €1.3 billion from the Central Sector, €0.4 billion from the Savings Funds, and €0.3 billion from CNP.

Net profit for the Savings Funds

Net profit for the Savings Funds came in at €108 million versus €1,257 million in 2007, reflecting provisions for the impairment of financial assets, slightly offset by a further write-back from the Fund for General Banking Risks (FGBR).

Recurring profit outstrips the 2007 figure

Recurring profit (adjusted for the impact of impairment tests and provisions set aside for capital losses as a result of the financial crisis) came in at €1,535 million in 2008 versus €1,453 million in 2007 (see table below).

Downbeat earnings performance

The Group posted an attributable net loss of €1,468 million in 2008 versus an attributable net profit of €2,488 million in 2007.

Caisse des Dépôts, an equity investor committed to developing French business, took impairment losses on its equity portfolios and on certain consolidated investments, breaking down as:

– €2.1 billion in net write-downs on goodwill relating to Dexia, Eiffage and Sécisé;

– a net amount of €0.9 billion to reflect market impacts (provisions for other-than-temporary impairment, recognised capital losses).

These write-downs result from the strict application of International Financial Reporting Standards (IFRS), which require provisions to be set aside for unrealised capital losses at 31 December 2008. This prudent approach is not indicative of any actual losses, impaired loans, toxic assets or cash outflows for Caisse des Dépôts. Since the Group invests over the long term, a substantial portion of these capital losses are of a temporary nature.

The 27% rise in the Group's operating expenses chiefly reflects the full-year impact of acquisitions carried out in 2007, in particular Transdev's acquisition of a majority interest in Connexion NV from the Dutch government in the last quarter of that year.

Equity attributable to equity holders of the parent (excluding unrealised capital gains and losses) totalled €17.9 billion at 31 December 2008. This is higher than the figure at end-2006 and end-2007 which had benefited from exceptional capital gains (€2 billion in 2006 on the sale of CNCE shares and €1 billion on the equity portfolio in 2007 at the height of the stock market boom). ■



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“ Faced with the most serious global financial crisis in almost a century, Caisse des Dépôts drew strength from its strict management discipline and robust economic model in 2008, demonstrating an unparalleled commitment to the French economy in its role as a strategic long-term investor.

The Group's net loss of €1,468 million bears the mark of this commitment. The net loss results from provisions taken on securities that have not been sold. Caisse des Dépôts' fundamentals remain robust, with recurring net profit up 6% to €1,535 million. The Savings Funds reported a profit of €108 million: the nation's savings are safe. During the year, Caisse des Dépôts injected more than €40 billion into the French economy, earmarked in particular for exceptional housing construction initiatives. €18 billion of this amount was set aside to finance SMEs, while €2 billion was pumped into Dexia. These measures reflect the Group's unprecedented support for the French economy in 2008.

The Savings Funds enjoyed vigorous growth in outstandings in 2008. Deposits placed in Livret A passbook accounts grew sharply, with total cumulative outstandings at a record of €13.8 billion at year-end. Lending activity was also buoyant, with originations surging 44% to €10.6 billion from €7.3 billion. ”

Augustin de Romanet,
Chairman and Chief Executive Officer of Caisse des Dépôts.

Breakdown of attributable net profit (loss) by division

(in millions of euros)	Reported		Recurring	
	2008	2007	2008	2007
Caisse des Dépôts	(1,998)	1,661	655	720
Subsidiaries and long-term equity interests	530	827	880	733
CNP division	266	438	540	397
Real Estate division	302	114	302	256
Services division	92	46	48	46
Private Equity division	(130)	229	(10)	34
Attributable net profit (loss)	(1,468)	2,488	1,535	1,453

Condensed consolidated balance sheet

(in millions of euros)	31.12.2008	31.12.2007
Assets		
Financial assets at fair value through profit or loss	28,425	34,594
Available-for-sale financial assets	120,853	123,771
Loans and receivables due from credit institutions	11,646	4,941
Loans and receivables due from customers	15,670	20,232
Held-to-maturity investments	19,482	17,398
Other assets	24,885	20,235
Total assets	220,961	221,171
Liabilities and equity		
Due to credit institutions	22,665	22,594
Due to customers	42,321	43,711
Insurance company technical reserves	97,211	97,973
Other liabilities	37,231	25,122
Equity attributable to equity holders of the parent	18,564	29,080
o/w reserves and retained earnings	17,920	20,282
o/w unrealised or deferred gains and losses	644	8,798
Minority interests	2,969	2,691
Total liabilities and equity	220,961	221,171

Consolidated income statement

(in millions of euros)	2008	2007
Net banking income	5,023	7,054
Operating expenses	(4,103)	(3,226)
Gross operating profit	920	3,828
Profit (loss) before tax	(1,209)	3,976
Income tax expense	(87)	(1,174)
Minority interests	(172)	(314)
Attributable net profit (loss)	(1,468)	2,488

Subsidiaries turn a profit

CNP, Icade, Société Nationale Immobilière, Transdev, Egis, Compagnie des Alpes and Belambra all made a positive contribution to Group earnings in 2008.

■ Caisse des Dépôts division

The contribution of the Caisse des Dépôts division to Group earnings was a negative €2 billion in 2008 versus a positive €1.7 billion in 2007, reflecting write-downs on its equity portfolios as well as on its consolidated equity investments in Dexia, Eiffage and Sécisé.

■ Insurance division (CNP Assurances)

CNP's contribution to Group earnings fell 39% to €266 million in 2008 from €438 million one year earlier. Adjusted for the impact of market fluctuations and capital gains, CNP's recurring net contribution was up 36% to €540 million from €397 million in 2007.

■ Real Estate division

The contribution of the Real Estate division, which comprises subsidiaries Icade and Société Nationale Immobilière, amounted to €302 million in 2008 compared with €114 million in 2007.

■ Icade

Icade's contribution to Group earnings totalled €194 million in 2008 versus €23 million in 2007. Excluding the exit tax recognised in 2007 on the company's election for the REIT-style (SIC) tax regime (€142 million at the level of Caisse des Dépôts), Icade's recurring contribution was up 18%.

Icade reported consolidated revenues of €1.6 billion for 2008, a rise of 8% on the year-earlier period. The property business accounted for 26% of revenues, real estate development activities 71%, and services 13%.

■ Société Nationale Immobilière (SNI)

SNI's contribution to Group earnings was up 17% to €108 million from €91 million in 2007. SNI posted consolidated revenues of €529 million in 2008, a rise of 6% year-on-year.

■ Services division

The Services division (Transdev, Egis, Compagnie des Alpes and Belambra) contributed €92 million to Group earnings in 2008 versus €46 million in 2007.

Adjusted for exceptional capital gains of €44 million recorded by Belambra in 2008, the division's contribution rose 5% to €48 million in the year, with all services subsidiaries turning a profit.

■ Transdev

Transdev contributed €9 million to Group earnings in 2008 compared with €22 million in 2007, reflecting difficulties arising from the integration of Dutch firm Connexion. These difficulties have now been resolved. Its tie-up with Connexion makes Transdev the fourth largest private operator of public transport in

Europe, boasting 41,000 employees and more than 20,000 vehicles.

■ Egis

Egis' contribution to Group earnings surged 72% to €21 million in 2008 from €12 million in 2007, buoyed by robust performances from its Engineering and Operations divisions.

■ Compagnie des Alpes

Compagnie des Alpes' contribution to Group earnings in 2008 rose 13% to €13 million compared with €11 million in 2007, boosted by a record performance from its Ski Resorts and Leisure Parks divisions and a tighter rein over operating expenses.

■ Belambra

Belambra's contribution to Group earnings came in at €49 million in 2008 compared with €1.3 million in 2007, including more than €44 million from property asset outsourcing arrangements.

■ Private Equity division

The Private Equity division's contribution to Group earnings was a negative €130 million in 2008 versus a positive €229 million in the prior-year period. This decrease reflects the impact of the financial crisis (asset write-downs and lack of any substantial capital gains). In contrast, the 2007 contribution had been boosted by exceptional capital gains of €155 million on the sale of TDF shares. ■

Caisse des Dépôts teams up with other long-term investors in pioneering initiative

The Law on modernisation of the economy of 4 August 2008 defines long-term investment as the main corporate purpose of Caisse des Dépôts.

Caisse des Dépôts has decided to step up its cooperation with other international investors in fulfilling this role.

Caisse des Dépôts is intent on creating synergies with other long-term investors in Europe and across the globe, setting up dedicated financing structures. It has reinforced its partnerships with Cassa Depositi e Prestiti in Italy, KfW in Germany, the European Investment Bank (EIB) and Caisse de Dépôt et de Gestion du Maroc (Morocco).

The Marguerite fund: contributing to the European stimulus plan

The 2020 Fund for Energy, Climate Change and Infrastructure ("Marguerite fund") is a tangible evidence of this enhanced cooperation.

(1) A number of studies have pointed out the need to clarify the role of long-term investors, particularly in terms of accounting and prudential rules. Comments drawn up jointly by Caisse des Dépôts and Cassa Depositi e Prestiti have been submitted to the working group on European financial supervision chaired by Jacques de Larosière.



Signature of the long-term investment charter on 20 April 2009.

Developed jointly by Caisse des Dépôts, the European Investment Bank, Cassa Depositi e Prestiti, KfW and the European Commission, the fund is currently being set up and should have capital of €1.5 billion, affording it a leveraged investment capacity of between €5 billion and €10 billion. The fund is intended as a coordinated response from major European public investors to Europe's imperatives in terms of energy, climate change and infrastructure.

As part of economic stimulus plans, the Marguerite fund was endorsed by 27 heads of EU Member States and governments in conclusions submitted to the European Council in December 2008.

Creation of an international long-term investment club

With risk appetite declining and increasing criticism levelled at the short-term management of massive debt burdens, long-term investors

stand out for their ability to make investment commitments over a long-term horizon in strategic sectors such as infrastructure, energy and housing. As such, they take on an instrumental role in delivering stability and growth. Mindful of this new influence, Caisse des Dépôts has decided to create a long-term investment club.

The club will be open to funds sharing similar values. These values were enshrined in a charter signed on 20 April 2009 by the management of Caisse des Dépôts, the EIB, Cassa Depositi e Prestiti and KfW. The club will provide a forum for exchanging best practices and building a common identity. It will address issues arising from long-term investment commitments across the globe (1), and develop financial services geared specifically to this population with the aim of fuelling economic growth.

The club's first major event will be the conference for long-term value and economic stability to be held in Paris on 22 June 2009 – a key point in time, falling as it does between the G20 summit in London (2 April 2009) and the G8 summit in Aquila, Italy (8-10 July 2009). The conference is being organised jointly with the OECD and for the first time will bring together major long-term investors to discuss their leading role in securing a more stable and sustainable economic and financial system. ■

View from the front line

Common interests emerge with Cassa Depositi e Prestiti



Source Cassa Depositi e Prestiti

Franco Bassanini, Chairman of Cassa Depositi e Prestiti

Why do you work regularly with Caisse des Dépôts?

Our institutions have the same objectives and share the same values, and have been regular working partners for many years now. Our relations were reinforced in 2008, prompted by a common desire to step up cooperation and provide an appropriate framework for our efforts. A liaison team has been asked to formulate proposals for action in areas of common interest, due to be submitted in June 2009.

Can you give any examples of these common interests?

First, we are finalising two new infrastructure funds – InfraMed and Marguerite. Another key focus is the official launch of the long-term investment club at the end of June 2009. We are also studying initiatives – mainly in Europe – regarding long-term financial instruments in support of SMEs, local and regional development, and sustainable development. We have also started to jointly contribute to the work of EU bodies and other international institutions including the Larosière group, the G8, the G20 and the IMF. ■

Mediterranean region: a strategic investment focus

The development of the Mediterranean region is a long-term process requiring stable investments over a long-term horizon. Caisse des Dépôts has a long-standing presence in the region through its partnership with Caisse de Dépôt et de Gestion du Maroc, which was renewed in April 2008. The institution's renewed investment commitment to the region is one of the priorities of its new internationally-oriented strategy.

Caisse des Dépôts has undertaken to invest in strategic sectors that can spearhead development of this region, which has huge untapped potential for becoming a preferred area in which to do business.

Launch of InfraMed

Within the context of the Union for the Mediterranean (UpM) launched at the Paris summit held on 13 July 2008, Caisse des Dépôts and its partners Cassa Depositi e Prestiti, EFG Hermès and Caisse de Dépôt et de Gestion du Maroc, set up the InfraMed fund aimed at promoting investments in greenfield projects to build urban, energy and transport infrastructure. With an initial capital raising target of €1 billion, InfraMed is set to be one of the region's leading providers of infrastructure finance. InfraMed was officially launched in Alexandria on 30 April 2009 during the conference discussing financing for UpM projects.

New financial tools and networks of expertise and cooperation

Caisse des Dépôts is also developing other specific financial tools. These include Averroès Finance II, one of the main venture capital funds for the Mediterranean region, launched in partnership with Proparco (French Development Agency group). Together with Caisse de Dépôt et de Gestion du Maroc, the institution is also launching a campaign promoting "Sustainable Cities and Towns", a Euro-Mediterranean urban and regional support network. This network is intended to promote integrated local, regional and urban development policies, and to support Southern and Eastern Mediterranean countries in setting up infrastructure financing mechanisms.

The Group is also involved in the UpM's flagship Solar Plan, designed to increase the use of renewable energies and boost energy efficiency in every region and country falling within the union. On 12 and 13 March 2009, Caisse des Dépôts, Caisse de Dépôt et de Gestion du Maroc and the think-tank Institut de Prospective Économique du Monde Méditerranéen, launched the "Initiative for Mediterranean Investment", a project looking at ways in which more investment could be channelled towards the Maghreb and Machrek regions. ■



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Permanent representation in Brussels

As a European player developing innovative, tried and tested solutions in a variety of fields (urban planning, housing, the environment), Caisse des Dépôts Group has sought to carve out a bigger role for itself in European debates, set up strategic alliances and implement European public policies. Consistent with this aim, in December 2008 it once again secured permanent representation at European organisations. Caisse des Dépôts will use its presence to define and implement its strategy on behalf of the Group, create a strong resource pool for the Group's various divisions, and reinforce cooperation with certain partners.

The Group's permanent representation in Brussels was officially recognised on 9 December 2008 in the presence of Jean-Pierre Jouyet, Secretary of State for European Affairs and Jacques Barrot, Vice-President of the European Commission. "Our return to Brussels goes hand-in-hand with our determination to show that long-term investors are major contributors to stability and growth", affirmed Augustin de Romanet, Chairman and Chief Executive Officer of Caisse des Dépôts. In keeping with its stronger European dimension, Caisse des Dépôts organised two conferences on issues that are at the top of its agenda and also chime with priorities set for Europe.

Promoting renewable energy sources

A conference was organised by Caisse des Dépôts on 26 November 2008 in Brussels to establish a dialogue between stakeholders on one of the directives resulting from the Renewable Energy and Climate Change Package, which stipulates that 20% of European energy must be from renewable sources by 2020. This provided the opportunity for exchanges on the role of investors in promoting renewable energy ahead of the 14th International Climate Change Conference held in Poznan in December of that year.

European sustainable cities: from vision to reality

Following on from work carried out by the German and French EU presidencies, on 26 January 2009 Caisse des Dépôts held a symposium on European sustainable cities at the Committee of the Regions in Brussels. The event was organised jointly with the association Europartenaires. Bringing together local decision-makers, MPs, entrepreneurs, investors and academic figures, the symposium was designed to provide a tangible response to the need for promoting sustainable cities across Europe. These exchanges should continue and will receive fresh impetus at the 6th European conference on sustainable cities and towns to be held in Dunkirk in 2010. ■



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CDC International, promoting Caisse des Dépôts across the globe



CDC International, a wholly-owned subsidiary of Caisse des Dépôts and Group companies, was created in spring 2008 to head up the Group's international initiatives geared to long-term investors. The company has two main focuses: the creation of a long-term investors' forum and the development of bespoke financial products for long-term investors. CDC International has teamed up with Caisse des Dépôts' traditional partners, as well as long-term investors from the Arab-Persian Gulf, Canada, Northern Europe and China to develop a series of investment guidelines drawing on academic studies considering the role of long-term investors. The Marguerite fund, a flagship measure of the European stimulus plan, is also being set up in partnership with other private and public long-term investors. ■

A long-term investor committed to supporting the economy

Caisse des Dépôts' role as a long-term investor promoting economic development was reinforced by the Law on modernisation of the economy of 4 August 2008 (Article L. 518-2 of the French Monetary and Financial Code). In 2008, its long-term investment activities bore the mark of its unprecedented support for the French economy.

Caisse des Dépôts has a large portfolio of assets which it manages on a long-term basis. As well as a significant portfolio of diversified investment property assets and bonds held with the aim of generating steady returns, Caisse des Dépôts has minority stakes in a broad spectrum of French and European listed companies. It also owns subsidiaries and has strategic equity investments in different sectors. As part of its public interest obligations, Caisse des Dépôts is involved in capital transactions carried out at a local or regional level to support development policies.

Clear investment guidelines
Caisse des Dépôts has signed up to the principles of socially respon-

sible investing, now embedded in its day-to-day management. It also adheres to the corporate governance principles laid down by its Advisory Committee. As part of the Elan 2020 strategic plan, in December 2008 Caisse des Dépôts formulated a series of guidelines framing its investing and public service mandate activities. For its investing activities, the following principles were set:

- Investments shall be made on a long-term basis, primarily in France and as a minority shareholder, and the institution's patrimonial interests shall be protected at all times.
- Environmental, social and good governance concerns shall be considered in all investment decisions.
- Investments shall be made with the aim of securing profitability over the long term, while unlock-

ing steady returns over a shorter horizon.

- In certain cases, the institution shall take the role of active investor, participating in the entity's governance. Assets held by Caisse des Dépôts in long-term investment portfolios total €59.4 billion, breaking down as financial assets of €43.3 billion and equity interests of €16.1 billion in subsidiaries and other entities.

Caisse des Dépôts Group subsidiaries

Through its subsidiaries, Caisse des Dépôts is active in the following segments:

- life insurance, with 40% of CNP Assurances, France's leading life insurer;
- real estate (Société Nationale Immobilière and Icade);
- public transport and transport infrastructure engineering (Transdev and Egis);
- leisure (Compagnie des Alpes and Santoline, the holding company for Belambra);

- private equity (CDC Entreprises and CDC Capital Investissement);
- infrastructure (CDC Infrastructure). In the fourth quarter of 2008, Caisse des Dépôts created a new subsidiary, Fonds Stratégique d'Investissement (Strategic Investment Fund - SIF) on the initiative of the French government. The SIF is 51%-owned by the Group and 49%-owned by the State (see overleaf).

Strategic equity interests

Strategic equity interests consist of a portfolio of shareholdings worth a total of €4 billion. Caisse des Dépôts made two key investments during the year, in Dexia and Eiffage. The Group contributed €2 billion to the Dexia bail-out effort alongside the French, Belgian and Luxembourg governments, bringing its interest in the bank to 20%. In April 2008, it raised in stake in Eiffage to 19.5%. ■

Investment guidelines

Caisse des Dépôts' activities as an institutional investor and investor serving the public interest are underpinned by a common set of principles. Caisse des Dépôts invests on a long-term basis, primarily in France and as a minority shareholder. In compliance with the requirements set down by law, it seeks to protect its patrimonial interests at all times. Having endorsed the United Nations Principles for Responsible Investment (PRI), the appropriate environmental, social and corporate governance considerations are integrated into its investment processes.

As an institutional investor in shares, bonds, real estate, private equity and infrastructure, Caisse des Dépôts endeavours to combine long-term profitability aims with steady returns in order to finance its public interest obligations. In certain cases, it adopts a more active

approach, participating in the entity's governance and partnering its industrial ambitions.

As an investor serving the public interest, its actions are clearly designed to benefit local and regional development and SMEs. Public interest investments set out to meet collective needs as identified by the State or local authorities, in sectors inadequately served by the market. In addition to providing financing, Caisse des Dépôts also places its objective expertise at the service of its public interest obligations. Caisse des Dépôts' investments adhere to the rules governing the marketplace and fair competition, and the projects selected must meet strict environmental standards.

The guidelines underpinning Caisse des Dépôts' investment decisions can be consulted on its website at www.caissedesdepots.fr.

Group investments guaranteed a clean bill of health

Caisse des Dépôts adopts a socially responsible investment policy which takes in listed shares, bonds, real estate and forestry assets as well as investments in unlisted companies.

Listed asset portfolio

Taking account of disposals, gross investments made by Caisse des Dépôts in listed assets totalled €1.1 billion in 2008. At end-December, its portfolio had a gross carrying amount of €15.3 billion. Around 5% of the portfolio was invested in mutual funds, with the remaining 95% invested in directly-held shares in European listed companies. The sharp downward slide in equity markets in 2008 led the Group to recognise €0.9 billion in provisions for other-than-temporary impairment. Caisse des Dépôts strives to be an active shareholder, systematically voting on resolutions put forward at the annual general meetings of its investees. It applies its voting guidelines with the aim of safeguarding its patrimonial interests at all times. The institution subscribes to services provided by a number of SRI rating agencies and has developed in-house tools for analysing socially responsible investment credentials which are embedded in its day-to-day management. As well as considering SRI criteria in the investment process, it prefers counterparties who have developed their own SRI expertise. Building on regular meetings with its investees, Caisse des Dépôts is able to forge a constructive dialogue on environmental, social and governance (ESG) standards with the executive teams concerned.

Bond portfolios

These portfolios include an investment portfolio comprising securities intended to be held to maturity over an investment horizon of around seven years, and a loan portfolio held over a term of three to four years. Year-on-year, the carrying amount of the investment portfolio increased €2 billion from €16.6 billion to €18.6 billion. This portfolio consists

almost exclusively of fixed-income securities rated investment grade, most of which are issued or guaranteed by governments in the euro zone. These securities will offer steady, secure returns over the next few years. The loan portfolio is invested in bonds issued by industrial companies or banks with a high credit standing. The portfolio grew €3.1 billion over the period, and outstandings totalled €5.7 billion. 2008 saw the global economy plunged into the most serious crisis since the Second World War, with the bankruptcy of Lehman Brothers on 15 September bringing the financial system to its knees. The end of the year was also extremely testing, for both financial and non-financial players. In this respect, it should be noted that all of Caisse des Dépôts' exposures are rated investment grade, it does not hold any assets linked to the US property market and has not guaranteed any US debt instruments. As a result, no defaults were recognised in 2008. The absence of any toxic assets in the Central Sector's balance sheet reflects the institution's prudent approach to counterparty risk and strict risk oversight by the Risk Management and Internal Control department.

Real estate and forestry investments

In 2008, the European property market escaped the brunt of the downturn that affected its beleaguered US counterpart. Nevertheless, real estate transactions slowed sharply in the second half, with the first signs of price falls apparent at the end of the year. The investment property portfolio has a market value of around €4.5 billion and is made up of housing, offices, commercial and hotel premises, and warehouses. In 2008,

real estate investments net of disposals totalled around €280 million. The Group continued to diversify its portfolio, through a wider international focus and an increase in investments in offices, commercial and hotel premises. The carbon performances of all investments are assessed, and plans are drawn up with a view to reducing the energy consumption of buildings. Caisse des Dépôts' investments include a low-energy certified office building located in the former Renault factory complex in Boulogne-Billancourt. The Group also directly and indirectly holds a portfolio of forestry assets managed by Société Forestière, covering more than 42,000 hectares of land.

Investments in unlisted assets

Caisse des Dépôts also invests in venture capital funds. At 31 December 2008, the venture capital portfolio had a carrying amount of €683 million, representing a rise of €240 million year-on-year. Corresponding commitments (potential calls for funds) totalled €687 million.

In light of the looming recession, the bulk of new investments were made in mezzanine debt.

The portfolio is invested in funds with an average life of five years. The average residual life of the portfolio is therefore around three years. ■

CDC Infrastructure: a new player in infrastructure financing



After several years of pursuing an active infrastructure investment policy, in 2008 Caisse des Dépôts decided to reinforce the role of its wholly-owned subsidiary, CDC Infrastructure, as a key infrastructure investor.

CDC Infrastructure invests in the transport, energy, telecommunications and environment sectors. It has an active presence in all infrastructure markets, covering both "brownfield" (mature assets) and "greenfield" (assets to be constructed) projects, which are financed increasingly within the scope of a public-private partnership.

The creation of CDC Infrastructure reflects one of the priority focuses outlined in the Elan 2020 strategic plan and chimes with the key goals of public policies that encourage investment in sustainable development, local and regional infrastructure, economic growth and efforts to ensure that central decision-making functions remain in France. CDC Infrastructure

will seek to play a part in certain major infrastructure projects that are to be stepped up by the government as part of its economic stimulus plan.

In 2008, the Infrastructure business, which includes nine major equity investments, added a stake in Eurotunnel to its transport portfolio. This investment was made in connection with the capital increase carried out in the first half of the year, marking the final stage in Eurotunnel's financial restructuring process. Eurotunnel is the operator of the Channel Tunnel, one of Europe's most important infrastructures. Its concession expires in 2086.

2008 also saw the completion of the shareholder restructuring process at Saur. Saur provides water and wastewater services to more than six million people, and the new shareholding structure should enable the company to provide innovative public service management solutions to local authorities. The goal is to build an integrated water and waste management group out of Saur and Sèche Environnement. Caisse des Dépôts sold a 9% stake in Saur to the CUBE Infrastructure investment fund, in a bid to stabilise the group's capital in the hands of long-term shareholders pursuing a common industrial goal. ■

Who will have invested €1.5 billion in small- and medium-sized businesses by 2010?

Caisse des Dépôts is a long-term investor serving the public interest and economic development. It manages part of the nation's savings, including funds held in Livret A passbook savings accounts, together with funds entrusted to legal professionals, particularly notaries. Caisse des Dépôts pays the pension of one in five French people. Four priorities have been set for the coming years: housing, universities, small- and medium-sized businesses and sustainable development. One-third of the Group's earnings is paid over to the State, one-third is used for regional investment projects, and one-third is used to partner companies. For further information, visit us at www.solutionscaissedesdepots.com

Creator of lasting solutions.

Priority focus in 2009: partnering companies

Partnering the development of SMEs is one of the four priorities outlined in the Group's Elan 2020 strategic plan. Directly, or through its subsidiaries Fonds Stratégique d'Investissement, CDC Entreprises and CDC Capital Investissement, the Group offers a broad array of financing solutions suitable for businesses of all sizes.

SMEs are crucial to the economy since they are a prime source of job creation. Large companies need them to guide and develop their products. SMEs explore, innovate and take risks in both industrial and services sectors. From a financial point of view, French SMEs have structurally weak capital and are therefore heavily dependent on bank credit. The link between SMEs, large companies and growth is critical, and ready access to financing for all businesses is therefore essential.

Directly, or through its subsidiaries Fonds Stratégique d'Investissement (Strategic Investment Fund – SIF), CDC Entreprises and CDC Capital Investissement, Caisse des Dépôts offers innovative financing solutions to all companies, from micro businesses to major players.

Caisse des Dépôts also provides SMEs with short-term financing through Oséo Financement.

■ The Strategic Investment Fund was set up to invest in strategic French companies boasting vital skills and/or technologies and hosting projects creating value and boosting

competitiveness within the economy. The Fund was endowed with €20 billion from Caisse des Dépôts and the French State.

■ CDC Entreprises, an asset manager, houses the institution's activities in the field of private equity and seeks to promote equity financing for high-potential SMEs operating in leading-edge technology or traditional industry sectors.

■ CDC Capital Investissement provides assistance to SMEs with their business transfer or expansion projects. Based on majority stakes, CDC Capital Investissement is a partner of choice for healthy start-ups that offer high growth potential.

■ Caisse des Dépôts endorses support networks for micro businesses, including Adie, France Initiative, Entreprendre and France Active in the social economy sector. Thanks to the nationwide presence of these networks, a total of 23,000 businesses saw the light of day in 2008. Caisse des Dépôts also helps unemployed entrepreneurs through Nacre, a mechanism providing quality-driven assistance for those wishing to create or take over businesses. The institution manages the Social Cohesion Fund set up to develop micro credit for very small business start-

ups and companies devoted to outreach initiatives. It also promotes micro credit for individuals (see page 11).

■ Caisse des Dépôts contributes indirectly to the short-term financing of SMEs through the loans it grants to Oséo Financement. These were increased from €4 billion to €6 billion as part of the government's stimulus plan.

■ A single system is being put in place to channel loan applications and provide information. In every region, Caisse des Dépôts, the credit ombudsman (mediator), the Strategic Investment Fund, Oséo and local stakeholders have set up advisory units where SMEs can find out how to readily access the financing best suited to their needs.

These measures, known as "SME support", will be rolled down to all regions in 2009 in the form of a website, a national telephone number and a variety of forums. ■

Contact no. (France only):
0810 00 12 10

Website: www.appuipme.fr

View from the front line

Unlocking synergies through credit mediation

Interview with René Ricol, credit ombudsman

What is credit mediation?

The role was created in November 2008 to guarantee ready access to credit and ensure that businesses facing financial difficulties received due and proper support. Thanks to efforts from both the Banque de France, which made available its network, and to professional organisations, which teamed up to appoint a trusted credit ombudsman in each region, claims are processed within 48 hours in close contact with the businesses concerned. Depending on their needs and financial situation, all entrepreneurs can contact a trusted advisor through our call platform and receive assistance. Claims can also be directly submitted to the ombudsman through the website www.mediateurducredit.fr. Our approach seeks to be pragmatic, building a dialogue between stakeholders and identifying solutions best suited to each situation.



DR

How do your initiatives tie in with the actions undertaken by Caisse des Dépôts?

Under the impetus of Augustin de Romanet, Jérôme Gallot and teams from CDC Entreprises, a genuine partnership has been put in place to speed up lead times for processing equity financing claims made by companies claiming assistance. In every region, units have been set up involving Caisse des Dépôts, Oséo and the ombudsman service, with the aim of bringing companies into contact with investment funds. In the weeks ahead, a consolidation fund is to be created in connection with the France Investissement programme, which will be partly endowed by the Strategic Investment Fund. ■

What progress has been made in the first six months?

On the ground, the ombudsman service has unlocked new synergies and has given rise to an unprecedented show of solidarity. All parties involved in financing and partnering businesses have played their part. In six months, we have received more than 11,000 claims. Seventy percent of eligible claims have been processed, and two-thirds have had a positive outcome. At the beginning of May, 4,300 companies were able to continue in business and almost 83,000 jobs had been saved.

Choosing candidates for the Strategic Investment Fund

The Strategic Investment Fund was set up to invest primarily in high-potential, competitive companies boasting invaluable skills, technology and employment opportunities for both France and Europe. Companies with this profile are identified based on their business sector, growth potential, technological know-how, industrial expertise, employment opportunities, export potential, market leadership and brand value.

The focus of the SIF takes in the full range of industrial and services activities, and places particular importance on the consolidation and development of businesses engaged in leading-edge technologies. Its investment approach takes into account industrial considerations, with each investment decision the result of an analysis of the structure of the industrial sector as a whole.

SIF governance

Chairman
Augustin de Romanet

Chief Executive Officer
Gilles Michel

Board of Directors
(7 members)

2 representatives from Caisse des Dépôts
Augustin de Romanet,
Chairman of the Board of Directors
Alain Quinet, Group Finance, Strategy
and Sustainable Development Director

2 representatives from the government
Bruno Bezard, Chief Executive Officer
of the French government shareholding
agency (APE)
Luc Rousseau, Director General for Industry,
Commerce and Services

3 leading figures from the business world
Patricia Barbizet,
Chief Executive Officer of Artemis
Xavier Fontanet,
Chairman and Chief Executive Officer
of Essilor
Denis Kessler,
Chairman and Chief Executive Officer
of Scor

Investment Committee
(4 members)

The Investment Committee examines investment projects put forward by operational teams and issues recommendations.

Patricia Barbizet,
Chairman
Bruno Bezard, Alain Quinet, Xavier Fontanet
Michel Bouvard, the Chairman of the Supervisory Committee of Caisse des Dépôts, is a permanent guest on the Investment Committee.

Strategy Committee

The Strategy Committee "guarantees the consistency and overall balance of the SIF's actions" (speech given by Nicolas Sarkozy in Montrichard). Chaired by Jean-François Dehecq, the Committee has 15 members and brings together representatives from across the nation's social-economic fabric, including economists, union leaders, employees and MPs.

Executive Committee

Agnès Pannier-Runacher
Thomas Devedjian
Jérôme Gallot,
Chairman of CDC Entreprises
Hervé Guyot,
Chief Executive Officer of Fonds de Modernisation des Equipementiers Automobiles (FMEA).

Birth of a catalyser for growth

fsi FONDS STRATÉGIQUE
D'INVESTISSEMENT

Created at the initiative of the French President in November 2008, the Fonds Stratégique d'Investissement, or Strategic Investment Fund (SIF) is a *société anonyme* (corporation), 51%-owned by Caisse des Dépôts and 49%-owned by the State. Its main purpose is to partner companies offering strong growth potential for the French economy.

Acting either alone or together with other investors, the SIF takes minority stakes in French companies hosting projects that create value and boost competitiveness within the economy. The SIF was endowed with €20 billion from its shareholders, including €14 billion worth of shares in French companies such as France Télécom, Eiffage, Aéroports de Paris, Accor, Chantiers de l'Atlantique and Eutelsat, and €6 billion in cash that can be readily made available to carry out the Fund's investments.

Objectives

The SIF was set up to partner:

- SMEs (enterprise value of less than €100 million) with high growth potential by making equity investments through the France Investissement programme;
- medium-sized businesses (enterprise value of between €100 million and €2 billion) which demonstrate the potential to create value mainly through expertise in leading-edge technologies, or to carve out leading positions. For these companies, the Fund will act as a catalyser for growth and innovation;
- medium-sized businesses engaged in sectors undergoing sweeping changes which, on account of their robust fundamentals (technical expertise, human resources or strong product range) may emerge as leading players in their particular segments. The Fund's equity investments in these companies will help them adapt more quickly to the changing industrial landscape;
- large and medium-sized businesses which play a vital role in their sector, for which a stable capital structure can help shape an industrial strategy that creates value for the economy and provides a rich source of skills, technological expertise and employment opportunities.

Responsible investing

As an investor over the medium to long term, the SIF chooses profitable initiatives with the aim of generating returns in line with the returns that investors in the marketplace would demand of a similar project. The investment horizon can be adapted to the company's specific technological context. For example, the SIF can adopt a long-term investment horizon to steer a company's development, particularly in R&D-intensive sectors. The SIF is an active investor, taking a vested interest in the governance structure of the entities in which it invests and helping its companies to evolve. It strives to:

- exercise its freedom to vote at annual general meetings based on formal ethical standards and rules of good governance;
 - participate in meetings of the Board of Directors and the Board's committees, in a bid to ensure that the strategy motivating its investment is duly being implemented by the company;
 - enter into shareholder agreements with other long-term investors where appropriate, including agreements on key strategies;
 - plan an exit strategy immediately after acquiring a shareholding, consistent with commitments undertaken and the economic climate;
 - assess the appropriateness of its shareholding on a regular basis.
- As a socially responsible investor, the SIF takes care to invest in companies that act responsibly, taking into account environmental, social, governance, tax and investment concerns within the context of a particular business sector.

Stimulating business development

The SIF is able to influence other players, by mounting joint investment projects for which it looks for commitments from

other French and foreign investors in both the public and private sectors. The SIF's investments are made with a view to supporting R&D initiatives, which it promotes with the aim of attracting and enhancing strategic scientific, technical and industrial expertise.

Initial investments

■ In February 2009, the SIF acquired a stake in Valéo, a major European and global auto parts supplier. Together with Caisse des Dépôts, the Fund now owns 8.33% of the company's capital and 10.55% of its voting rights. Valéo holds a strategic position in the automobile sector.

■ The €600 million auto supplier venture capital fund Fonds de Modernisation des Equipementiers Automobiles (FMEA) was subscribed in equal proportions by the SIF, Renault SA and PSA Peugeot Citroën. The FMEA takes minority stakes in auto firms hosting projects that create value and boost competitiveness within the economy.

■ In March 2009, the SIF signed an investment agreement with Daher, providing for a capital increase of €80 million. It also entered into a shareholder agreement under which it committed to take an active role in Daher's governing bodies.

■ In the same month, the SIF and the Farinia group signed a binding letter of commitment under which the SIF agreed to take a €20 million interest in the company's capital. Farinia specialises in the transformation of materials (foundry, forge and machining) for the construction, handling, auto and agricultural industries.

■ In May 2009, the SIF signed an agreement to take a €10 million stake in 3S Photonics, a global leader in optical discrete modules for telecommunication networks. ■

CDC Entreprises behind ambitious French SMEs

CDC Entreprises is a wholly-owned subsidiary of Caisse des Dépôts and houses the institution's private equity activities. It is active in all areas of private equity, providing financing to promising French SMEs operating in technology-intensive or traditional industrial sectors with the potential to create value and employment. At the end of 2008, CDC Entreprises was managing €2.6 billion in assets, including €2.2 billion on behalf of Caisse des Dépôts.



Alkos Développement, © JP Mesguen

CDC Entreprises invests both directly and indirectly throughout the business life cycle, from seed-stage technology financing to small buyouts, on a national and regional level. Its mainly proprietary investments are limited to a maximum amount of €15 million per SME. CDC Entreprises also manages funds open to third parties including the French State, the European Investment Fund and CNCE. A linchpin of the public interest programme France Investissement, CDC Entreprises

provides on average €360 million each year in equity financing to high-growth French companies.

Fund investment

CDC Entreprises chiefly manages funds of funds, acquiring minority stakes alongside public and private sector players in national and regional private equity bodies and vehicles. As an informed long-term investor, CDC Entreprises invests at arm's length, guided by profitability targets for each of its investments, triggering a knock-on effect amongst private

investors. The company's fund investment activity remained buoyant in 2008, particularly within the framework of the France Investissement programme. A total of €249 million was invested in 27 business angel, seed capital, venture capital, private equity and small buyout funds including Aerofund 2, Biodiscovery 3, Emerterc 4, FaDièse2, Ico's'2, Opportunités Régions and Serena Capital 1. CDC Entreprises also continued to invest in emerging countries that have special links to France, in particular the Lebanese fund Building Block Equity Fund and the Cap Mezzanine fund in Morocco. It also put €90 million towards the creation of a fund of funds managed by private partners participating in the France Investissement programme, and has committed €22.5 million to the France Investissement Guarantee Fund managed by Oséo.

Investing responsibly

All investment decisions are governed by sustainable development criteria, with emphasis placed on entities operating in the energy and environment sectors. Its managers of direct and indirect funds apply the principles of socially responsible investment, set out in the charters governing the France Investissement programme.

Direct investment

CDC Entreprises also invests directly in companies: ■ on a co-investment basis with the funds in its portfolio, in a limited number of venture capital transactions of over €1.5 million and in private equity and buyout operations including acquisitions, business combinations and

international expansion initiatives worth over €2 million in any business sector, particularly in connection with a future stock market flotation. Thirteen co-investments were made in 2008, including ASK, Mecamidi and Alkos Développement; ■ through the Patrimoine et Création fund devoted to mature, independent and profitable companies operating in the cultural or heritage fields (luxury goods, publishing, film, broadcasting and music industries). Two investments were made through this fund in 2008 (DMLSTV and Cap Ciné); ■ through Avenir Entreprises, its subsidiary in partnership with Oséo, in growth operations and buyouts of less than €2 million (including mezzanine financing). In 2008, 26 investments of this type were made, including Loxos (Caphor) and France Paratonnerre. ■

Key figures



- 57 employees
- 360 new companies financed in 2008
- €2.6 billion in managed assets, including €2.2 billion on behalf of Caisse des Dépôts
- 2,500 companies, representing 170,000 jobs, financed through 210 investment funds
- among the companies financed, 63 are directly affiliated start-ups with strong growth potential

Hand-in-hand with France Investissement

Through France Investissement, CDC Entreprises leverages significant resources to finance the development of promising companies with high growth potential as well as to help them weather the current crisis. CDC Entreprises is financed by Caisse des Dépôts, and also by the Strategic Investment Fund (SIF) since its creation at the end of 2008. The SIF's investment strategy for SMEs is entirely consistent with the aim of CDC Entreprises, in that it sets out to partner and advise SMEs

over the long term, driving forward their innovative, ambitious projects. CDC Entreprises committed nearly €412 million to the France Investissement programme in 2008, breaking down as: ■ €90 million for the creation of private funds of funds; ■ €249 million for 27 investment vehicles; ■ €50 million for co-investment projects in 13 companies and ■ €22.5 million for the France Investissement Guarantee Fund managed by Oséo.

Oséo and Caisse des Dépôts join forces

Caisse des Dépôts and Oséo both strive to ensure that SMEs have access to the financing they need for their development. Cooperation between the two groups in financial and operational matters was reinforced during the year, a natural move considering Caisse des Dépôts' 43% shareholding in Oséo Financement. Unlike commercial banks, Oséo cannot rely on traditional banking inflows such as demand deposits and passbook savings accounts. An agreement was therefore signed between the two groups on 9 July 2008, pursuant to which Caisse des Dépôts pledged its continuing financial support to Oséo in 2008 and 2009. In 2008, the Savings Funds division granted Oséo a €250 million credit facility out of passbook savings deposits namely Livret Développement Durable and will lend the same amount in 2009. As part of the plan to shore up French SMEs adopted by the government in October 2008, Caisse des Dépôts granted Oséo an additional refinancing facility of €2 billion out of the Savings Funds, to be paid between the end of 2008 and the middle of 2010. Due to the success of the scheme provided for in the July 2008 agreement and piloted in Alsace and Rhône Alpes (shared regional units for directing SMEs towards the financing arrangements best suited to their needs), the initiative will be rolled out across every region in 2009. This mechanism, known as the SME support network (*Appui PME*), will be based on a website and national telephone number, and is expected to bring on board other regional players involved in small-business financing. Caisse des Dépôts and Oséo also worked together on the plan to renovate existing hotel infrastructure adopted by the French government in December 2008, providing both expertise and resources to come up with an appropriate response to the needs identified. Overall, loans granted by Oséo Financement rose 9.4% year-on-year, from €7.2 billion to €7.9 billion in 2008. Loans guaranteed by Oséo Garantie were also on the rise, up 17% from €5.9 billion to €6.9 billion. ■

CDC Capital Investissement

Buyout assistance

CDC Capital Investissement was one of the biggest private equity investors in its market in 2008, committing a total of €216.4 million to four promising French SMEs undergoing a buyout. CDC Capital Investissement has been present in this segment for over 10 years, and has invested a total of €1.2 billion in nearly 50 companies.

CDC Capital Investissement is among the leading players in its market, assisting SMEs with their expansion, growth and buyout projects. At the end of 2008, and based on exits alone, its investments had generated €1.5 billion in revenue, triple the amount of the company's initial commitment.

Investing over the long term

CDC Capital Investissement, a wholly-owned subsidiary of Caisse des Dépôts, inherited the private equity activities previously performed by several Group subsidiaries. An AMF-approved asset management company, CDC Capital Investissement manages more than €1.6 billion of assets held in ten venture capital funds. Consistent with the corporate purpose of Caisse des Dépôts, CDC Capital Investissement targets companies looking for an experienced and reliable partner with strong financial credentials to assist them over a long-term horizon (five to seven years) at the critical moments in their lifecycle (change in ownership structure, buyout, new management team, large-scale growth projects). CDC Capital Investissement takes majority stakes worth between €10 million and €130 million in companies with an

estimated value ranging from €40 million to €500 million, making it a partner of choice for promising, high-growth SMEs.

Betting on success

In choosing candidates for investment, priority is given to those groups with the ability to create high added value. Typically, these groups will be leaders of their respective markets and demonstrate a strong potential for development in France and further afield. They should have a quality-driven management team committed to the business project at hand. CDC Capital Investissement works tirelessly in helping its investees develop, through either organic growth or acquisition-led expansion. It also looks to put in place a governance structure compatible with the demands and imperatives of Caisse des Dépôts and strives to ensure that the companies in its portfolio adopt a socially responsible approach to business. Investees benefit from the experience and active support of the 40-strong team from CDC Capital Investissement, half of whom are seasoned investment professionals. Over the past decade, these professionals have built up unrivalled experience working alongside some 50 companies, providing assistance during periods of both economic expansion and decline.

Participating in international expansion

As a valued partner, the team from CDC Capital Investissement took an active role in projects launched by its SMEs in 2008, particularly those targeting international development. For example, Quick, the fast-food chain, opened 34 outlets during the year, including 18 in mainland France, 3 in French overseas territories, 3 in Belgium and 10 in the rest of the world (7 in Russia, 2 in Spain and 1 in Algeria, the first fast-food restaurant of its kind in the country). Similarly, household linen group Carré Blanc entered into an ambitious agreement targeting the Italian market with a local partner, aimed at expanding its export sales. Feu Vert deepened its European footprint following its acquisition of Polish fast repairs chain Shell Autoserve (13 centres). Also during the year, Agro Service 2000, which sells and repairs non-motorised agricultural equipment, completed an acquisition and boosted its sales network with three new outlets. These companies have been able to press ahead with their expansion strategies despite the economic downturn, thanks to the strength of their business model and long-term financial backing. CDC Capital Investissement has proved a partner they can rely on. ■

Key figures



- 37 employees
- €216.4 million invested in 2008
- €31.3 million worth of disposals in 2008
- €750 million currently invested in 19 companies
- Portfolio: cumulative revenue of more than €3 billion and around 40,000 jobs
- €1.2 billion invested in 50 companies over the past 10 years

Four defining investments in 2008

During the year, CDC Capital Investissement completed four equity investments for a total amount of €218.3 million, in Artesys (computer services), Socotec (technical inspection), DGF (bakery/patisserie supplier) and Marais (civil engineering equipment). Despite lacklustre market conditions, disposals totalled €31.3 million and included Bruno Saint-Hilaire (ready-to-wear), Beauty Success (perfume distributor), DMMS (personal services) and Oenoholding (wine merchant). ■

Caisse des Dépôts makes carbon finance a key avenue for development

Carbon finance is a key avenue for innovation and development in the Group's Elan 2020 strategic plan. Caisse des Dépôts endorses European and international policies for combating global warming which impose constraints on major carbon emitters and set up emissions trading markets. These aim to secure similar-level commitments from all stakeholders at the lowest possible cost.

Caisse des Dépôts' carbon finance policies focus on three main areas:

- creating tools and services contributing to a secure emissions trading platform and a fluid carbon market;
- investing in carbon assets in line with its role as a long-term investor;
- carrying out research initiatives to further the knowledge of public bodies and industrial firms concerning the mechanisms available to combat climate change.

Tools for developing carbon finance

2008 saw the inauguration of the International Transaction Log (ITL), a system managed by the United Nations which allows industrialised countries that have signed up to the Kyoto Protocol to link their national registries to a central hub.

As the developer of the Seringas electronic system and manager of the French registry, Caisse des Dépôts has helped its nine licensed countries pass the qualification tests. Caisse des Dépôts was involved in the creation of BlueNext, the leading spot

trading exchange for carbon assets, particularly emission reduction certificates (ERCs). Group subsidiary Sagacarbon, a broker specialising in carbon emissions allowances, has stepped up its initiatives designed to provide industrial players with easier access to the market. It has also created financial products helping industrial firms to better manage their exposures and liquidity. Caisse des Dépôts responded successfully to the consultation put out by the VCSA [an initiative of the World Economic Forum and the World Business Council for Sustainable Development (WBCSD)] concerning management of the Voluntary Carbon Unit (VCU) register, and has begun developing a comprehensive line-up of back-office services for managing carbon assets.

Investing in carbon assets

Caisse des Dépôts continued to promote domestic projects during the year and invested in two new funds.

Domestic offset projects are inspired by the joint implementation (JI) mechanisms between industrialised countries provided for in the Kyoto Protocol. Following the call for project proposals put out by Caisse des

Dépôts in October 2007, a dozen or so projects were selected, representing estimated CO₂ savings of 2.6 million tonnes in the period 2008-2012, including 2 million tonnes for Caisse des Dépôts and 0.6 million for its foreign partners.

Caisse des Dépôts' financial commitments in this field are estimated at more than €25 million. Caisse des Dépôts has increased its investment in carbon funds to over €55 million. Besides its investment in the European Carbon Fund, it contributed €25 million towards the creation of the Post-2012 Carbon Fund alongside the European Investment Bank (EIB), KfW, Instituto de Crédito Oficial (ICO), and the Nordic Investment Bank (NIB). The purpose of these measures was to send a positive signal to entities managing similar projects, even though the valuation of post-2012 emission reductions will only be known after the 15th United Nations Conference on Climate Change to be held in late 2009. Caisse des Dépôts also invested €6.8 million alongside the EIB to assist Caisse de Dépôt et de Gestion du Maroc in setting up the Fonds Capital Carbone Maroc (FCCM), the first fund in Morocco dedicated exclusively to carbon finance. In 2009, Caisse des Dépôts intends to pursue its commitment

to combat climate change, in particular by studying projects that evaluate the contribution made by forests to reducing emissions.

Researching the carbon economy

Mission Climat is Caisse des Dépôts' task force for research into the carbon economy. Its initiatives focus on three major areas:

- the functioning of the existing scheme;
 - carbon finance and market developments;
 - new tools for fighting climate change.
- A host of partners (companies, public authorities, etc.) have come on board in an effort to facilitate the exchange of information and lead in-depth studies involving major research centres across the globe. In 2008, *Mission Climat* continued its work in three main areas, namely: (i) the creation of "Club Tendence Carbone" in collaboration with BlueNext and Météo France, which provides a platform where stakeholders can exchange views; (ii) an ex-post review of Phase 1 of the European CO₂ emissions trading scheme in collaboration with Paris-Dauphine university, the Massachusetts Institute of Technology and University College Dublin; and (iii) research on adaptation to climate change and the financing of infrastructure. ■

Protecting biodiversity



CDC Biodiversité is a wholly-owned subsidiary of Caisse des Dépôts. CDC Biodiversité was created in February 2008 to partner both public and private sector players in their biodiversity projects in France and Europe, covering restoration, rehabilitation, management, development and offsetting initiatives.

CDC Biodiversité intervenes primarily at the level of infrastructure project owners (real estate, transport), helping them to achieve and manage their environmental imperatives over the long term. These include advising them on how to avoid or reduce their impact on biodiversity, and encouraging them to offset the results of any unavoidable actions. For projects concerned with the rehabilitation or the management of natural habitats, CDC Biodiversité brings in direct stakeholders and highly experienced specialists which it supports through long-term partnerships. CDC Biodiversité's activities are underpinned by a Science Committee comprising specialists in ecology and the economy, and by a constructive dialogue with nature associations. The company's first objective was to put in place an action plan to raise its profile and present the services on offer, and then to negotiate its first contracts and research projects. During the year, CDC Biodiversité undertook its first project giving rise to biodiversity credits or "natural asset reserves", resulting in the acquisition of a 357-hectare commercial orchard in the Crau plain (France). Work on rehabilitating this site will take place in 2009. This pilot approach for generating "biodiversity credits" – representing areas currently being rehabilitated – was endorsed by the French State in May 2009, giving CDC Biodiversité the possibility of selling the credits it earns. ■

Investing in renewable energy

Consistent with its priority focus on the environment and sustainable development as defined by the Elan 2020 strategic plan, Caisse des Dépôts is determined to drive forward French efforts in the field of renewable energy by investing in local production projects. We take a look at the investments made in 2008 compared with the objectives set.

Caisse des Dépôts' activities as equity investor concern local projects carried out in all mature technologies, such as biomass, wind, solar, micro-hydraulic and geothermal power.

The minority stakes taken by Caisse des Dépôts should help generate 5% of new production capacity by 2010, representing some 500 MW of cumulative installed capacity. To achieve this goal, a total of €150 million will be invested in equity and quasi-equity over the period 2008-2010. Actual investments in the energy and environment sector in 2008 totalled €46.3 million, representing output of 198 MW, or almost one third of the objective set for the period. By the end of 2008, Caisse des Dépôts had invested a total of €81.8 million in energy and environment projects since 2006, representing total capacity of 287 MW (Elan 2020 target: 500 MW by 2010). The breakdown of these investments is as follows:

Wind power:	50%
Solar power:	27%
Biomass:	18%
Micro hydraulics:	5%

Three decisive alliances

The investments made in 2008 include three new decisive alliances between Caisse des Dépôts and renewable energy companies:

- with Valeco, an SME from the Montpellier area employing 25 people. Valeco operates a number of wind farms and has the potential to produce several hundred mega watts by 2014. Caisse des Dépôts took a stake of 29% in Valeco in order to support the development of wind power projects as well as encourage the company's foray into other fields, particularly photovoltaic solar technologies;
- with Voltalia in French Guiana to help set up a regional holding company developing projects using a variety of renewable energy sources (hydraulic, biomass and solar power). Through its investment in the capital of Voltalia Guiana, Caisse des Dépôts will contribute to clean energy projects, a key priority for this overseas territory where not all of the population have access to electricity. Voltalia Guiana has the potential to produce installed capacity of 40 MW by 2011;



Work nears completion at the Ferti-NRJ methanisation plant at Passel (Oise). © JP Mesguen

- with Fertigaz, to develop methanisation, which provides both a local solution for treating organic waste and allows the uninterrupted production of renewable electricity and heat. Through its investment in Fertigaz, Caisse des Dépôts is supporting projects that develop and sustain small methanisation-based power plants in the northern half of France. Another alliance, this time with Solaire Direct, an emerging player in photovoltaic technology, was signed in

October 2007. In 2008, the first of five photovoltaic projects got underway, with construction beginning on the 4.2 MW Vinsur-Verdon power station in the Var region.

An Energy & Environment department was created at the beginning of 2008 to implement Caisse des Dépôts' strategic objectives.

Priorities for 2009
Three priorities have been identified for energy and environment investments in 2009:

- carrying forward biomass cogeneration projects selected in the call for tenders launched by the Ministry for Ecology, Energy, Sustainable and Regional Develop-

ment and preparing applications for the new call for tenders ending in July 2009;

- completing projects underway, ensuring that they are conducted successfully in all fields, and that the capacity funded has been transformed into installed capacity (74 MW in operation at the end of 2008);
- taking account, in the institution's own objectives, of the main action points resulting from the government's Grenelle environmental conference (*Grenelle de l'Environnement*) and EU directives forming part of the Renewable Energy and Climate Change package (23% of energy in France to be from renewable sources in 2020). ■

View from the front line

A clean, waste-consuming energy

In 2008, Caisse des Dépôts acquired a 25% stake in Fertigaz, specialised in the development, construction and operation of methanisation plants.

Q&A with Eric Delacour, Chairman of Fertigaz

What is methanisation?

Methanisation is the decomposition of fermentable organic wastes such as food by micro-organisms, in the absence of air (oxygen) and under ideal physico-chemical conditions, to produce a gas comprising mostly of methane which can be used directly as fuel or to operate an engine, which then produces electricity.

Why is it important?

Methanisation, which recovers biogas, is one of several important solutions for producing renewable energy. It also meets two other objectives, since it produces clean energy and reduces the polluting content of waste and organic effluent. Depending on the nature of the components, it may also be used as fertiliser or organic sludge. Plants like Ferti-NRJ in the Oise region of Passel (France) provide a local response to the treatment of waste, which for obvious logistical reasons, cannot easily be transported over distances of more than 50 kilometres.

What is the Ferti-NRJ plant's capacity?

The 1.4 MW plant has an estimated annual output of 10,000 MWh, equivalent to the annual electricity consumption of more than 3,000 households. ■

Investments in public interest infrastructure projects and renewable energies continue apace

Caisse des Dépôts' investments in 2008 reflect its strategic priorities, with emphasis placed primarily on broadband, road, rail, hospital and renewable energy sectors.

High-speed and very-high-speed broadband infrastructure

In 2008, Caisse des Dépôts invested €53.2 million in 15 companies hosting high-speed infrastructure projects, illustrating its commitment to local authority initiatives in this area.

Public interest infrastructure

Caisse des Dépôts provides equity financing to support the construction and management of public infrastructure such as roads, railways, hospitals and buildings by means of public-private partnerships (PPP). Total investments declined over the year to €24.7 million, due mainly to the economic and financial crisis which pushed back certain projects due to start in the second half of 2008.

Caisse des Dépôts subscribed to the capital increase carried out by Lorry Rail, the operator of France's leading long-distance road-rail infrastructure, providing it with a 45% stake in the company. The infrastructure offers a potential reduction of 20 million tonnes of CO₂ per year.

Energy and environment

Sustainable development is a key strategic priority for Caisse des Dépôts, which lends its support to projects aimed at boosting the production of renewable energy in line with France's commitments to the European Union (see adjacent article).



Macdonald warehouses in Paris' 19^e arrondissement: an image of the future building's eastern façade. © OMA KoolhaasFlorisAlkemade

Investing to remake our cities

In support of urban regeneration projects, Caisse des Dépôts' property investments focus on housing, shops, businesses, medical and social services and leisure and tourist attractions, a vital feature of neighbourhoods and the local landscape in general. We take a look at the investments made in housing and urban infrastructure over the past year.

In 2008, Caisse des Dépôts stepped up its investments in the rented housing sector. A total of €103.6 million helped build 1,089 rented housing units, mainly for families in sectors where demand outstrips supply, and 265 rooms in facilities catering for the disabled or those in full-time care.

Supporting urban regeneration

Caisse des Dépôts assists the French State and local authorities with projects designed to regenerate large social housing estates, blocks of flats in need of repair and run-down districts located in town centres. In 2008 Caisse des Dépôts contributed €30.9 million in equity-financed direct subsidies for engineering, project creation and skills development in the field of

urban regeneration. Caisse des Dépôts is to lend its support to the urban regeneration programme until 2013, thanks to the "Urban Regeneration and Sustainable Development" agreement signed with the French State. Through its cooperation with the National Urban Regeneration Agency (Agence Nationale pour la Rénovation Urbaine - ANRU), Caisse des Dépôts helped evaluate projects submitted by local authorities, looking in particular to improve their urban and environmental credentials. The programme now covers 470 neighbourhoods out of the total 531 targeted by ANRU. An exceptional contribution of €100 mil-

lion was made to ANRU during the year. The urban regeneration fund created in 2000 has been wound down pursuant to the agreement between Caisse des Dépôts and the French State.

Every €1 invested by Caisse des Dépôts generates an average investment of €2.4 in the housing sector and €10 in other real estate sectors.

Eco-friendly neighbourhoods on your doorstep

Along with other Group entities, the Local and Regional Development and Network Division is actively promoting the creation of eco-friendly neighbourhoods. Pilot schemes have been launched to assist local authorities in designing neighbourhoods meeting the highest environmental standards.

Modernising universities: a strategic priority in progress

One of the French government's priorities is to renovate French universities within the framework of the University Reform Act (*Loi relative aux libertés et responsabilités des universités* - LRU). This modernisation drive is supported by Caisse des Dépôts, which has conducted a series of studies with the aim of assisting and advising higher education establishments on their development strategies. These measures are being coordinated at the level of the Group by the "University reform" taskforce. A partnership has also been secured with the Association of University Presidents (*Conférence des Présidents d'Universités* - CPU). The Group's €12.8 million contribution to the reform drive has resulted in 30 agreements involving 101 higher education and research establishments, including 59 universities. Under the agreements, the Group will help the institutions plan their modernisation strategies. The energy performance of university buildings is also being assessed. Discussions have also begun with a view to setting up a fund promoting intellectual property. A meth-

odological guide to the "digital university" has been drawn up in a bid to help push through reforms at higher education and research establishments.



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Support for very small businesses, local entrepreneurial initiatives and micro-credit for professionals and the underprivileged.

Caisse des Dépôts, a key player in the social economy

In 2008, Caisse des Dépôts set aside a total of €49 million in support of very small business start-ups, higher education and the social economy, and rolled out measures outlined in the "Acting for jobs" agreement signed with the French State. The work of the Local & Regional Development and Network Division in this field focused on:

- improving the Nacre lending scheme for unemployed people wishing to create or take over businesses;
- setting up the National Fund for Local and Regional Development (FNRT).

Caisse des Dépôts endorses job creation support networks (France Initiative, Adie, Réseau Entreprendre and Boutiques de gestion), which have helped 23,000 new businesses (representing 45,000 jobs) see the light of day.

Local job-creating initiatives in the social economy sector, mainly aid and advisory funds (local support mechanisms) and financial players of which Caisse des Dépôts is a shareholder, have lent their support to more than 7,450 entities employing nearly 104,000 people.

Social Cohesion Fund at the service of micro-credit

Created by the French Social Cohesion Act, the Social Cohesion Fund has been managed by Caisse des Dépôts since 2005. In 2008, the State invested a further €13.2 million in the fund.

Through a guarantee mechanism, the fund promotes:

- micro-credit to businesses;
- micro-credit to underprivileged individuals;
- interest-free loans for young employed persons ("*Jeunes avenir*" loans).

In 2008, the fund supported more than 14,000 business projects and guaranteed 3,950 micro-loans to individuals. Caisse des Dépôts helped organise a day-long seminar on micro-credit within the scope of the government's outreach forum (*Grenelle de l'insertion*).

Caisse des Dépôts set up Francemicrocrédit.org, a website designed to promote micro-credit in France. It was also asked to manage the Youth fund.

administrative procedures, already has 1,096 clients (local authorities and public entities). The cyber-base network now boasts 840 active centres, with 99 new sites opened in 2008. Twenty-six local projects are also being rolled out to create digital working facilities.

Supporting semi-public and local investment companies

At 31 December 2008, the Group's portfolio of equity investments in semi-public and local investment companies involved in strategic local and regional development

Information and support for local authorities

Localtis and *Mairie-conseils* are online information services developed by Caisse des Dépôts for local authorities. The *Localtis.info* website is accessible to 3,290 local stakeholders and receives 145,000 hits every

month. In 2008, Mairie-conseils handled 15,000 telephone queries from towns and municipalities. The Valoffre website was also launched during the year, providing local authorities with information on the products and services offered by Caisse des Dépôts.

Competitive clusters

In 2008, an agreement on competitive clusters was signed between Caisse des Dépôts and the Directorate General for business (*Direction générale des entreprises* - DGE).

Focus

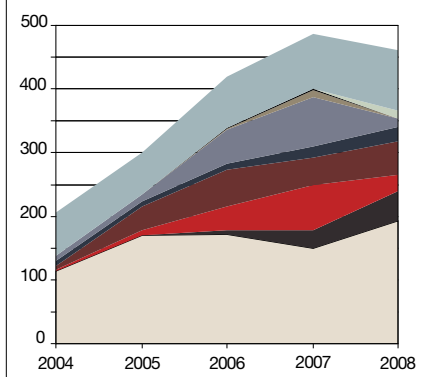
Local and regional development: Caisse des Dépôts active on all fronts

As part of its role as a long-term investor serving the public interest, Caisse des Dépôts supports development policies pursued by local authorities and public bodies. Caisse des Dépôts maintained a sustained pace of investments in 2008, setting aside €354.4 million for local and regional development initiatives, plus €106.4 million in funding for engineering research and not-for-profit organisations working in the public interest. The Local and Regional Development and Network Division provides equity financing in sectors defined as key priorities in the Group's Elan 2020 strategic plan or in agreements signed with the French State. These include housing and real estate, urban regeneration, universities and the knowledge-based economy, digital infrastructure, public facilities, renewable energies and the creation of very small businesses and SMEs.

Priority is given to projects which target disadvantaged populations and areas. The projects are rolled out by Caisse des Dépôts' regional offices and are supported by other Group initiatives, consistent with the guidelines that underpin all of the Group's actions. Sustainable development criteria are systematically taken into account, and Caisse des Dépôts is increasingly attentive to achieving a fair investment balance in geographical terms. In 2008 Caisse des Dépôts' support for public policy and total investments of €460.8 million resulted in:

- 1,089 housing units and 265 rooms in special accommodation facilities were built, 30% of which were classified as energy efficient ("THPE" or "BBC-Effinergie");
 - 101 higher education establishments, including 59 universities, received assistance;
 - commitments were made covering 198 MW of renewable energy;
 - the Nacre lending scheme and National Fund for Local and Regional Development (*Fonds National de Revitalisation des Territoires*) were revisited and enhanced.
- All of the division's activities have been certified to quality management standard ISO 9001.

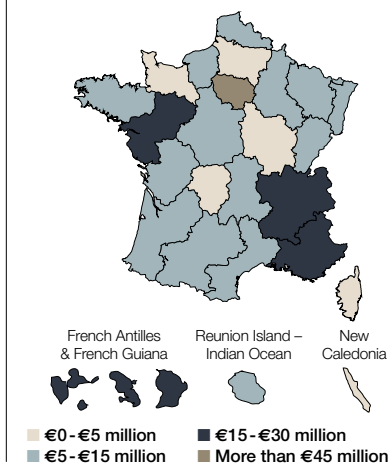
Breakdown of investments and expenses by segment: 2004-2008 (in € millions)***



- Financing serving the public interest (expenditure)
- Universities (expenditure)
- Local initiatives*
- Urban development
- Long-term equity interests
- Economic development and social economy**
- Local and regional digital infrastructure
- Public interest infrastructure
- Energy and environment
- Real estate and housing

* Mainly internationally-oriented until 2007.
** Including the €8 million exceptional contribution to the National Fund for Local and Regional Development (FNRT) in 2008.
*** Excluding ANRU deductions (€100 million in 2007 and in 2008).

Breakdown of investments and funding for local and regional development projects by area in 2008



In brief

Developing digital services for local authorities

In 2008, work in this field focused chiefly on developing websites providing information on financing for very small businesses and SMEs in partnership with the French agency for business start-ups (*Agence pour la création d'entreprises* - APCE) and Oséo. *Service public local*, an online guide to local

Financial crisis and Livret A reform

An unprecedented year for the Savings Funds

The year 2008 will undoubtedly go down in economic and financial history as an unprecedented year, defined by a financial crisis which took on systemic proportions after Lehman Brothers, the world's fourth largest investment bank, filed for bankruptcy. It was a year which also saw the collapse of the property market and spectacular volatility in energy prices, which plunged dramatically from an all-time high. These events severely disrupted the interbank lending market and consequently, the financing of the global economy.

The year was also exceptional because of the reform of Livret A passbook savings accounts through the Law on modernisation of the economy of 4 August 2008.

While it reaffirmed the central role of Caisse des Dépôts as a lender to the social housing sector, the law introduced changes to the conditions

governing the distribution of Livret A and Livret de Développement Durable (LDD) passbook savings accounts, the centralisation of funds with Caisse des Dépôts, and the management of amounts collected by the Savings Funds.

2008 stands out for another reason as well: the deep-seated commitment shown by the Savings Funds in response to the financial crisis. They contributed more than €40 billion in liquid funds and financing as part of a series of emergency measures taken by the French government in October and the subsequent economic stimulus package unveiled by the French President on 4 December in Douai in northern France. Among these measures, the transfer of funds held in LDD deposits to banks and the reduction in the percentage of Livret d'Épargne Populaire (LEP) funds to be centralised from 85% to 70%, were designed to provide €16.5 billion in additional deposits that banks could then use to support SMEs.

Regulatory changes

A host of regulatory changes came into force during the year concerning tax-exempt savings centralised by Caisse des Dépôts Savings Funds:

■ On 1 February, a new formula was introduced for calculating the interest rate payable on Livret A passbook accounts, equal to the average inflation rate and average monthly short-term interest rates (based on 3-month Euribor and Eonia), subject to a minimum rate defined as inflation plus 0.25%.

■ On 1 August, the interest rate payable on Livret A, Livret Bleu and LDD passbook savings accounts was set at 4%, and the interest rate payable on LEP accounts at 4.5%.

■ On 2 October, amid the raging banking crisis, the government unveiled a series of measures to ensure that financing remained available for businesses:

– the percentage of LDD deposits to be centralised with Caisse des

Dépôts was reduced from 9% to 0%; in parallel, the percentage of funds set aside for SME and sustainable development sectors was increased;

– the percentage of LEP deposits to be centralised with Caisse des Dépôts was reduced from 85% to 70%, with banks using these additional funds to finance SMEs. ■

2008 financial results

The Savings Funds were affected by the financial crisis but remained profitable.

■ Net interest income came in at €338 million versus €434 million in 2007, with interest paid on deposits (€9.9 billion) up a sharp 27% on the back of the rise in regulated interest rates and deposit volumes. These trends were broadly offset by recurring income from loans and financial assets (€10.2 billion) which continued to deliver strong growth, up 24%.

■ Net profit came in at €108 million versus €1,257 million in 2007, reflecting provisions recognised for the loss in value of financial assets as a result of the financial crisis, net of €1.9 billion in capital gains. These provisions were partly offset by €1.76 billion in write-backs from the Fund for General Banking Risks (FGBR) versus €0.5 billion in 2007.

Focus

From passbook savings to social housing Converting deposits into concrete actions

1 – Caisse des Dépôts centralises and manages a large part of the funds held in regulated savings accounts in France, including the Livret A, Livret Bleu, LDD and LEP. These funds stem from various liquid savings products whose terms and conditions are set by the government and which are exempt from tax. The products offer guaranteed returns and are the preferred savings channel for a large part of the French population.

2 – Caisse des Dépôts uses funds deposited in these savings products to grant long-term loans in public interest sectors which include rented social housing, urban regeneration and transport infrastructure.

3 – Deposits that are not converted into loans are used to finance the economy, and earmarked for governments and French and European banks and businesses. A portion of these deposits is invested in shares, which allows the Savings Funds to fulfil their role as a long-term investor.

A stable portfolio of financial assets

The sustained pace of growth in lending combined with a moderate increase in deposits (reflecting the reduction in the percentage of LDD and LEP funds centralised), nudged up financial assets a slight €0.8 billion to €116.0 billion (€115.2 billion at end-2007).

Fixed-income portfolio

Given the nature of Caisse des Dépôts' liabilities, 90% of its financial assets – a key component in managing interest rate and liquidity risks – consist of fixed-income securities. At 31 December 2008, outstand-

ing fixed-income investments fell €2.8 billion to €104.8 billion, versus €107.6 billion at end-2007. With liquidity returned to banks in October and vigorous lending momentum for the Savings Funds, the available-for-sale portfolio fell sharply over the period, and at end-2008 had a net carrying amount of €67.2 billion, down €5.2 billion on end-2007. The held-to-maturity portfolio rose €2.4 billion from €35.1 billion at 31 December 2007 to €37.5 billion at end-2008. An increasing portion of the held-to-maturity portfolio is invested in inflation-linked bonds, which at year-end represented

€27.1 billion, or 72% of the total portfolio (€20.2 billion, or 57% at 31 December 2007).

Equity portfolio and similar investments

Based on carrying amount after impairment, the equity portfolio edged up to €10.1 billion at 31 December 2008, compared with €9.9 billion one year earlier. This increase reflects the combined impact of two contrasting events: the continuation of the Savings Funds' long-term investment policy (net investments of €1.5 billion over the period), and the rise in impairment losses. ■



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Caisse des Dépôts shows its support for local authorities

To guarantee financing for the local authority investments set down in the 2008 budget, under threat from tight liquidity conditions among banks, on 20 October the government unveiled a €5 billion financing package drawing on the Savings Funds. Half of this financing package is to be distributed directly by Caisse des Dépôts, and the other half is based on a bidding process. The loans granted by Caisse des

Dépôts are for terms of between 2 and 20 years and are usually linked to the interest payable on LEP deposits. However, these loans are now indexed to a number of different benchmarks, including LEP, Euribor, fixed rates and inflation. Thanks to the unwavering commitment and responsiveness of Caisse des Dépôts' teams, the loans were in place as of November. At the end of December 2008,

agreements had been signed for an amount of €984.4 million, and €1.8 billion out of the initial €2.5 billion package to be distributed by Caisse des Dépôts had already benefited local authorities. With these measures, Caisse des Dépôts offered a further example of its ability to react swiftly and take concrete steps to ward off the threat of a serious financing crisis for public investments. ■

Liquid savings, a safe haven in troubled times

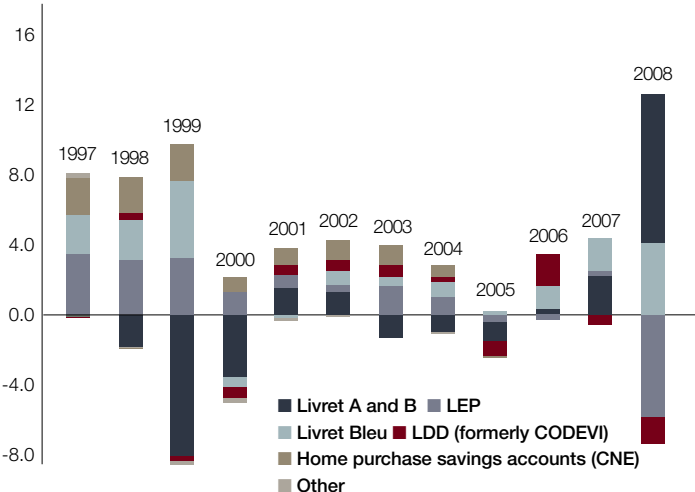
Savings placed by households in Livret A accounts increased significantly during the year. We take a look at the impact on the funds managed by Caisse des Dépôts.

Amid severe turmoil on the financial markets, households proved risk-averse and came down firmly in favour of liquid savings. Livret A deposits increased sharply, also spurred by the rise in regulated interest rates on 1 August 2008. Households invested €33.6 billion in liquid savings products, compared with €10.1 billion in 2007. High interest rates on Livret A accounts (3.5% in February raised to 4% in August 2008), coupled with vigorous sales policies by the traditional networks drove Livret A net cumulative inflows to a record high of €13.8 billion during the year.

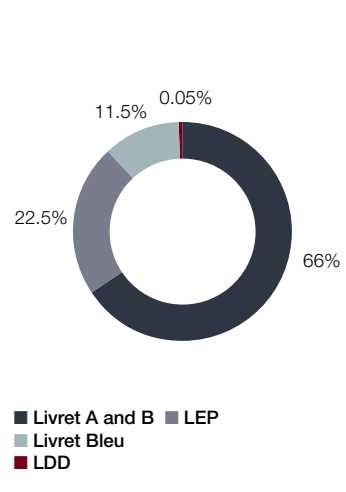
Inflows into the Livret Bleu came to €4.1 billion, while total Livret A and Livret Bleu deposits (excluding capitalisation of interest) stood at €158.9 billion at 31 December 2008. Due to the combined impact of the business financing support plan and the reduction in the percentage of funds collected by La Banque Postale and to be centralised with Caisse des Dépôts (25% to 9% as of 1 July 2008), LDD deposits experienced net cumulative outflows of €7.3 billion during the year. Outstanding LDD deposits placed with the Savings Funds therefore fell to €0.1 billion, with some banks nevertheless choosing to continue

centralising deposits. Similarly, the reduction in the percentage of LEP deposits to be centralised (85% to 70%) resulted in net outflows, bringing cumulative outflows at end-December to €7 billion, despite the rise in the applicable interest rate to 4.25% in February and 4.50% in August 2008. Outstanding LEP centralised deposits at end-December 2008 (excluding capitalisation of interest) totaled €45.3 billion. Outstanding deposits managed by the Savings Funds (excluding capitalisation of interest) climbed 4.7% to €204.3 billion in 2008 versus €195.1 billion in 2007. ■

■ Inflows centralised by Caisse des Dépôts (in € billions)



■ Centralised deposits in 2008 by product



Sharp rise in loans granted from the Savings Funds

Loans granted from the Savings Funds surged 44% in 2008, following a rise of 33% in 2007 and 25% in 2006.



View from the front line

Effinergie develops "eco-labels" for tomorrow's buildings

Antoinette Gillet,
Vice-Chairwoman of Effinergie

"Together with members, local authorities and local and national stakeholders, Effinergie has been actively seeking to promote the construction of low-energy buildings in France for the past five years. Its goal is to cut greenhouse gas emissions to the levels recommended by France and the European Union, and to provide comfortable, money-saving solutions to users. In the context of the Grenelle environmental conference, Effinergie is a powerful force on the ground, developing new certification solutions for tomorrow's buildings. I believe that Caisse des Dépôts can play an instrumental role in partnering social housing organisations, local and regional authorities and SMEs that develop innovative solutions for bringing new and existing buildings into compliance with the highest energy performance standards.

"The Energy Performance Construction Loan is certainly moving in the right direction."

Its Energy Performance Construction Loan, for example, a subsidised loan for the construction of low-energy social housing, is certainly moving in the right direction. To benefit, the buildings will now have to be certified BBC-Effinergie. In this way, Caisse des Dépôts will be able to assist social housing agencies in a period which has shown a strong concern and far-reaching ambitions for the environment. We are also keeping a close eye on the new Social Housing Rehabilitation Eco Loan set up by Caisse des Dépôts at the beginning of 2009 to help fund renovation work on the 100,000 most energy-intensive existing housing units. In this particular case, we are recommending that the product focuses directly on securing a high energy performance after the construction work is complete, in line with the levels specified by the BBC-Effinergie Renovation label. ■



© JP Mesguen

Loans granted from the Savings Funds posted another strong rise in 2008, up 44% to €10.6 billion (excluding refinancing of PLS-PLI-PLSA social and intermediate housing loans), versus €7.3 billion in 2007. This performance reflects renewed momentum in social housing construction under the impetus of the 2005-2009 Social Cohesion Plan and the development of the infrastructure and transport financing sector. It also includes around €1 billion in loans granted to local authorities in October 2008 to cushion the impact of tight liquidity conditions among banks.

A total of 61,946 housing units were financed under the Social Cohesion Plan in 2008 (construction or acquisition and improvement projects), up 13.5% from 54,582 in 2007. A further 11,700 housing units were financed by the National Urban Regeneration Programme (PNRU), versus 8,814 in 2007. In addition to these 73,646 housing units, another 17,472 units were financed by other means (private property financing, medical-social bodies, student accommodation, etc.). In all, the Savings Funds helped finance 91,118 housing units and other accommodation facilities in 2008, compared with 74,677 in 2007.

Continued expansion in loans assigned to social housing construction projects

The value of loans assigned to social housing projects in 2008 (excluding ANRU loans) was up 16.3% on 2007 to €5,119.6 million. This increase reflects both the ramp-up of the Social Cohesion Plan launched in August 2004 and the growth in activity fuelled by the attractive financial conditions offered by Caisse des Dépôts. These result from:

- the new method for calculating interest payable on Livret A passbook accounts introduced in February 2008, and the expected fall in commissions to networks distributing the Livret A as from August 2008;
- the fall in the cost of PLAI, rehabilitation, PRU, land and other similar social housing

loans thanks to equity financing contributed by Caisse des Dépôts.

Strong growth in loans encouraging energy efficiency in new buildings

The Energy Performance Construction Loan, which was launched in 2006, enjoyed strong momentum in 2008. The loan is awarded to new building projects that respect very high energy performance criteria ("THPE"). 7% of projects financed were awarded the Energy Performance Construction Loan in 2008, versus only 1.7% in 2007.

In 2009, this loan will be replaced by a new financing package encouraging the construction of social housing units meeting BBC-Effinergie environmental standards (low-energy buildings).

Significant increase in improvement loans

This type of loan has been on the rise since 2005, following a decision by Caisse des Dépôts in 2004 to offer a 0.50% interest rate subsidy, using its own capital, on a designated sum of "non-ANRU" improvement loans amounting to €400 million over five years. Close to two thirds of the €636 million in improvement loans awarded in 2008 were offered at a preferential rate.

The 9.9% increase in new loans in 2008, following on from a rise of 32% in 2007, is a sign of the uptrend and confirms that construction business is not being developed at the expense of maintaining existing assets.

Sharp rise in urban regeneration loans

Loans to finance housing reconstruction and improvement projects within the scope of the ANRU urban regeneration agency climbed 22% and 14%, respectively, compared with 2007 (27% and 10%, respectively). These figures reflect a sharp rise in demolition-reconstruction projects undertaken as part of

the national urban regeneration programme. In contrast, as in 2006 and 2007, the value of loans assigned for urban development (PPU and PRU Urban Renewal Loans) decreased significantly. PPU loans were penalised by a high interest rate, while PRU loans remained stable, with most PRU resources channelled to housing reconstruction and improvement projects due to the attractive terms on offer.

Redefinition of loans encouraging energy efficiency

In 2009, the Energy Performance Rehabilitation Loan is to be replaced by the Social Housing Rehabilitation Eco Loan. This loan allows landlords to carry out work on their properties in order to improve their energy performance.

Consistent with the recommendations of the Grenelle environmental conference, this new mechanism will concentrate on the most energy-intensive housing, classified in categories E, F or G. To benefit from the loan, the buildings must be classified at least in energy performance category C after the rehabilitation work. The interest rate payable on social housing eco loans has been set at 1.9% for a period of 15 years, and is subsidised by the equity capital of Caisse des Dépôts and the Savings Funds. This attractive lending solution is available for two years and is designed to finance energy-efficient insulation projects for 100,000 social housing units.

Financing for special accommodation facilities almost triples

For the second year running, PHARE loans increased sharply, up 54% to €452.7 million in 2008 following an increase of 63.5% in 2007. PHARE loans finance special accommodation facilities for the elderly, disabled and student populations. Thanks to improvements in this product and a strong sales push, Caisse des Dépôts has become one of

the top-ranking players in the sector, amid a fall-off in competition.

Financing granted by Caisse des Dépôts to the medical-social sector through all types of products (PLUS, PLS, PHARE loans) led to the creation of 10,682 new beds in 2008, and the renovation of a further 5,311.

PLS refinancing

A total of €2.6 billion was awarded in PLS social housing loan refinancing in 2008. The ratio of drawdowns to amounts awarded in previous years declined over the period, with total drawdowns representing 50% of refinancing awarded in 2007, compared with 58% for 2006. A total of €80 million was set aside to refinance PLI intermediate housing loans in both 2008 and 2007.

Despite the fact that these loans are indexed to Livret A passbook accounts and therefore benefited from lower interest rates, only 18% of the sums designated for PLI loans were drawn down.

Increase in infrastructure and transport loans

Following a 58% rise in 2007, Caisse des Dépôts once again increased its financing of transport infrastructure in 2008. With a total of €1,076 million granted, origination was 28% higher than in 2007. 22% of the total was assigned to five TCSP (dedicated lanes for public transport) projects and 78% to finance 18 major transport infrastructure projects.

Caisse des Dépôts has become a partner of choice in large-scale transport modernisation initiatives undertaken at the level of urban area, *département* and regional authorities

Rise in loans granted from Savings Funds

Outstanding loans granted from Savings Funds rose by €6.95 billion or 7.45% in 2008, from €93.34 billion at end-2007 to €100.29 billion at the year-end. This reflected the sharp rise in loan originations as well as low early repayments and contractual loan repayments. ■

Financing high energy performance

Caisse des Dépôts has been working to develop its product range in a bid to promote initiatives with strong environmental credentials. Its range of loans is gradually being adapted to include a "green" version of each product benefiting from attractive financial terms and conditions. The Energy Performance Loan and Social Housing Rehabilitation Eco Loan were the first initiatives to result from these efforts.

These loans were designed to finance social housing projects (new construction or rehabilitation of existing housing units), and are already being marketed by Caisse des Dépôts. They offer a preferential interest rate which in some cases can be supplemented by additional aid from local authorities seeking to assist landlords in fighting climate change and conserving scarce energy resources.

A different kind of bank

The administration of private funds protected by French law is central to Caisse des Dépôts' historical role. Today, Caisse des Dépôts manages €41 billion in cash deposits and €9.4 billion in securities deposits for the judicial system, social security bodies and other customers engaged in the public interest sector. Caisse des Dépôts is a paying authority for EU programmes and manages the French CO₂ emissions registry. The Banking Services division is responsible for these tasks, and its work is carried out in accordance with ISO 9001 in terms of quality, economic performance and risk management. We take a closer look at the activities carried out by this very special bank.

Public banker to the judicial system

Caisse des Dépôts is the leading bank for third-party funds of the legal professions. Notaries and court-appointed receivers and agents must deposit with Caisse des Dépôts the funds entrusted to them as part of their assignments. These totalled €20.6 billion and €7 billion, respectively, in 2008.

Caisse des Dépôts' role as public banker to the judicial system was further consolidated on its designation in June 2008 as the sole deposit-taking institution for third-party funds handled by clerks to the commercial courts. As vindication of this special status, two-thirds of French bailiff firms have chosen Caisse des Dépôts to manage their third-party fund accounts, which in 2008 represented €433 million.

The Banking Services division is firmly committed to quality and customer satisfaction. Caisse des Dépôts regularly conducts surveys to gauge whether its clients are satisfied with its services. 2008 saw a sharp rise in the percentage of satisfied customers – already high in 2006. 85% of notaries, 87% of court-appointed receivers and agents and 80% of bailiffs declared themselves "satisfied" or "very satisfied" with the services provided by Caisse des Dépôts.

Caisse des Dépôts provides ongoing oversight to ensure a high level of operational security in the areas of account management services and payment media, and plays a leading role in the fight against money laundering and the funding of terrorism. The plan to modernise the administration of escrow deposits launched in 2005 continued apace during the year, with a new escrow management system rolled out across the network of the French Treasury on behalf of Caisse des Dépôts.

As from October 2008, the downturn in the property market perceptible since the spring turned into a steep fall in the wake of the financial crisis, as reflected by a slump in real estate transactions. As a result, third-party funds deposited with Caisse des Dépôts by notaries fell sharply, with the monthly average funds collected in December 2008 down more than €3.8 billion on the same prior-year period.

Banker to the social security system: wide-ranging responsibilities

Caisse des Dépôts is the banker to ACOSS, the central body for France's social security system (Article D253-37 of the Social Security Code). ACOSS is one of Caisse des Dépôts' most important clients in terms of



Caisse des Dépôts' headquarters in Paris. © JP Mesguen

financing volumes and the complexity of the account management services, which have been designed to optimise the management of funds flows relating to the standard social security regime. The relationship between the two is governed by a multi-annual agreement (2006-2010).

In light of the exceptional circumstances affecting the market, at the end of 2008 Caisse des Dépôts began renegotiating the terms and conditions of its financing arrangements with ACOSS. The financing ceiling set by the Social Security Financing Law was €36 billion for 2008, with Caisse des Dépôts undertaking to finance up to €31 billion of ACOSS' cash needs for the year.

A plan was agreed at the end of 2008 to transfer the social security debt burden to the Social Security Debt Repayment Fund (*Caisse d'amortissement de la dette sociale* – CADES). At the end of 2008, €10 billion out of €27 billion in total debt was transferred to CADES. The remaining balance was transferred at the beginning of 2009. The ceiling for financing that can be granted by Caisse des Dépôts to ACOSS in 2009 is €18 billion for the first quarter and €16.9 billion for subsequent periods. Caisse des Dépôts also stepped up its role as banker to the social security system with the creation of a single system for managing contributions (*Interlocuteur social unique* – ISU) at the beginning of 2008. The new system has required the development of custom-made banking architecture so that cash flows can be monitored for each risk (health, retirement, etc.). New centralisation channels and systems for transferring funds to ACOSS have also been put in place. New accounts have been

Banking partner and agent to institutional and public interest organisations

The historical banker for semi-public companies (SEMs) and social housing organisations, Caisse des Dépôts also works with foundations, national public service associations and public institutions, and has developed a comprehensive range of products and services covering account management, payment media and financial investments. Caisse des Dépôts manages €8.3 billion in cash deposits and €6.7 billion in securities deposits. Caisse des Dépôts actively prepared for the implementation of the Single Euro Payments Area (SEPA) project during 2007, and since the beginning of 2008 customers have been able to make and receive the new SEPA transfers. Caisse des Dépôts centralises sums collected from prepaid personal service vouchers ("CESU-TIP"), reinforcing its commitment to the development of personal care services. It is also commissioned by various partners – primarily public authorities – to provide administrative, financial and account management services (see inset).

Management services provided under mandates assigned to Caisse des Dépôts by its partners

■ **Motorway operators: management of CNA and ADF.** Since ADF's role as shareholder in semi-public motorway concession operators was significantly curtailed as of 2006, the company was dissolved in 2008.

■ **National mandates: management of national funds including funds to compensate regulated electricity, telecommunications and gas rates (*fonds de compensation*), and more recently the National Solidarity Fund (*Fonds national des solidarités actives*), which mainly finances the extra cost of income support schemes (RSA). Since May 2008, Caisse des Dépôts has been helping the Financing department at higher education establishment "Sciences Po" set up an endowment fund.**

■ **European Structural Funds: in its capacity as paying and certification authority, Caisse des Dépôts, alongside France's various regional authorities, is responsible for hosting cooperation programmes and projects designed to boost competitiveness. It is currently managing 10 European programmes covering the period 2007-2013.**

■ **EU framework programmes (FP) for research and technological development: Caisse des Dépôts continues to administer projects financed within the scope of EU framework programmes, and as a member of the AFINAJ Consortium, the national point of contact for the 7th framework programme, it also organises conferences on the subject of new financing methods.**

■ **French CO₂ emissions registry: Caisse des Dépôts has managed the French CO₂ registry since the decree of 23 December 2004, and was recently accredited by the United Nations Framework Convention on Climate Change (UNFCCC). As a result, since October 2008 the registry has been connected to the International Transaction Log (ITL), which is administered by the UNFCCC. The log now includes non-EU countries including Japan, New Zealand, Canada and Russia, and hosts exchanges involving seven different carbon units (instead of just one) between industrial and financial stakeholders.**

In brief

Caisse des Dépôts selected in a tender offer launched by URSSAF

ACOSS, head of the URSSAF social security network, has asked the various URSSAF offices to put in place a number of rules resulting from the French public procurement code when selecting partner banks.

Following ACOSS' request, Caisse des Dépôts adapted its offer to the needs of these entities, particularly in terms of processing cheques and performing security controls, and was subsequently chosen by the Midi-Pyrénées, Auvergne, Aquitaine and Bourgogne-Franche-Comté regions.

First fiduciary contract signed in France

Almost one year after the introduction of the French Fiduciary Law (Law 2007-211 of 19 February 2007), at the beginning of 2008 Caisse des Dépôts signed the first fiduciary contract in France, testifying to its status as a trusted third-party player.

In its fiduciary role, Caisse des Dépôts has been transferred funds which it has invested and which will enable it to make payments to the beneficiaries specified in the fiduciary contract as and when necessary.

Pollution control symposium in Strasbourg

In agreement with the Directorate General for Industry, Research and the Environment,

Caisse des Dépôts organised a symposium in Strasbourg concerned with ground pollution control. The symposium discussed the roles and responsibilities of stakeholders as well as changes in environmental law and regulations. The first symposium of this kind was held in 2007 in Lyon. The discussions brought together representatives from the legal professions (notaries and court-appointed administrators) and institutional bodies (semi-public companies engaged in urban planning, social housing organisations and our partners from the Directorate General of Public Finances – department for local and regional initiatives).

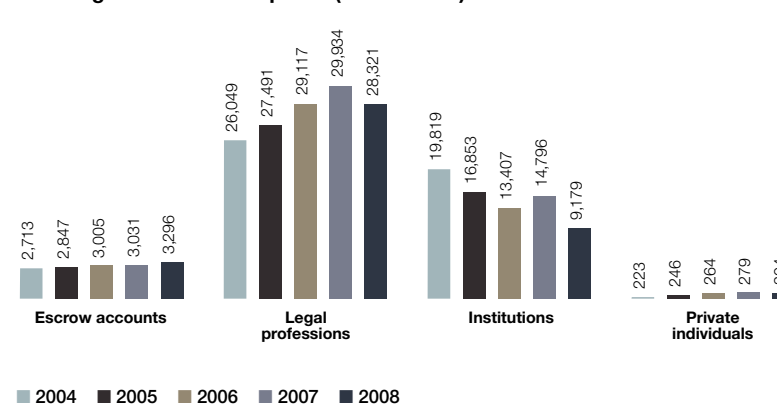
Modernising the judicial system and computerisation of procedures

Caisse des Dépôts is partnering the Ministry of Justice in its reform of the judicial system. A framework agreement was signed to this effect in July 2007 covering the following main areas:

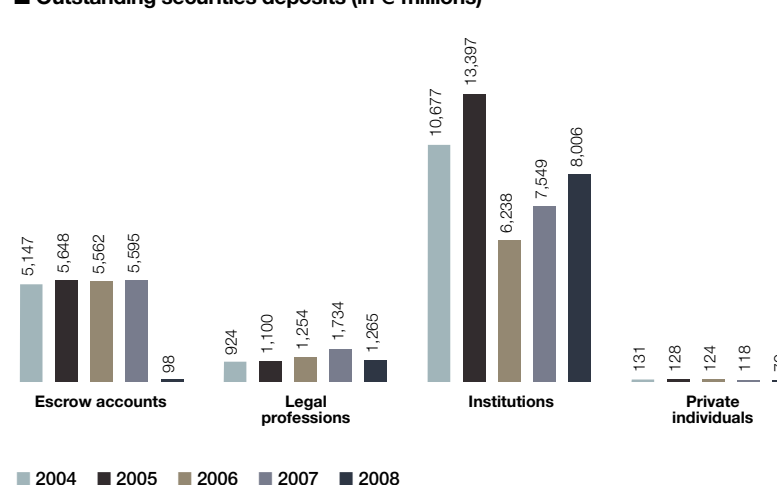
- a portal providing public access to the judicial system;
- electronic exchanges between guardians and guardianship judges;
- electronic exchanges between bailiffs and courts;
- a secure platform for exchanges between legal professions (TransJuris);
- assistance with the rollout of electronic signatures in courts.

The first three projects to get underway in 2008 will give rise to a series of pilot schemes in 2009; these will be led by ADAJ, a public interest group created in November 2008 which promotes electronic exchanges between stakeholders in the legal profession.

Average annual cash deposits (in € millions)



Outstanding securities deposits (in € millions)



Sustainable development

104th Notaries' Congress in Nice

The 104th Notaries' Congress took place from 4 to 7 May in Nice (France). This year, the congress was entitled "Environment and sustainable development: a challenge for law", and was attended by the French Justice Minister and 34 national delegations. Africa and Eastern Europe were strongly represented. The congress focused on the following four key issues, drawing on the work of four special committees:

- sustainable soil management;
- responsible management of natural resources and sites;
- professional activities and risks;
- information and public participation.

In keeping with this year's key focus, and in partnership with the Group's Sustainable Development department, Caisse des Dépôts ensured that the unavoidable portion of carbon emissions generated by the event (2,400 tonnes of CO₂) was offset. To do this, it managed the process from A to Z, withdrawing and cancelling the carbon credits purchased (representing a contribution of €12 per congress participant).

View from the front line

Civil Law Initiative

Q&A with Henri Lachmann, Chairman



© Photo Bruno Lévy

What's the role of the Civil Law Initiative?

The need to promote civil law in the face of common law's predominance in international exchanges led to the creation of the Civil Law Initiative (*Fondation pour le droit continental* in French), backed by Caisse des Dépôts. As a written, often codified law which is more accessible, less costly and based on litigation prevention rather than judgement, civil law – which includes French and German legislation – takes the law and not court decisions as its defining force. Civil law is the most widely spread legal system, covering 60% of the world's population and GDP. By nature, civil law is based on the common good, and reflects the important values of solidarity and protection of the commons.

The Civil Law Initiative promotes active competition between legal systems and encourages debate about their respective qualities. It is also active at the level of European bodies, and recently conducted specific projects in China and the Mediterranean.

Is the Civil Law Initiative concerned with environmental law?

Environmental law has become one of the main areas targeted by our work, and our partnership with China testifies to this commitment.

On 2 and 3 November 2008, we helped organise an international conference at the Shanghai Academy of Social Sciences to discuss establishing a legal framework for an environmentally-friendly society. The conference marked a first step towards improving cooperation with Chinese environmental specialists and policymakers.

The conference provided a forum where experts from continental China, Taiwan, France, Belgium and Japan could exchange their views and discuss their practical experience in the field.

Modernisation: the way forward

Caisse des Dépôts has been entrusted with managing public sector pension schemes since its creation in 1816, a responsibility that is part of its primary mission to safeguard and contribute to the development of savings and personal insurance on behalf of French citizens. Today, its Pensions division has 48 administrative mandates, mainly in the area of retirement schemes. The Group's Elan 2020 strategic plan holds the key to a brand new future for pensions administration.

A leading pensions administrator for the public sector, Caisse des Dépôts holds a large number of mandates supporting public policy, in three main areas:

- pensions;
 - compensation for and prevention of occupational hazards, as well as professional integration and in-work assistance for disabled persons;
 - administration of various compensation funds for public sector employers.
- As an institutional fund manager, Caisse des Dépôts guarantees the fundamental values of security and integrity. On the strength of its high value-added services, Caisse des Dépôts is the partner of choice for public employers including the State, local and regional authorities and public hospitals. It offers proven expertise in:
- administrative management (from the collection of contributions to the payment of vested benefits);
 - the legal, technical and financial aspects of pension schemes;
 - liaising with pension fund beneficiaries.

In the pensions sector, Caisse des Dépôts applies this expertise in managing basic, supplementary and top-up schemes. It also has a perfect command of both points- and annuity-based rights vesting techniques.

Proven efficiency and solutions

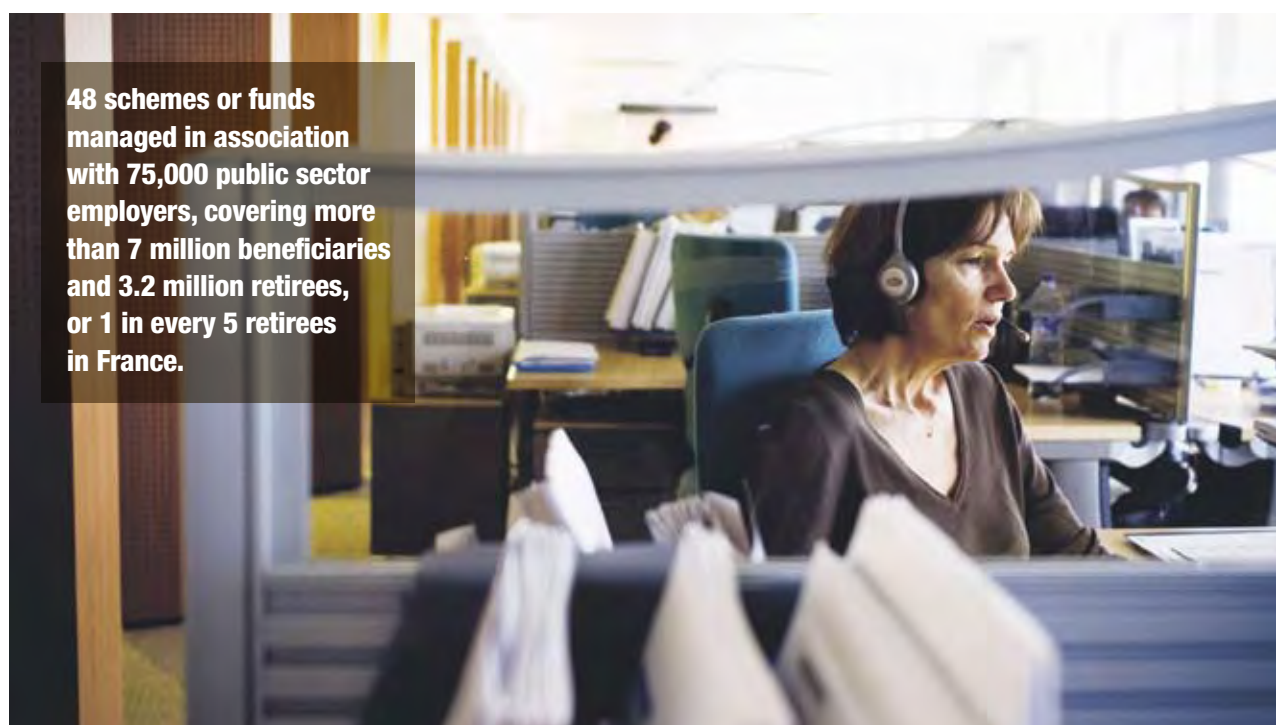
The Pensions division has put in place a three-year plan of action to meet the goals outlined in its Elan 2020 strategic plan.

This action plan has three key focuses:

- improving management techniques to guarantee the highest possible standards of service for its principals;
- enhancing performance by improving the way in which it can be measured and the extent to which performance measurement techniques are taken on board by all staff;
- planning for future mandates serving the public interest.

Firmly focused on the future, the Pensions division is stepping up its modernisation drive, placing emphasis on computerizing and pooling processes, and on the changing business landscape. It is developing a leading-edge

48 schemes or funds managed in association with 75,000 public sector employers, covering more than 7 million beneficiaries and 3.2 million retirees, or 1 in every 5 retirees in France.



The call centres operated by the Pensions division act as a highly effective front office. © L'Oeil Public / Julien Danieil

information system in order to cope with additional demand resulting from ageing baby boomers hitting retirement age and stronger information access rights.

It is also pressing ahead with its drive to computerise records, in close cooperation with public sector employers.

The Pensions division has embarked on an initiative aimed at increasing transparency and consolidating its relationship with its clients and partners. Its relationship with its main pension funds is governed by management and target-based agreements.

The division is committed to offering the highest standards of quality and performance, and has launched an ambitious cost-cutting programme in support of its current management policies. It has implemented self-assessment tools in order to compare its performance with other pension administrators in France and Europe, taking part in benchmarking initiatives conducted by the Social Security authorities. ■

At the service of pension schemes

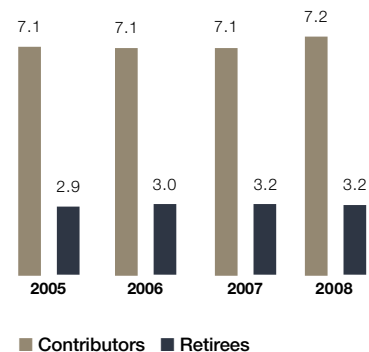
Ircantec reform

Ircantec is the supplementary pension fund for fixed-term employees in the three public functions – State, local authorities and public hospitals. Ircantec reform was one of the priorities on the government's pensions agenda in 2008, and is aimed at ensuring the fund's financial viability over the long term and revamping its governance structure. Caisse des Dépôts assisted the government in analysing and preparing the reform and carried out financial studies at the request of the Board of Directors. Under the impetus of its new mandate, Caisse des Dépôts will ensure that the reform is due and properly implemented.

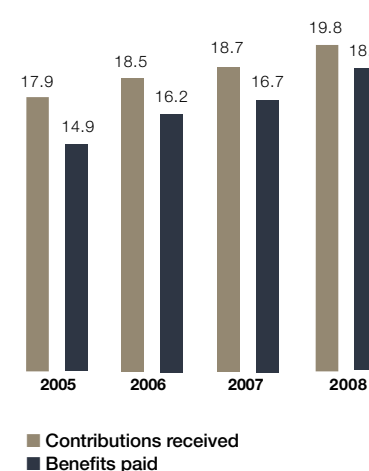
CNRACL elections

Pursuant to the Inter-Ministerial Decree of 5 June 2008, Caisse des Dépôts is responsible for organising elections for the Board of Directors of the CNRACL, the basic pension fund for civil servants employed by local authorities. Voting was closed on 2 December 2008. The process represents one of the biggest professional elections, involving three million voters among employers, employees and retirees.

Demography of the main funds administered (in millions of persons)



Financial flows (in € billions)



Main funds administered by Caisse des Dépôts

■ **Four major pension schemes** for permanent civil servants, fixed-term public sector employees and blue collar workers in the three public functions:

– **CNRACL**, the pension fund for permanent civil servants employed by local authorities and public hospitals, has 2,017,500 contributors for 931,700 retirees.

– **Ircantec**, the supplementary pension fund for fixed-term employees in the three public functions – the State, local authorities and public hospitals – as well as for local officials, has 2,634,400 contributors and 1,777,300 retirees.

– **RAFP**, the civil service top-up scheme covering the three public functions, has 4,600,000 contributors. A total of 103,700 plan settlements resulted in capital payments during the year.

– **FSPOEIE**, the special pension fund for blue collar workers of State institutions, has 49,200 contributors for 105,300 retirees.

■ **Retraite des mines**, the miners' pension scheme, which has 8,100 contributors for 347,900 retirees.

■ **ASPA**, the solidarity fund for the elderly, which pays out benefits to certain categories of underprivileged beneficiaries.

■ **Supplementary pension schemes** for specific socio-professional categories:

– **FONPEL**, pension funds for local elected officials;

– **CGM and ONEMA**, supplementary pension schemes operated by ANPE.

■ **FIPHFP**, the fund for the integration of disabled persons in public sector employment.

■ **National compensation funds** for local authorities and public institutions, such as the *Fonds pour l'emploi hospitalier* and the *Fonds de compensation du supplément familial*.

■ **Compensation and prevention funds** to cover occupational hazards and professional illnesses.

The Pensions division manages a database shared with the RAFP and Ircantec containing comprehensive information on financial assets held by the Pensions Reserve Fund.

Right to information

Two-fold increase in generations concerned by the campaign

The 2003 Law on pensions reform law requires all organisations administering pensions to provide members with comprehensive, consolidated information concerning their pension status. Caisse des Dépôts and the pension schemes that it manages have taken all the necessary steps to meet these obligations. They also actively participate in the work of the "Info Retraite" public-interest group, to which nearly all French retirement organisations belong. In 2008, the right to information continued to expand, and the generations concerned doubled with respect to 2007. Around 1,860,000 brochures were sent to employees concerned by this second information campaign for the funds administered by the Pensions division. ■

FIPHFP

Decisive steps for the integration of disabled persons in the workplace

The fund for the integration of disabled persons in public sector employment (FIPHFP), created by the French law of 11 February 2005, helps disabled persons access the workplace and remain in their jobs by providing financing, expertise and advice to public sector employers.

Pensions Reserve Fund

A fund for the "post-2020" era

A look at the investments made and initiatives taken by a responsible fund concerned with ensuring the long-term viability of pension schemes.

The Pensions Reserve Fund is a tool for consolidating the pension system for the post-2020 period. Its purpose is to help ensure the long-term viability of obligatory state pension schemes (the general retirement insurance system, formerly known as CNAV) and aligned plans for small business persons (Organic) and craftpersons (Cancava). At 31 December 2008, the fund's assets totalled €27.7 billion. During the year, certain of the fund's mandates invested in European equities were renewed, with the fund adopting a predominantly index-based investment approach. A call for tenders in three categories (European mid- to large-caps, European small-caps and euro zone mid- to large-caps) was launched in April for an amount of €4.5 billion, and two new selection procedures were also launched in Asia-Pacific and the United States. The fund also closed a number of tenders put out in 2007 concerning French equities, US small-caps, and mandates for commodity index passive replication strategies.

Acting responsibly

A new responsible investment strategy was adopted in 2008. This furthers the policy pursued by Caisse des Dépôts over the last five years, and defines the five priority focuses for the five years ahead. A Responsible Investment Committee has been set up to monitor and prevent risks arising from social and environmental issues. Previously confined to European equities, the socially responsible investing (SRI) approach is to be progressively and pragmatically applied to all asset classes. The Pensions Reserve Fund is intent on determining the precise impact of environmental issues on its investment policy. It also seeks to actively exercise its voting rights. It maintains an active presence within structures promoting SRI concerns such as the UN's PRI (Principles for Responsible Investment). It also looks to encourage research in this area in its capacity as member of the Chair for Sustainable Finance and Responsible Investment. In order to translate its commitments into concrete actions within its organisation, in 2008 the Pensions Reserve Fund put in place an internal sustainable development programme, created a dedicated project committee, and performed a carbon audit. ■

FIPHFP stepped up its efforts in 2008, paying out more than €4 million in aid. More than 5,000 disabled persons benefited from this initiative.

FIPHFP signed an agreement with 59 employers from the three public sectors under which it committed a total amount of €50 million (€7 million in 2007). It also forged alliances that will enable it to actively support measures taken by public sector employers to promote the integration of disabled persons. FIPHFP's total commitments in the past year came to more than €137 million. ■

"Ageing freely"

Against the backdrop of pensions reform, Caisse des Dépôts takes an active role in debates concerning the future of retirement schemes.

Each year, it organises a forum in Bordeaux which aims to foster a dialogue between political and welfare decision-makers, researchers, economists, journalists, fund managers and trade union officials. In November 2008, this forum was organised around the theme of ageing freely ("*Vieillir sans contrainte*").

Caisse des Dépôts also assists the work of the Pensions Stewardship Council (*Conseil d'orientation des retraites* – COR), and is a member of the European association of public sector pension and social security institutions (*Association européenne des institutions de retraite et de sécurité sociale publiques* – AEIRSP). ■

CNP Assurances consolidates its position as the leading personal insurer in France

In a difficult operating environment, CNP Assurances' business held up better than many of its competitors and this is reflected in its results for 2008. CNP Assurances' presence in the public sector, the financial solidity of its shareholders, its continuing focus on core business lines and a specific business model as well as its prudent stewardship all combine to give the group a high degree of resilience.

Over the past 150 years, CNP Assurances' commitment to insuring its policyholders against the risks in each phase of their life has turned it into France's top personal insurer. It has privileged links with Caisse des Dépôts, its strategic shareholder, and with its other shareholders and partners with a public interest vocation.

CNP Assurances is committed to the long-term

As a leading personal insurer, CNP Assurances is clearly focused on policyholder needs. It helps to alleviate the financial consequences of life's hazards – disability, death or long-term care – and contributes to social progress by pooling risks and safeguarding insurance guarantees over the long term. CNP Assurances has defined its social responsibility in terms of building trust with policyholders and combating social exclusion through the provision of affordable insurance for all.

To market its products both inside and outside France, CNP Assurances has developed a specific business model based on long-term arrangements with strategic partners. In France, CNP Assurances markets individual policies through partner channels – Banque Postale and Caisses d'épargne networks which together have close to 20,000 outlets – and 310 advisors at CNP Trésor. In group insurance, it has entered into partnerships with 200 financial institutions, over 100 mutual insurers, 20,000 local authori-

ties and 4,000 companies. To distribute its policies outside France, CNP Assurances can tap into the 4,000 branch network of Caixa Economica Federal in Brazil, 2,000 branches of UniCredit, the second largest banking group in Italy, and a number of savings banks networks in Spain.

Results that reflect CNP Assurances' resilience

Insurance and bancassurance operators have also suffered from the ongoing financial and economic crisis and the bear market has taken a considerable toll on their balance sheets and results. Although life insurance remains the most popular investment product in France, it has been squeezed by short-term products with higher yields. In 2008 total new money amounted to €29.2 billion.

In France, total new money held up well – falling only 7.7% year-on-year, compared with a drop of 10.6% for the French market as a whole. Net new money was structurally positive and ended the year at €7.3 billion. Abroad, total new money came in at €4.1 billion, or 14.1% of the consolidated CNP Assurances group total, but the picture varied considerably from one country to another. New money surged 26.7% in Brazil but dropped by over 40% in Italy in line with the market as a whole. Average technical reserves (excluding deferred participation), which are the main driver of earnings growth, continued to rise in 2008 and generated 88% of group revenues.

CNP Assurances gained a foothold in the Greek and Cypriot insurance markets through the acquisition of a 50.1% stake in Marfin Insurance Holdings.

These results are proof of CNP Assurances' operational solidity: EBIT grew 29% year on year and the international subsidiaries contributed 22% of the total. Attributable recurring profit before adjustments for capital gains grew 13%, however, attributable reported net profit was dragged down by the impact of the bear market on financial assets recognised at fair value and came in at €731 million, 40% down on the one-year earlier figure.

environmental and social ethical standards as it applies in the management of its real estate assets. In 2008, CNP Assurances managed to reduce its carbon footprint by reducing paper consumption and business trips taken, and by managing its business premises in a more environmentally-friendly manner.



© Hervé Thouroude

Key figures



- Over 4,400 employees, including 3,033 in France
- New money (under French GAAP) amounted to €29.2 billion in 2008 (down 9.2%)
- EBIT up 29% to €2,369 million
- Attributable net profit: €731 million
- Average technical reserves under IFRS (excluding deferred participation): €238.5 billion
- Socially responsible investment in France: 70,500 policyholders invested in socially responsible mutual funds (up 15%) and total assets managed under such funds stood at €244.5 million at end-2008
- Direct greenhouse gas emissions in France: 5,330 carbon equivalent tonnes (down 2.5% per employee year-on-year)

CNP Assurances continues to grow its international business

CNP Assurances' targeted international development strategy has continued apace and it is now present in Southern Europe (Italy, Portugal, Spain), Latin America (Brazil and Argentina) and in China. In 2008, CNP Assurances gained a foothold in the Greek and Cypriot insurance market through the acquisition of a 50.1% stake in the Cypriot company, Marfin Insurance Holdings. It also operates as a free agent in eight European countries and owns two specialist payment protection insurance businesses in Italy and Spain.

A responsible investment strategy

As guarantor of its commitments to policyholders and shareholders, the CNP Assurances group is conscious of its key role in financing the economy. Its investment strategy combines prudent stewardship with optimisation of yields.

In particular, the group pursues a highly conservative asset allocation policy. Each asset portfolio is managed in a socially responsible manner in line with CNP Assurances' commitment to basic social rights and respect for the environment under the United Nations Global Compact which it signed in June 2003. Since 2006 the equities portfolio has been screened on a quarterly basis using SRI criteria in conjunction with its main asset manager, Natixis AM. The company is also instrumental in supporting the development of SRI investments. CNP Assurances has no direct exposure to sub primes or to funds managed by Bernard Madoff and its indirect exposure is not significant in terms of its total portfolios. CNP Assurances is the foremost private-sector manager of forests in France and applies the same

Customer-centric approach

This is the common denominator across all of the group's entities. In France, CNP Assurances has put customer satisfaction at the heart of its strategy to manage its 13.6 million individual insurance policies that combines efficient claims processing with tailored personal solutions. Two customer centres are devoted entirely to processing claims and providing services for individual policy holders.

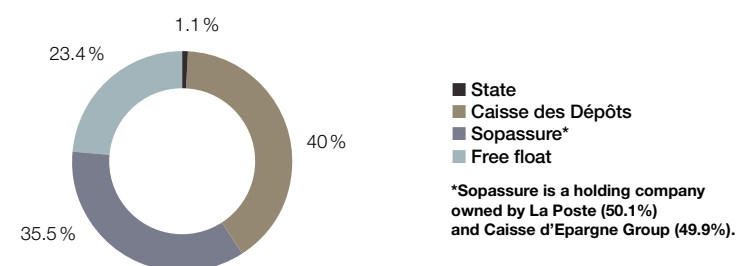
The gradual automation of claims processing incorporates performance- and quality-related imperatives. Two-way communication channels between the Company and its policyholders and financial advisors were fine-tuned to respond more effectively to the general upheaval in the financial markets. A quarter of all calls in September and October 2008 concerned the financial crisis and took longer than usual to deal with. The number of calls taken in 2008 increased by 2% to 1.45 million and the accessibility rate jumped from 84% in 2007 to 95% with an excellent customer satisfaction rating (16.9 out of 20).

Responsible human resources management

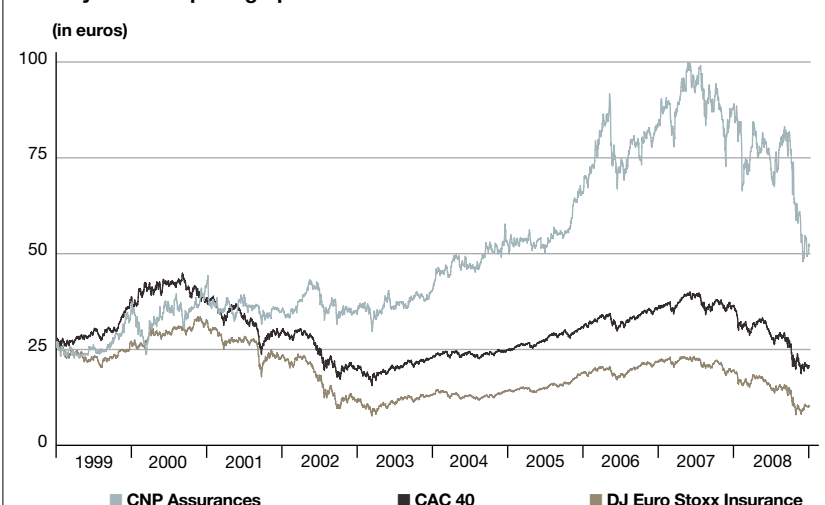
Human resources management at CNP Assurances is focused on providing career-long support to its 4,400 employees, of which 3,033 are based in France.

CNP Assurances promotes internal mobility and training, which accounts for 5.1% of total payroll in France – three times the legal minimum – and 6% in Brazil. Its initiatives in favour of gender equality and the integration of young people, seniors, minorities and the disabled, which form a key plank in its human resource policy, were rewarded with the "Label Diversity" award in January 2009. ■

Ownership structure in % (31 December 2008):



Ten-year share price graph



Over a ten-year period, CNP's share price has clearly out-performed the major share indexes. It has more than doubled (+103%) since 1999 while the CAC 40 index has shed 18% and share prices in the insurance sector as a whole have plunged 60%. In 2008, CNP's share price tracked the major indexes: the CAC 40 shed 42%, share prices in the insurance sector (DJ Euro Stoxx Insurance) plunged 47%, and the CNP Assurances share price lost 41% to close at €52 on 31 December 2008.

2008 highlights

- Strengthening of the partnership between CNP Assurances and UniCredit, extension of the exclusive distribution agreement through 2017 and compensation of clients invested in index-linked contracts linked to Lehman Brothers bonds.
- Acquisition of a 50.1% stake in the insurance business of Marfin Popular Bank to gain a foothold in the Greek and Cypriot markets.
- Roll out of Credifid, an insurance product aimed at credit brokers.
- New product launches: Cachemire, marketed by Banque Postale; Caisses d'épargne has developed a new offering tailored to senior citizens (Yoga and Aïkido); and Trésor Autonomie, a long-term care product developed by CNP Trésor.
- Confirmation of CNP Assurances' AA financial strength rating, together with a negative assessment of the group's outlook by Standard & Poor's.

Société Nationale Immobilière, supporting social housing



SNI, a wholly-owned subsidiary of Caisse des Dépôts, is France's leading social housing landlord. In 2008, it once again displayed its overriding commitment to social housing, alongside the State and local and regional authorities, while also making sustainable development one of its key strategic focuses.



Renovation of the Cour de Venise in the 3^e arrondissement of Paris, © Caisse des Dépôts / Jean-Marc Pettina

In October 2008, as part of the construction sector stimulus plan announced by the President of the French Republic, SNI group put out a tender for the purchase of 10,000 units of social and intermediate housing under construction (VEFA). This tender process enabled the group to enter into agreements to acquire 9,000 units of social housing in priority areas by February 2009 (7,500 had been purchased at 31 December 2008). By adopting a centralised negotiating procedure, the group obtained reductions in the order of 20% (excluding VAT) on first-half 2008 real estate market prices.

This operation covers a mix of rental accommodation and includes between 55% and 60% of non-regulated housing. This will entitle SNI to sell approximately one-third of this property between six and fifteen years from now depending on the state of the market. The rest of the housing acquired will be transferred to the low-cost housing subsidiaries. The total cost of this operation was €1.3 billion and it was financed by three years of dividend entitlements relinquished by Caisse des Dépôts (€150 million), €100 million of equity, and by social and intermediate housing loans.

As the group's "standard" production of social housing is 5,000 units per year, it has raised its target to nearly 25,000 units over three years, i.e., 10% of its entire portfolio of social housing.

Energy efficiency: an innovative approach

As part of the Elan 2020 strategic plan, SNI has continued to promote sustainable development initiatives using innovative approaches.

Under the terms of a framework agreement signed with EDF, the group will partially finance energy efficiency work

carried out in 2008 and 2009 by selling the related Energy Saving Certificates to EDF. Furthermore, a "Weatherisation" agreement is nearing completion that will speed up renovation of 800,000 of the most energy-intensive dwellings between now and 2020. The group will be one of the major actors in this programme and is committed to renovating 22,000 units of social housing over 5 years, including 13,500 in 2009-2010, in exchange for €180 million in subsidised loans (at 1.9% interest).

SNI has entered into a partnership with the Bénéteau group to design a plant to produce wooden town houses. This new design, known as Muse, will meet low-cost (less than €1,000/m²) and accelerated construction criteria and high energy performance standards. The group initially plans to build 300 units a year, rapidly increasing to 1,000 units.

SNI updated its Green Book in September 2008 and committed to ten propositions implementing the Grenelle environmental conference's resolutions.

Providing expertise and support for public policy

Thanks to its position as France's leading social housing landlord, SNI was closely involved throughout 2008 in the preparation of the housing stimulus bill.

It helped draft the social utility convention included in Article 1 of said Law, ratified on 19 February 2009, setting common indicators for all social housing landlords regarding their key missions and negotiating objectives for each body based on specific local requirements. SNI will apply this convention in all of its businesses beginning in 2009. Through SCET, the group is also involved in one of the priorities of the

Elan 2020 strategic plan, namely implementing the Campus university development plan which offers universities assistance with renovation projects by carrying out engineering surveys.

Identifying needs and facilitating housing mobility

Since 2007, the group has been mapping French social housing requirements based on INSEE projections through 2020 for the purpose of assessing needs more accurately. By comparing data on existing social housing, the rental market and projected growth in households, SNI has been able to identify 95 priority urban areas.

The group has already been able to use this new tool to refocus the strategic development plans of all group entities on actual sector needs. SNI has also developed innovative tools to incorporate the notion of housing mobility into its management model. Tenants are tracked by income and family circumstances, thus facilitating home ownership and freeing up existing social housing.

Results remain strong despite the group's high level of activity

Although the high-growth strategy to which the group is committed in order to meet government social housing targets tends to reduce the consolidated operating cash flow available to fund its development, this has not had an adverse impact on its results for 2008. Consolidated net profit was €116 million. Thanks to non-recurring divestments, aggregate profit (not liable for income tax) came in at an impressive €184 million, equivalent to 25% of rental income. Consequently, consolidated profit before tax amounted to €330 million. ■

Icade recasts its business model and weathers the financial crisis



For Icade, 2008 was a year of restructuring and continued focus on property investment. Its "property investor-developer" business model - chosen to refocus the enterprise on its core business lines - proved its worth in the face of the crisis currently affecting the property sector.

In the property investment sector, Icade is primarily a long-term investor with a diversified portfolio (offices, business parks, shopping centres, infrastructure, health clinics and residential housing) of old and new property. As a property developer, Icade is a dynamic player and marketer with the specialist skills needed to manage or revamp property development projects, or to provide made-to-measure solutions. Having secured the continuity of Icade and provided it with production capabilities, the "property investor-developer" business model gives the group the flexibility it needs to deal with any set of economic circumstances.

2008 in review

In 2008, Icade continued to trim its portfolio of older property, particularly housing, refocusing on targeted acquisitions of commercial property for their security and cash-flow potential. 5,164 housing units were sold for a total of €299 million. Foncière Tertiaire sold off office property in Paris (rue de Mogador) for an amount of €51 million and Icade used the proceeds to expand its portfolio of healthcare facilities in line with stated investment policy. It acquired 13 new clinics bringing the total capacity of its healthcare portfolio to 3,200 beds. Icade also launched a

number of major new projects inter alia the construction and lease-back of LCL's new headquarters in Villejuif (€280 million investment, 60,000 m²) and the launch of a public-private partnership (PPP) to build health facilities in Saint-Nazaire (93,000 m²). Icade intends to step up the pace of its divestment programme in 2009. It will sell off more of its residential housing portfolio and, depending on available opportunities, commercial properties - particularly in Germany - and service activities. Icade's reinvestment strategy will be based on pragmatic, prudent investments primarily in the commercial property sector, and maintaining its debt at reasonable levels. Its debt/asset ratio was 35.4% at end-2008. Icade is a major player in urban development with a healthy balance sheet and, as it pursues the active management of its property portfolio and its selective reinvestment strategy, it continues to grow and to prove the effectiveness of its business model.

Icade continues to strive for sustainable property development

In 2008, Icade reaffirmed its commitment to sustainable development through the use of HEQ certification (HQE®) in commercial property development, the increasing importance of renewable energy in its resi-

dential housing and the group-wide carbon audit (Bilan Carbone®) performed in 2007. After becoming the first property developer to deliver an HEQ-certified commercial building in 2005, it has continued to demonstrate its commitment through an action plan outlined at the second sustainable development awards event organised by Icade. This covers four key points:

- Exemplary development projects: between now and 2011, Icade will carry out exemplary sustainable development building, renovation and operation projects with the aim of meeting 2020 environmental standards while controlling costs.

- A sustainable development label: from 2009, Icade's new and existing buildings will gradually begin displaying a clear and simple sustainable development label incorporating a number of environmental criteria (carbon footprint, health, energy consumption, transport, etc.). It will be devised in liaison with independent stakeholders and will be a major source of progress as Icade will be able to showcase improvements in the quality of its projects.

- Innovative solutions for financing sustainable development projects: sustainable property development has to be made accessible through appropriate financing solutions. Icade is already working on innovative financial engineering solutions based on Energy Saving Certificates, overall cost



Building 270 Icade EMGP in Aubervilliers, © P. Sagnes

and Green Value (which measures the value added to a property by GreenBuilding).

- Everyday green habits: beginning in January 2009, Icade will deploy a series of green initiatives in the company such as reducing paper print-outs, organic menus in the canteen, reducing the carbon footprint of company cars, etc. These actions will be supplemented on a half-yearly basis with the aim of creating new sustainable working habits.

2008 - another year of solid growth

Consolidated revenues rose 8% to €1,599 million on the back of solid investment

rental income and a good year for the property development business. EBITDA and consolidated operating income came in at €335 million and €447 million, up 15% and 34%, respectively, mainly as a result of the decision taken at the end of 2007 to refocus on property investment.

The value of Icade's asset portfolio was €6,952 million at year end, up 11.6%, or 2.4% at constant scope. Attributable net profit jumped 18% year on year to €313 million (excluding the impact of exit tax in 2007) and includes a provision of €45.7 million booked in respect of housing property development risks. ■

Key figures



- World's leading tramway operator, fourth largest private European public transport concession operator, No. 1 in public transport in the Netherlands and the European leader in demand-responsive transport
- Over 46,000 employees, including 18,200 in France and 14,700 in the Netherlands
- Revenues under management of €3.3 billion, up 39% for the year
- Operating income of €46.6 million
- Attributable net profit: €13.1 million

Transport Transdev at the forefront of new international mobility solutions

Transdev is 69.6%-owned by Caisse des Dépôts. It is specialised in public transport and works alongside local authorities to design and implement mobility solutions accessible to all. It has become a major international player.

In 2008, Transdev was responsible for the journeys of 2 billion passengers in nine different countries (Australia, Canada, France, Germany, Italy, the Netherlands, Portugal, Spain and the UK). The group is both a key transport network operator and a socially and economically responsible stakeholder in urban development.

Transport network designer

Transdev takes local mobility policy as the starting point in designing transport networks. It works alongside transport bodies to define, in relation to the project and its operating environment, the best type of public-private partnership for the delegated management of a public transport service. The group can draw on its expertise across the full range of contemporary transport solutions (tramways, BusWay®, coaches,

buses, undergrounds, trains, river shuttles, trolley-buses, car pooling, bike-share, etc.), to offer solutions tailored to different situations (urban, inter-city, regional, on-demand transport, tourism, etc.). From large-scale projects to multi-modal transport networks and passenger services development, Transdev can handle public transport solutions from A to Z.

Transdev has become a major sector player

Although the financial crisis took a major toll on local authority investment in 2008, public transport fared better than other sectors due to the weight of ecological, economic and societal imperatives. Most transport networks throughout the world continued to carry an ever-greater number of passengers. The Transdev group confirmed the vibrancy of its quality-based offer-

ing with revenues under management of €3.3 billion, up 39% for the year. The financial crisis also highlighted the stability of the group's ownership structure and especially the continued support of its long-term strategic shareholder Caisse des Dépôts.

By generating 60% of its revenues outside France, Transdev has confirmed its status as an international player. One key priority has been consolidating the alliance forged at the end of 2007 with Connexion – the No.1 Dutch public transport operator – as a springboard to new growth. The same strategy underlies the tie-up between Transdev and Joalto which has created the second largest road transport operator in Portugal.

A proven growth dynamic

Throughout the Transdev network – comprising infrastructure, vehicles and services – priority has been given to enhancing the quality of passenger transport. In spite of the morose economic environment, the group stepped up its strategic investment programme in the soft mode sector with the acquisition of Caisse Commune, a pioneering French car-pooling specialist, and in demand-responsive transport, both integral components of new mobility solutions. Transdev gained a foothold in another major development sector when it launched its first inter-city rail link, the MittelrheinBahn, between Cologne and Mainz.

In-house events were dominated by the development of the Vision 2012 strategic corporate plan based on myriad initiatives to drive the group forward in most key areas: governance, pooling and renewal of skills, business lines, product and service innovation, sustainable development, etc. ■

Sustainable development

Driving towards clean energy



© Connexion

The group is committed to reducing its carbon footprint by harnessing the greenest technologies to all of its business lines. Transdev has also set up a foundation to promote the economic integration of certain sectors of the population.

In 2008, Transdev pioneered the use of hybrid buses in France, the UK and the Netherlands. In Tenerife the group has built a solar power station which produces 16% of network energy requirements pollution-free. The renewal of the transport fleet with vehicles that are compliant with EU environmental regulations and the construction of "green depots" are further proof of the group's commitment. The Transdev Foundation attests to the group's civic engagement through 17 local projects to promote social policies, economic integration and sustainable development in France and Italy. The foundation is supported by Caisse des Dépôts and the TransCité association. It has just set up its first projects in Portugal as part of its aim of developing its activities throughout Europe and giving a new dimension to its solidarity programme. ■



Yarra Trams in Melbourne – Australia, © Yarratrams

Sustainable development

QSE certification for ski resorts

The Compagnie des Alpes group's companies share the same concerns and values in relation to protecting the environment and managing natural areas. They know full well that environmental quality is a key component of customer well-being and satisfaction and all of the ski resorts run by the group obtained QSE certification in 2008. This was a European first on such a scale. QSE certification (which provides ISO 9001 quality, OHSAS 18001 safety and ISO 14001 environmental certification) is the reward for a major investment in financial and manpower terms. It is the fruit of 45,000 man-hours, or the equivalent of a team of twenty people working full time for a year. ISO 14001 certification reflects the efforts made across the group to promote more environmentally-friendly management practices and it is based on strict, continually-evolving criteria concerning regulatory compliance, pollution prevention measures and ongoing efforts to enhance environmental performance. It will allow the group to incorporate natural resources management more effectively into its business. ■



© Les Arcs 2008

Leisure Compagnie des Alpes consolidates its No.1 position in the European leisure sector



Asterix Park celebrates its 20th birthday in 2009 © Parc Asterix 2009

In the financial year to 30 September 2008, Compagnie des Alpes generated one of the biggest increases in revenues and income at constant scope in its history. Ski resorts welcomed a record number of visitors thanks to excellent conditions. Business at leisure parks held up well in the face of the general economic downturn at the end of the summer and the number of visitors was up overall. Société des téléphériques de Val-d'Isère (STVI) was consolidated for the first time. Consolidated revenues at constant scope rose 6.4% – or 14.6% when adjusted for divestments

and acquisitions – to come in at €579 million. Operating income jumped 11.5% to €85 million and attributable net profit at constant scope leapt 17.1% to €36.2 million.

Future strategy and outlook

Compagnie des Alpes' strategic position in both of its businesses gives it a huge competitive advantage. Its position as No.1 ski resort operator guarantees its revenue streams and cash flows. It is currently deploying all its efforts to maximise commercial and operating synergies between local companies for the benefit

of all stakeholders (customers, employees, shareholders, local authority concession grantors, etc.). It is also striving to adapt its business model to its mature markets in order to safeguard its long-term value creation potential.

In the leisure parks business, the critical scale achieved by the group and its leading market position in three countries (France, Belgium and the Netherlands) have allowed it to focus on developing its sites and leveraging its name, both of which represent key vehicles for boosting growth and margins

Key figures



- 17 ski resorts and 21 leisure parks in 7 European countries
- Nearly 27 million visitors a year
- QSE-certified ski resorts
- Consolidated revenues of €579 million (up 6.4% at constant scope)
- Attributable net profit of €36.2 million (up 17.1% at constant scope)

over the medium term. On a more general note, Compagnie des Alpes intends to enhance its strategic mobility by adopting a more proactive portfolio management strategy. It will be more selective in its choice of investments and move forward by reducing its debt and entering into partnership arrangements.

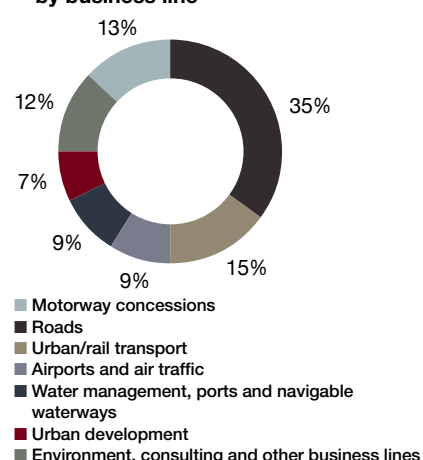
The group is also involved in a major restructuring project to introduce more proactive management practices and to greatly improve coordination between its two main businesses. ■

Key figures

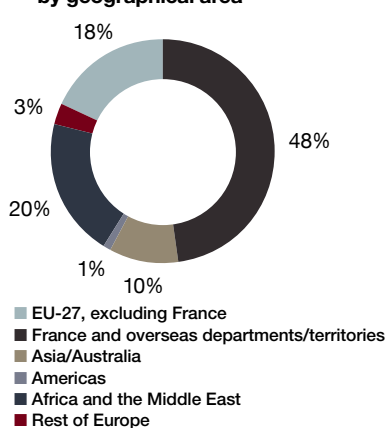


- 7,300 employees, including 4,270 in the engineering sector; 1,000 new hires both in France and abroad
- Operations in more than 90 countries
- Revenues up 12.3% to €505 million
- Attributable net profit of €21.1 million (versus €12.3 million in 2007)

Breakdown of 2008 revenues by business line



Breakdown of 2008 revenues by geographical area



Infrastructure Egis acquires new businesses as part of its external growth strategy



Paul Vatine Bridge – Le Havre, © Caisse des Dépôts / Jean-Marc Pettina

Egis, a wholly-owned subsidiary of Caisse des Dépôts, is a major engineering and consulting group specialised in infrastructure building, transport systems, urban development, water and the environment. It also specialises in developing public-private partnership projects and operating motorway and airport concessions.

Egis is a major European and world player in regional and local development services and can handle all aspects of complex technical engineering projects from A to Z for local authorities and major contractors.

Egis operates in five broad market sectors: roads, railways, urban development, water management and air traffic. At the same time, it operates cross-disciplinary and specialised activities (tunnels, geotechnics, engineering structures, environment, traffic operating systems, consultancy services to local authorities, project management and decision support) as well as dedicated infrastructures in certain countries (Spain, Romania, Poland, Bulgaria, India, Cameroon, Algeria and Madagascar). Outside France,

the group participates in projects financed by international fund providers and in local development missions. Egis works on concession projects and public-private partnerships in France and abroad and manages motorway and airport operations.

With more than 50 sites in France and operations in over 90 countries, Egis has been able to forge a close relationship with its clients and take account of human, economic and environmental aspects in project execution.

Egis' growth continues apace

2008 was marked by acquisition-led growth into new business lines. Egis acquired the Atelier du Paysage group thus becoming France's top landscape designer. On the international scene, Egis acquired the Irish company Eazypass Ltd. (European manufacturer of electronic tags for open road tolling) which means that it is working directly with end users for the first time in its history. In the road sector, Egis has been commissioned to carry out a feasibility study of Grenoble's northern by-pass, a survey for a fourth ring-road around Algiers and the design and execution of plans for

a section of the M6 motorway in Kosovo. In rail, Egis successfully tendered for the technical, environmental and rail surveys for the high-speed Poitiers-Limoges line and for infrastructure management for the Besançon tramway line. In the area of urban renewal, Egis has been appointed as prime contractor to build a hospital in Neuilly-sur-Marne (Seine-Saint-Denis) and to redevelop Boulevard de la Seille in Metz.

Egis continued to develop its water management business line and has been entrusted with overseeing redevelopment at La Bassée (Seine Basin) and managing the construction of a new drinking water processing plant at Louveciennes. As regards airport management, Egis has been chosen to improve civil aviation safety, security and environmental regulatory compliance in a number of countries in the Caucasus and Central Asia. It will also audit the project to build a new international airport at Doha in Qatar.

Egis secured handsome wins in the domain of project financing and management including the A88 Caen to Sées motorway, the M6 motorway in Hungary and the London Orbital (M25).

Sustainable development

New eco-infrastructures

Egis continues to develop expertise that has made it a reference in the market in order to deal with demands for efficient use of energy and raw materials, lower greenhouse gas emissions and the increasing importance of social aspects:

- The route des Tamarins road development project on Réunion Island won second prize in the French national engineering awards. The project was deemed "remarkable" as it will contribute to social and economic development on the island while complying with onerous environmental imperatives.
- The riverside renovation project in Cernay in the Haut-Rhin department won first prize in a "Habitat and urban development" competition for its management of water resources and contribution to the local living environment. As part of its ongoing drive for innovation, Egis organised its fourth in-house innovation awards and the jury (three-quarters of which was composed of external personalities) awarded prizes to five sustainable development projects.



Route des Tamarins, Reunion Island, © Hervé Douris

Tourism - Belambra continues to upscale and to attract new customers

Belambra vvf – renamed Belambra in December 2008 – is the leading operator of holiday clubs in France for European families and continued renovating its clubs during the year. It has launched a major service quality enhancement programme known as "Be 2010". Its 2008 results came in on target and strengthened the company's resolve to continue upscaling its service offering.



Club Belambra in Anglet, source Belambra

Key figures



- 1,230 full-time equivalent employees, rising to 3,000 in the high season
- 56 holiday clubs in France, 9,000 apartments, 40,000 beds
- Clubs dotted around the coast and in high mountain resorts
- 500,000 individual customers, 2,000 groups
- Revenues from all business lines up 6% year on year to €153 million

Belambra stepped up its renovation drive and 16 new clubs were modernised in 2008. By the end of the year, nearly half of its holiday accommodation had been renovated – 1,700 units in 2008 alone, at a cost of €53 million – and the company kicked off nine new projects. Belambra sold off 21 holiday residences for €252 million and will use these proceeds to fund financing requirements in 2009 and to meet loan repayments. Building started on a new

104-apartment Belambra club near the Loire Valley castles, scheduled to open in spring 2009.

The group has opted for a sustainable development approach in its renovation programme (energy efficiency, sorting of waste, use of eco-materials), in the day-to-day upkeep of its clubs (15% targeted reduction in water consumption) and in its procurement policy. All of the new

clubs have been assigned environmental and energy performance objectives in the form of high energy performance certification which offers 20% more efficiency than current insulation regulations.

Customers from outside France now represent 20% of visitors to renovated clubs.

Customers are responding positively to upscaling and the average cost of packages sold in 2008 jumped 11.5%.

The group has set up an international sales division to increase penetration rates across

the various European markets. It has streamlined its organisation chart and there are no longer any cross-holdings between the tourism division (Belambra Clubs), the property division (Belambra Patrimoine) and the external acquisitions arm, Belambra Développement, whose subsidiaries include a real estate agency.

The targets set down for the period have been achieved and in the year ended 31 December 2008* revenues generated from all business lines were up 6.3% on 2007

to €153 million (up 5.2% on a constant scope basis). The tourist business (excluding property activities) brought in EBITDA of €9.5 million or 7% of revenues. Operating income leapt 33% year on year to €6 million buoyed by site rental increases of over €3 million (up 13%). Net profit from the property division was €97 million and included €70 million in capital gains on disposals.

* The period ended 31 December 2008 includes 14 months of activity. For the purposes of year-on-year comparison, all figures have been restated to include 12 months of activity.

Local solutions

Our regional network comprises 25 offices and 575 employees. The network is in charge of handling financing applications and building relationships with elected officials, stakeholders in the local community and legal professionals. The regional offices have an intimate understanding of their region, allowing them to craft solutions suited to the needs and the timing obligations of their partners. Here is a round-up of major projects handled by the various regional offices during 2008.

Alsace



Patrick François
Regional Director

Caisse des Dépôts has entered into a partnership with the newly-merged Universities of Strasbourg. The financial services platform providing advice to companies is now up and running and 45 projects were handled in 2008. Caisse des Dépôts has completed financing arrangements for the Rhine-Rhone high-speed rail link - regional and local authorities in Alsace have been granted project-related loans totalling €191 million. We entered into an agreement in support of the Écomusée-Bioscope site in Southern Alsace through the construction of 500 holiday cottages by Pierre & Vacances. We also continued to invest in the local infrastructure and especially in property on the open rental market and shopping centres in Strasbourg and Mulhouse.

Auvergne



Francis Cubeau-Rousseau*
Regional Director

Caisse des Dépôts gave a helping hand to social housing landlords with €182 million in new loans for low-cost housing and urban renewal. The main investments made during the year concerned the acquisition of a 49% stake in TC Dôme (€2 million) alongside SNC-Lavalin, the planned funicular railway for the General Council of Puy-de-Dôme, two housing programmes (Riom, Clermont-Ferrand) and the Saint-Jean Lachalm wind farm (Haute-Loire). Caisse des Dépôts will co-finance the property development plans of Auvergne and Blaise Pascal universities under a partnership arrangement. Over the past three years, we have supported 640 SMEs to create 1,300 jobs. Finally, Caisse des Dépôts acts as banker to the four URSSAF entities in Auvergne alongside the public treasury network.

* succeeded Michel Pupin in November 2008

Burgundy



Jean-Philippe Sarrette
Regional Director

Loans granted to finance social housing increased to €227 million and have doubled over the past three years. Caisse des Dépôts signed an agreement with Burgundy Regional Council to offer subsidised zero-rate Energy Performance Construction loans for new housing. Banking business was buoyed by our successful bid for the joint tender put out by the URSSAF agencies in Burgundy and Franche-Comté. Finally, the Director of the Burgundy office acts as external representative on the Board of Governors of the University of Burgundy which will allow us to provide strategic input into the "Universities" arm of Elan 2020.

Corsica



Richard Curnier
Regional Director

Caisse des Dépôts granted €42 million in new loans to social housing landlords to finance 760 units of regulated social housing throughout Corsica. It has loaned €60 million to local authorities for road and rail building projects and set up a property company along with a local firm to finance 57 units of worker accommodation in a residential district of Ajaccio. We are now also the leading banker to social security bodies having successfully bid for all of the tenders put out by them. We have signed a partnership with the Pasquale Paoli University of Corsica to fund a range of studies related to the LRU law on universities.

Ile-de-France (greater Paris region)



Claude Blanchet
Regional Director

A number of major projects were completed during the year including offices in Sénart (Caisse des Dépôts financed €1.3 million out of a total cost of €11.4 million) and Provins (built by SAS IIE 77 in which Caisse des Dépôts has a 40% stake), 124 intermediate housing units in Rosny-sous-Bois and 46 units in Les Mureaux, 143 units of student accommodation in Saint-Ouen and 86 high energy performance dwellings in Vitry-sur-Seine. Total investment for all of these projects came to €24.7 million. The housing loan book increased by a further €2,310 million in 2008. Caisse des Dépôts is co-financing a €500,000 "loans-on-trust" fund to finance business ownership transfers. We have entered into seven different partnership arrangements with universities and the top business and engineering schools.

Aquitaine



Xavier Roland-Billecart
Regional Director

Caisse des Dépôts has devised an innovative public-private financing arrangement for the Campus university development plan involving four universities in Bordeaux in partnership with the Aquitaine region (€500 million has been earmarked). A number of renewable energy projects (including schemes to harness solar and biomass energy) are in the pipeline and should come on stream in 2009. Over €470 million in loans from savings funds were granted, including €360 million for housing, €30 million for the Bordeaux tramway line and €80 million for local authorities. Caisse des Dépôts also won two contracts put out to tender by URSSAF in Aquitaine to manage its banking services.

Brittany



Dominique Mirada
Regional Director

Caisse des Dépôts has invested €4.2 million in a methanisation project launched by Géotexia (Côtes d'Armor) involving a pollution-free method of generating electricity from pig slurry and agri-food industry effluent. Caisse des Dépôts is working with Rennes 1 University to develop its property development plan and also handles some of its financial investments. Banking business is thriving and loans to institutions have increased threefold over the past two years to stand at €272 million for the year. Loans granted have increased by over 50% to €540 million, including an amount of €100 million used by the Brest Urban Authority to finance its first tramway line.

Centre



Yves Aguiton
Regional Director

€1.05 million was invested in renewable energy in a solar energy farm in Chaillac (Indre). Caisse des Dépôts has also decided to invest in 84 HEQ apartments in the Deux Lions district of Tours along with SNI group. Four complexes containing 8,500 m² of office space are to be built in the same district by the non-trading real estate investment company Acti Campus in which Caisse des Dépôts has a 33% stake. A savings funds loan of €100 million has been approved for Orléans' second tramway line along with another €100 million loan for the tramway in Tours. The housing and urban development loan book in the Centre region has doubled since 2004.

Franche-Comté



Jean-Paul Guérin
Regional Director

Caisse des Dépôts has taken a 24% stake in the regional multimedia operator Numerica which restructured as a semi-public company operating within a competitive cluster. We also took a 44% (€8 million) stake in Alvancia, a non-trading real estate investment company (SCI) set up to build HEQ-certified offices in Belfort to be used by Alstom Power. A partnership arrangement between Caisse des Dépôts, the State Counsel's Office and the Regional Court has resulted in the city of Besançon being used in a pilot scheme to reform the law relating to legally-protected people. Caisse des Dépôts signed 250 loan agreements for a total amount of €131 million (up 67%) and granted infrastructure loans worth €62 million.

Limousin



Jean-Charles Watiez
Regional Director

Savings funds lending hit an all-time high with €100 million in new loans to finance housing and a new urban renewal contract with the city of Limoges (€43 million out of a total investment of €100 million was financed by subsidised loans). In our banking role, amounts invested on behalf of institutions leapt 41% and we renewed an agreement with the CAF de la Creuse (family allowances fund). As part of its commitment to local and regional initiatives to provide dependent care, Caisse des Dépôts took a 45% stake (€8 million) alongside Haute-Vienne Mutual Insurance Company in a project to build an 80-unit dependent-care facility for the elderly (EHPAD).



"The regional offices are heavily committed to urban renewal and housing development."

© L'Oeil Public / Julien Daniel

French Antilles & French Guiana



Philippe Lambert
Regional Director

Caisse des Dépôts has signed a 99-year lease agreement with the Regional Council in Guadeloupe to build a university devoted to the craft industry within the scope of a public-private partnership: €20 million has already been invested, some of which has been used for 1,200 m² of solar panels installed on buildings. We have also entered into a partnership arrangement with Voltalia Guyane that aims to generate a total output of 40MW from renewable energy using biomass, solar power and water. The Solar Energies programme continued apace and solar panel roofs were installed with a capacity of 3MW. In Martinique, the new 10,500m² Perrinon shopping centre was opened in the Fort-de-France urban renewal area.

Loire Valley



Roland Chaboud
Regional Director

Work began on the SNCF training centre in Le Mans. It is being built by a simplified joint stock company that is 35%-owned by Caisse des Dépôts. A public-private partnership has been signed to build a 794-unit healthcare facility in Saint-Nazaire. The €280 million project is being headed up by a company that is 35%-owned by Caisse des Dépôts. The first 53 units of affordable social housing built by a non-trading real estate investment company wholly-owned by Caisse des Dépôts were inaugurated in Nantes (cost of investment: €12.4 million). There was a three-fold increase in loans using savings funds during the year to €790 million.

Regional network



© L'Oeil Public / Julien Daniel

Provence-Alpes-Côte d'Azur



Christian Olivères
Regional Director

Caisse des Dépôts has lent Orres Local Council (in the Hautes-Alpes) €3 million to develop and upgrade its ski resort facilities. We invested in affordable rented accommodation in areas where property prices are forcing people out: 44 housing units were built in Var and 75 in Alpes-Maritimes. Caisse des Dépôts is also a stakeholder in the construction of two solar energy power stations in the Durance Valley (€5.8 million). A partnership was set up with the public institution, Plaine Var, to develop a national interest project at Plaine du Var in Nice, a future sustainable development showcase. A total amount of €176 million was lent to local authorities in 2008.

Rhône-Alpes



Alain Weber
Regional Director

Caisse des Dépôts has committed €1 million to co-financing feasibility studies for Grenoble and Lyon Universities as part of the Campus university development plan to boost modernisation and autonomy. The intermediate house-building programme was stepped up and 200 new units were started in 2008 (i.e., 20% of the national total), particularly in the Genevois français region, Grenoble and Vénissieux. Caisse des Dépôts' continued support for the France Active network was highlighted when Martin Hirsch (High Commissioner for Active Inclusion Against Poverty) was invited by Michel Bouvard to participate in the 20th anniversary celebrations of the ADISES social insertion association in Savoie.

Lorraine



Emmanuel Collin
Regional Director

Caisse des Dépôts stumped up €5.3 million or 20% of the required equity financing for the Center Parcs de Moselle holiday village (total infrastructure cost of €103 million). One of the first national public-private partnerships to finance digital development was signed with the Meurthe-et-Moselle General Council covering total investments of €40 million. Loans using savings funds surged 69% year on year to €232 million on the back of the boom in urban renewal projects (six new agreements were signed during the year). As part of an agreement with the four Lorraine-based universities, Caisse des Dépôts will release €650,000 to carry out feasibility studies under the Campus university development plan.

New Caledonia & French Polynesia



Yves Bellec
Regional Director

In New Caledonia, Caisse des Dépôts has invested over €110 million in the construction and renovation of 1,300 dwellings, including the first social housing construction project in Northern Province. Our commitment to business creation programmes (ADIE, APH, FIR) has resulted in over 250 direct jobs. We have helped sponsor a mining code that provides for the use of sums held in escrow accounts to rehabilitate abandoned mining sites. In French Polynesia, an agreement was signed with the national government to deploy about ten cyber-bases in Tahiti and throughout the archipelagos.

Poitou-Charentes



Gil Vauquelin
Regional Director

Caisse des Dépôts has invested €11.9 million in 17 Numérique's drive to introduce broadband internet access throughout Charente-Maritime. Caisse des Dépôts has illustrated its commitment to sustainable development through the commissioning of four wind farms in Péré (Charente-Maritime), a €50,000 investment in a regional social enterprise involved in developing solar energy, the construction of 475 social housing units built to very high energy-saving specifications and the launch of a major partnership project to weatherise low-cost housing. In addition to setting up a regional joint investment fund, the regional office has sponsored the second highest number of social micro-credit initiatives in France (700 loans granted).

Reunion-Indian Ocean



Michel Pupin*
Regional Director

Caisse des Dépôts headed up the consortium that signed the first public-private partnership agreement outside of mainland France with the local Chamber of Commerce and Industry to build and maintain a cereal terminal in Port-Réunion. We continued to invest in solar power and in commercial property development in the commercial (Vitrines du Sud in Saint-Pierre) and healthcare (Port and Saint-Joseph) sectors. A total of €70 million was invested in the island in 2008. Caisse des Dépôts entered into a partnership with La Reunion University to provide expertise and funding for feasibility studies related to modernisation work.

* succeeded Hervé Tonnaire in November 2008

Upper Normandy



Loïc Rolland
Regional Director

Caisse des Dépôts has entered into partnership arrangements with the Le Havre and Rouen area councils. Five new urban renewal contracts were approved for an amount of €120 million in subsidised design and research loans. We have invested in France's first social hotel residence in Evreux. Caisse des Dépôts has also signed loan agreements totalling €750,000 with Le Havre and Rouen universities to finance studies for their property development plans. As well as helping to develop three cyber-bases, it has pumped €3.3 million into optical fibre network development in Eure and high-speed broadband development in Gonfreville-l'Orcher (the second investment of this type in France).

Lower Normandy



Jean-Marie Bricogne
Regional Director

We granted a record amount of loans totalling €189 million mainly for financing housing for distressed populations and enhancing energy efficiency. Caisse des Dépôts was part of the investment consortium that took delivery of the new Faurecia factory in the Mécapolis business park near Flers. It also has a 30% stake in Manche Télécom which is committed to providing broadband internet access to 26,000 dwellings in the Cherbourg and Saint-Lô areas. Caisse des Dépôts is also part of the Alicorne consortium which has secured the concession to run the A88 motorway scheduled to begin service in 2010.

Nord-Pas-de-Calais



Marc Desjardins
Regional Director

The national partnership agreement was signed between the Ministry for Education and Caisse des Dépôts at a school in Raismes near Valenciennes to supply about fifty schools with public digital space. Caisse des Dépôts has invested about €735,000 (out of a total cost of €11.3 million) in the Centre Hélène-Borel for the disabled, one of the first facilities to be built in the new "Humanité" district in the centre of Lille. The social entrepreneur and solidarity development fund (FIDESS) was launched at the CRÉER fair by Caisse des Dépôts, the other stakeholders in PRCTE⁽¹⁾ and France Active.

(1) Programme to sponsor business creation and ownership transfers.

Midi-Pyrénées



Serge Bergamelli*
Regional Director

Loans using savings funds reached an all-time high of €480 million and included a €111 million loan for investment in the regional rail infrastructure and €56 million to fund local authority investment projects. Two "PRES" (centre of higher education and research) agreements were signed with Mirail and Paul-Sabatier Universities as part of a partnership with the Toulouse University complex (4 universities and 12 schools with a total of 96,000 students). Caisse des Dépôts invested in a €4 million capital increase carried out by Midi-Pyrénées Croissance, a private equity company that works with 75 different companies, increasing its stake from 4.7% to 10% (€1 million).

* succeeded Jacques Terrasse in May 2009

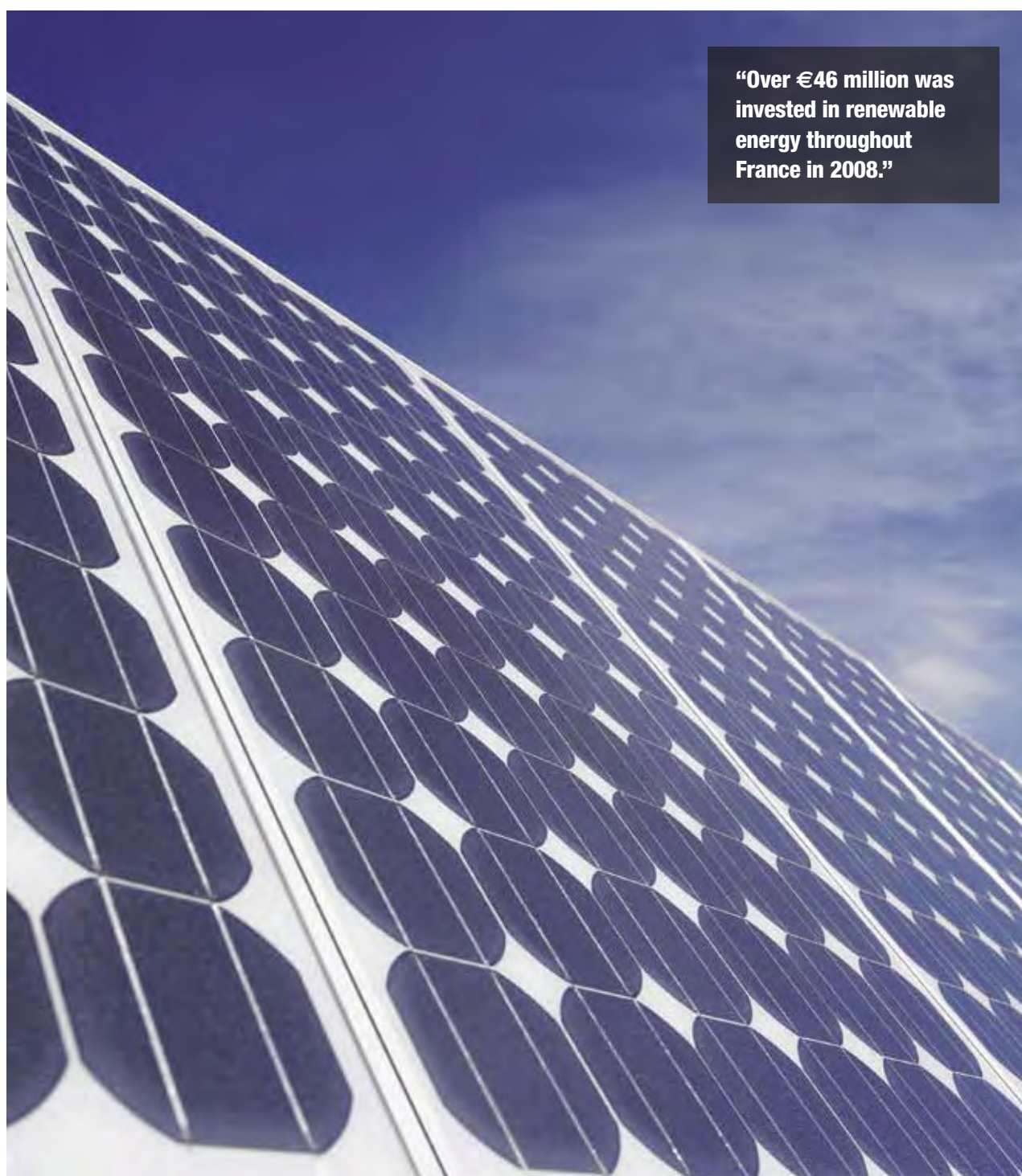
Picardy



Brigitte Louis*
Regional Director

Caisse des Dépôts entered into a partnership agreement with the Technical University of Compiègne to overhaul its property development plan. We rescheduled the debt of two social housing entities thus preventing them from having to pay back €90 million in early repayments. We also took part in various regional commissions dealing with how to manage in the current financial crisis and we were instrumental in the launch of the regional platform alongside Oséo. SCI Tertiel (Terralia) delivered the first 6,200 m² building in the Gare-Vallée district of Amiens which was 25%-co-funded by Caisse des Dépôts.

* succeeded Hubert Briand in April 2009



"Over €46 million was invested in renewable energy throughout France in 2008."

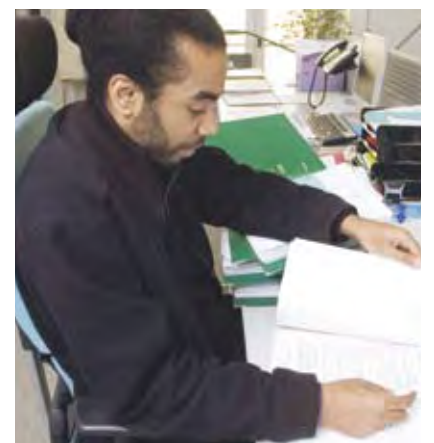
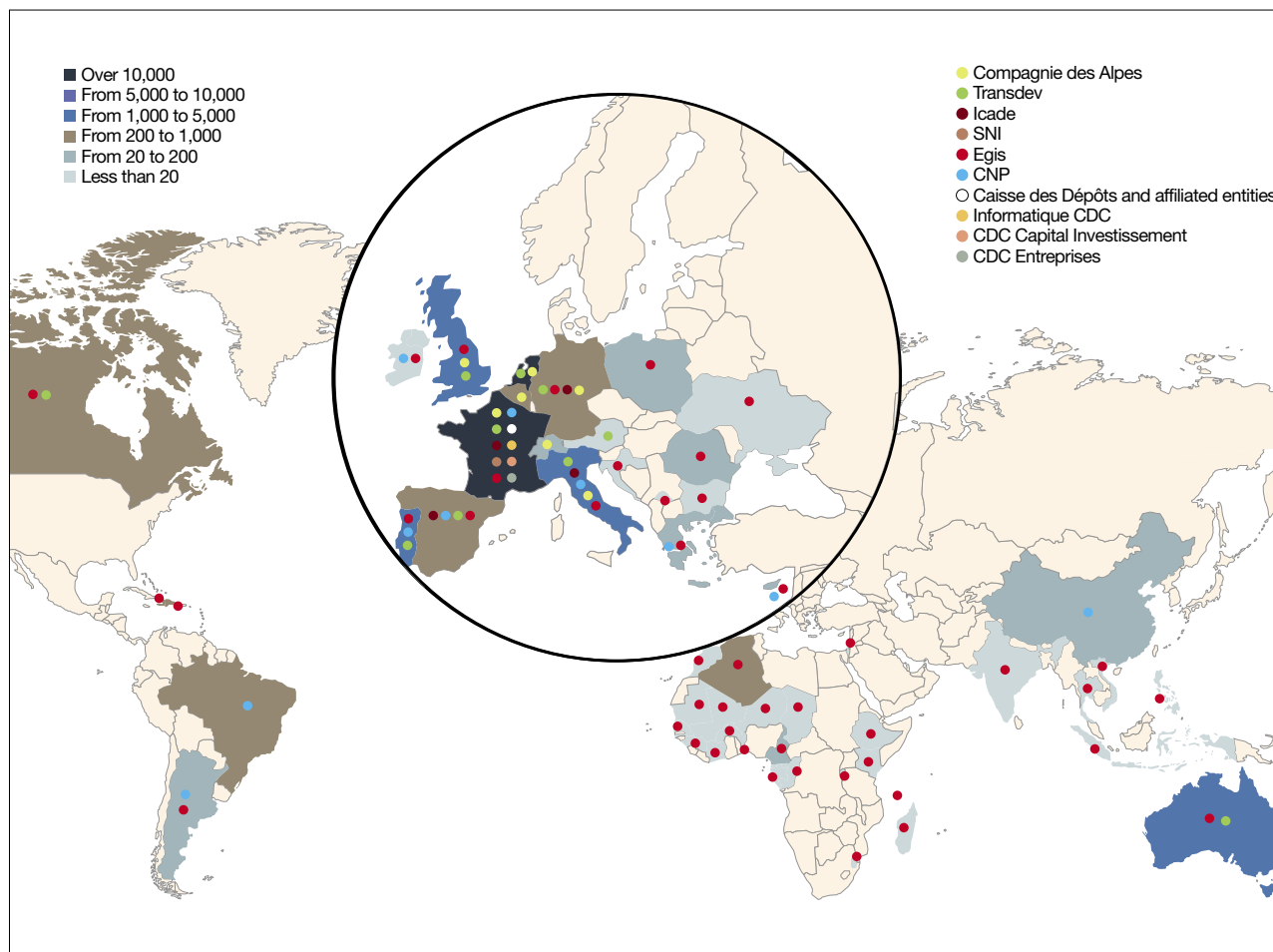
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Efficiency, exemplarity, openness and audacity

As part of the Elan 2020 strategic plan, Caisse des Dépôts has selected four corporate values that embody the Group's outlook: efficiency, exemplarity, openness and audacity.

These four values are the culmination of a huge consultation process that was one of the highlights of 2008 and involved all of Caisse des Dépôts' employees. Each person was asked three questions in order to get a snapshot of the Group's founding and current values and to work out how to deploy them on a day-to-day basis. The results were then handed over to a working group composed of employees from all Group entities tasked with sifting through all of the information to identify the four predominant values.

The Chairman and Chief Executive Officer unveiled these values when he presented his best wishes for 2009 to all employees. These values represent a common culture, a vector for guiding our day-to-day actions and a beacon for each and every employee.



© Caisse des Dépôts / Jean-Marc Pettina

Caisse des Dépôts draws its lifeblood from its unusually high diversity, with 70,000 employees working in both the public and private sectors in 90 different countries and its unique structure based around a multitude of projects and locations and constantly evolving business lines.

In order to tap into this wealth of diversity, Elan 2020 has placed human resource management at the heart of Group strategy. A Group Human Resources department was established to oversee the day-to-day implementation of Elan 2020 HR strategic focuses across the Group as a whole. Exchanges within the Group human resources function are now structured around regular meetings to facilitate the effective pooling of skills and best practices.

In April 2008, a monthly committee chaired by the Director of Group Human Resources was set up to liaise with the human resources departments in the subsidiaries in order to roll out HR policies based around the four priorities to all corners of the Group.

Bolstering the Group's corporate culture

Caisse des Dépôts University is an important plank in the Group's strategy. It has been allocated resources commensurate with the Group's developmental ambitions and is there to provide management with a forum for open debate and promoting values, a means of bolstering internal cohesion, a think-tank and a vector for sparking innovation and creativity. The new training programmes developed in 2008 will be instrumental in forging a shared corporate culture and the four core values identified at the end of 2008 (see insert) will help rally all of the Group's employees around this shared identity.

Developing professional mobility throughout the Group

Developing professional mobility will enhance career trajectories for Group employees and boost skills transfer between entities. Work was carried out in 2008 on identifying obstacles to mobility and developing common Group-wide guidelines. In the autumn,

Caisse des Dépôts is looking out for the long-term interests of its employees

As part of the Elan 2020 strategic plan, the human resource management structure was rolled out to the whole Group during 2008. This involved giving a new impetus to the entire human resource management function for the good of the Group as a whole.

mobility committees were set up for certain professional groups and employment pools for certain regions. The idea is to eventually roll out these structures across the entire Group.

Attracting and retaining the talent the Group will need over the coming years

The Caisse des Dépôts name is a powerful recruiting tool for all Group entities. Based on the findings of a major internal and external image survey carried out during 2008, Group recruitment drives will be more effectively coordinated and marketed under both a common banner and individual entity names.

The orientation process for new hires has been revamped in order to give new hires a more global perspective of Caisse des Dépôts Group in all its diversity.

Two "new generation" workshops were organised during the year to welcome new hires and keep employees abreast of where the Group is heading. At the first new-hire orientation day, over 50 employees from throughout the Group were able to share information and exchange views with managers.

Celebrating diversity and integrating the disabled more effectively

Caisse des Dépôts has to show the way in this area. It has launched a range of pro-active measures to combat all types of discrimination: training modules developed at the Caisse des Dépôts University on how to integrate disabled people more effectively; audits of disabled persons working in CNP Assurances and Icade; a professional gender equality charter in Egis, etc. These initiatives will continue apace in 2009 and beyond. ■

	New hires in France in 2008 ⁽¹⁾	Headcount at 31 December 2008 ⁽²⁾	
		Total	of which foreign subsidiaries
Caisse des Dépôts	314	5,297 ⁽³⁾	
Entities affiliated to Caisse des Dépôts	194	845	
Informatique CDC	41	1,272	
CNP Assurances	213	4,474	1,384
SNI group	1,001	4,667	
Transdev group	1,652	36,224	27,194
Egis group	600	7,300	4,260
Icade group	426	3,550	210
Compagnie des Alpes group	1,477	4,649	2,603
Total	5,918	68,278	35,651

(1) Including employees on permanent and temporary contracts, excluding seasonal workers.
(2) Total number of employees = number of registered employees at 31 December regardless of type of employment contract (permanent or temporary).
(3) Active employees.

Caisse des Dépôts advocates a long-term commitment to human resource management

Internal mobility, training, skills donation, stress management... Caisse des Dépôts is more committed than ever to enlightened management of its primary resource in the face of constantly changing missions and longer working lives.

New framework agreement

Caisse des Dépôts has signed a new framework agreement with virtually all of the trade union organisations covering the period 2009-2011.

It reasserts its core human resource management priorities and values in light of longer professional working lives and the new missions entrusted to Caisse des Dépôts.

One such priority - **internal mobility** - has been given added impetus through the development of Group-wide mobility programmes (see page 22), especially in support and cross-disciplinary functions. The Group is also funding geographical mobility in areas undergoing redevelopment in order to attract expertise to such regions.

Professional trajectories - aside from promotions achieved in the normal course of events and in-house training - are being bolstered by regular career talks and skills assessments for over-45s. At the same time, the increasingly professional nature of

mentoring is opening new possibilities for experienced staff and is a new technique for managing the second half of employees' careers.

In order to strike a balance between professional obligations and family life and in keeping with its values, Caisse des Dépôts is developing skills donation programmes, specific working arrangements such as teleworking (129 teleworkers at the end of 2008) and helping employees with childminding arrangements and rental accommodation. It also allows for a shorter working week for seniors in certain circumstances.

Training as a professional and personal development tool

Caisse des Dépôts' ongoing commitment to training remained just as strong in 2008. During the year, almost 90% of employees received an average of 4.86 days' training, equivalent to 4.09% of total payroll. Major investments were made in general

training (IT, languages, management), Right to Individual Training (DIF, which doubled between 2007 and 2008), specialised training (Basel II standards) or the preparation of competitive exams for promotion.

Stress management

For a number of years, both legislation and branch agreements have pointed up the extent of psycho-social risks at work and sought to foster awareness of the importance of well-being in the workplace. "Stress surveys" have been conducted at all of Caisse des Dépôts' sites in liaison with the operating divisions. The Human Resources department also organised a number of conferences in 2008 as well as a course in "stress management" comprising three modules delivered to 180 HR and welfare department employees and managers. Employees suffering from stress in their professional or personal lives may also call a toll-free counselling service for individual advice and support. ■

Indicators at 31 December 2008

	2006	2007	2008
Total number of active Caisse des Dépôts employees	5,063	5,180	5,297
Permanent employees (civil servants, employees on permanent contracts and those with special <i>Mines</i> status)	4,890	4,976	5,061
Temporary employees (fixed-term contracts, job-training contracts)	173	204	236
Number of trainees over the year	154	150	163
Proportion of executives and Cat. A employees/total active permanent employees	34%	35.9%	37.4%
Proportion of advanced technicians and Cat. B employees/total active permanent employees	35%	35.9%	38.1%
Proportion of office staff and Cat. C employees/total active permanent employees	31%	28%	24.5%
New employees (permanent + temporary)	348	377	406
Permanent contracts	167	132	149
Fixed-term contracts (including CAE and apprenticeships)	181	245	257
Net new permanent jobs	+ 35	+ 89	+ 67
Average age	45.9 years	46.6 years	47.1 years
Average seniority	20.5 years	20.9 years	21.1 years
Turnover (of permanent employees)	5.0%	3.5%	3.8%
Percentage of part-time employees	16.8%	17.4%	17%
Absenteeism rate	5.9%	6.1%	5.9%

Training	2006	2007	2008
Training expenditure as a percentage of payroll ⁽¹⁾	4.09%	4.15%	4.09%
Percentage of employees not receiving any training	14%	13%	11%
Average number of training days for each employee trained	5.0	4.4	4.9

Workplace relations	2006	2007	2008
Number of employee representatives who are permanent employees	72	73	72
Number of permanent trade union representatives	15	16	16
Number of agreements signed	7	3	7

Health and safety	2006	2007	2008
Total safety-related expenditure	€2,502,246	€3,155,455	€4,988,437
Number of work-related accidents resulting in time off	65	64	77
Number of acts performed by healthcare services	16,896	16,546	18,155

Gender equality	2006	2007	2008
Percentage of female employees	62.6%	62.7%	62.6%
Percentage of executive employees	34.1%	36.0%	37.5%
Percentage of female executive/Cat. A employees	48.3%	49.0%	49.3%
Average income of female executives compared with that of male executives ⁽²⁾	82.5%	83.4%	81.1%
Percentage of women in senior management	24.5%	25.4%	25.8%
Percentage of female high-potential executives	40.91%	44.1%	47.5%

Inclusion of disabled persons	2006	2007	2008
Expenditure on workplace inclusion	€552,248	€1,046,072	€738,613
Amount of business generated with sheltered workshops	€140,523	€118,096	€109,249

(1) (Total training costs) ÷ (total annual payroll before payroll costs) x 100.

(2) (Average net annual compensation of female executives/Cat. A employees) ÷ (average net annual compensation of male executives/Cat. A employees) x 100.

The success of degree-granting courses

In 2008, for the first time, Caisse des Dépôts sponsored eight candidates wishing to study for the three-year IT project management degree course run by Marne-la-Vallée University. All eight candidates successfully obtained this qualification which is very highly regarded by the operating divisions.

The two-year professional degree in financial markets operations management (GOMF) is currently being run for the second time. It has already enabled 15 people to boost their career prospects and achieve a handsome return on their personal investment. ■

The proportion of disabled employees continues to rise



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The proportion of disabled people employed by Caisse des Dépôts has continued to rise and stood at 3.25% at 31 December 2008. The Chairman and Chief Executive Officer has set a target of 6% (the legal rate), including 4% in direct jobs by the end of the 2009-2011 three-year plan. Caisse des Dépôts' disability taskforce is involved in recruiting all disabled personnel and then liaising with the managers, the ergonomic advisor and the welfare department personnel in order to provide the appropriate resources to compensate for the hiree's handicap. It implements measures to improve accessibility, develops

two-way communication channels with disabled persons and helps foster awareness among all employees by organising regular events (e.g., sign language workshops held during national disability week).

The taskforce also works with the different purchasing departments to develop a proactive policy of procurement from sheltered employment programmes and a target of subcontracting 2% of purchases to such programmes has been set for the end of 2011. By combining direct employment with subcontracting, Caisse des Dépôts aims to achieve an overall employment rate of disabled persons of 6% by the end of 2011. ■

My career has an edge to it. I can change job, workplace or country and I will still be acting in the public interest, striving for economic development. This is also why I joined Caisse des Dépôts Group - I can give full rein to my taste for audacity and efficiency. No matter whether I work in engineering, transport, property development, corporate finance, insurance or leisure - I know that everything I do will be useful. Our performances today benefit long-term projects - public facilities, social housing or infrastructure. And, if my children live in a better world, it will be partly down to me.

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CREATOR OF LASTING SOLUTIONS

Caisse des Dépôts anticipates risks in order to manage them more effectively

Caisse des Dépôts' Risk Management and Internal Control department (DRCI) liaises with the Group's operating divisions and subsidiaries to constantly improve control procedures. The various entities made great strides during the year.

Pursuant to the 9 March 2009 decree implementing the Law on Modernisation of the Economy, from 1 January 2010, Caisse des Dépôts will be governed by the best practices set out in Comité de la Régulation Bancaire et Financière standard CRBF 97-02 on internal control, subject to a number of modifications regarding its implementation. The Supervisory Committee will entrust the Banking Commission with compliance oversight for the application of this standard to its banking and financial activities.

Ongoing control

Caisse des Dépôts' internal control system is based on the principle of segregation of operational and control functions. Internal control is relatively decentralised throughout Caisse des Dépôts' business lines and subsidiaries. It is overseen by a risk officer, who is hierarchically independent of operational managers, and a risk committee, which is coordinated by the risk officer. Risk identification tools (incident databases, risk mapping, etc.) are included in the compliance risk prevention mechanisms.

Using Group-wide standards, DRCI liaises with the business lines and subsidiaries to assess the effectiveness of action plans in achieving target objectives. Compliance control plans serve to coordinate the different initiatives taken in relation to business ethics

and the fight against money laundering, information systems security, preventing fraud (a number of working groups have been set up for this purpose) and the management of physical and environmental risks. Together they help to enhance Caisse des Dépôts' internal control arsenal on an ongoing basis.

In 2008, the principal changes in the internal control system at the level of Caisse des Dépôts' business lines and subsidiaries were as follows:

- The Banking Services division and the Pensions division began rolling out their compliance control plans and supplementing measures already taken by DRCI with specific compliance testing at business line level.

- The Regional and Local Development and Network division and the Savings Funds division both launched major programmes to document first- and second-tier controls in line with the related procedures and operational risks covered.

- DRCI teamed up with Informatique CDC to launch a digital security infrastructure in order to provide Caisse des Dépôts' business lines with a computerised secure transaction service based on electronic signature, stricter access control and probative electronic archiving.

- Icade began work on setting up an internal control system for its subsidiaries and overhauling its risk management information system using integrated software.

Financial risks

DRCI is involved in the determination of the commitments contracted by the various business lines and plays a central role in monitoring credit and market risks on investment portfolios. It conducts a second, independent review of financial risks in a manner suited to the nature and amount of the investment.

As regards investments, risk evaluation checklists are used to weigh up commitments proposed in committees at the highest decision-making level within the individual businesses or Caisse des Dépôts itself. They check that the project is in line with the Group's strategy, that risks have been properly identified and hedged, and that the expected return on investment is reasonable for the class of assets concerned (e.g., for public interest investments).

As regards counterparty risks arising on investment portfolios, these are examined at a dedicated monthly committee meeting attended by DRCI members and financial executives from Caisse des Dépôts' proprietary trading business and Savings Funds division.

Individual counterparty limits are fixed based on the results of approved, documented methodological approaches that ensure consistent treatment across counterparties. The methodology applied takes into account position limits, the measurement of "major risks", diversification rules,

sector analyses and exposure limits, and the management objectives set by finance departments. Compliance with prescribed limits is tested on a daily basis by DRCI. Teams charged with analysis and control use dedicated IT tools, financial information (especially credit ratings) and their own research findings.

During 2008, ESG (environmental, social, governance) issues were gradually incorporated into the assessment of default risks using the expertise of a non-financial rating agency. An in-house rating system based on analyst expertise is also used to rate counterparties and in 2009-2010 this system will gradually be brought into line with Basel II regulations concerning internal rating methods. Caisse des Dépôts' investment portfolio credit risk is limited by the quality of the counterparties, i.e., French government-issued bonds, investment grade bonds or equivalent and senior tranches of mortgage-backed securities.

In addition to monitoring credit risk, DRCI provides oversight for all market risks on investment portfolios and issues related recommendations at ad hoc, general, or specific committee meetings.

This oversight is largely based on the application of quantitative risk assessment methods (covering VaR, volatility, tracking errors, and so on) to test for interest rate and credit risk on listed equity holdings, which represent a significant portion of investment portfolios. ■

Back offices handle large volumes of transactions

The back offices now trade much higher volumes of financial instruments. There was a large increase in volumes of securities due to the increase in, and diversification of transactions in the Pension Fund Reserve, and in derivative instruments where both volumes and amounts traded have doubled over the past year. The mutual fund trustee business also grew and 14 mutual funds were being managed at end-2008 with a marked-to-market value of €6.5 billion.

Growth in mutual fund trustee business. The "payment systems business" has launched three major projects

Two key projects were completed: the IT system was made compatible with the new management software being used by our authorised custodian, Caceis, and the securities accounts for the different savings funds were merged following the extension of Livret A distribution to all banks.

The "payment systems business" launched three major projects in order to follow the market:

- it is now hooked up to Target II, the European real-time, high-value settlement system in which Caisse des Dépôts participates directly;
- adherence to the European SEPA credit transfer system (SCT); and
- migration of the French interbank clearing system (SIT) over to the new CORE clearing system for small amounts. ■

Business ethics

The fight against money laundering

The Group ethics department is tasked with monitoring (i) compliance with procedures and regulations relating to the conduct and actions of permanent or temporary employees; (ii) transparency in the execution of all of the institution's transactions with customers and in the management of its assets; and (iii) compliance with regulations concerning the rule of law (combating money laundering and terrorism, etc.).

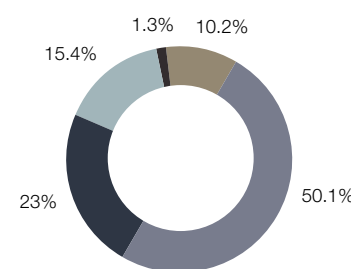
In order to execute this mission as effectively as possible, the department is constantly striving to enhance its procedures

by keeping abreast of legislative and regulatory developments and by expanding the scope of, or adapting the Group's own rules. In the wake of the Markets in Financial Instruments Directive (MIFID) of 2007, the Group ethics department launched a programme to combat money laundering and the sponsoring of terrorism which is nearing completion. The programme aims at a root-and-branch overhaul of existing systems throughout Caisse des Dépôts and its subsidiaries in light of the new guidelines contained in the Third European Directive. In the first phase, the different entities devised a joint framework system based around five components:

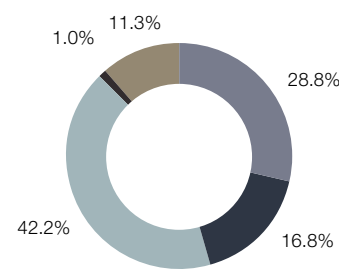
organisation, evaluation of risks, procedures, information systems and controls. The second phase involved each entity using the afore-mentioned framework to conduct its own detailed inventory and evaluation of the different risks to which it is exposed. All risk assessment work for Caisse des Dépôts was conducted by the Group ethics department.

The department continues to foster awareness of ethics-related issues through communication (all new hires receive a copy of the Group ethics charter as well as current regulations in force) and training (anti-money-laundering initiatives, etc.). ■

■ Breakdown of long-term issues held by the Central Sector (based on Standard & Poor's ratings)



■ Breakdown of long-term issues held by the Savings Funds (based on Standard & Poor's ratings)



■ AAA ■ AA ■ A ■ BBB ■ NA

Implementing Basel II standards

Caisse des Dépôts, which is not legally subject to Basel II regulations, has decided to base its internal capital adequacy methodology on these regulations. The Basel II project, conducted by DRCI in conjunction with the finance departments and business lines, will enable Caisse des Dépôts to enhance its risk-monitoring and capital-allocation mechanisms. The institution, which began with an initial degree of compliance with the standard method at the end of 2006, has rolled out a new centralised risk-monitoring system and internal methods will be used as and when the information systems of the different business lines have been brought into line.

At the same time, an Internal Capital Adequacy Assessment Process (ICAAP) is currently being prepared in relation to the Second Pillar of the Basel II framework and this will be rounded out by a "stress scenario" approach to test the methods used to calculate ICAAP together with their fit with the specific risks and economic models managed by Caisse des Dépôts. ■

Who will finance more than half of new social housing in France between now and 2010?

Caisse des Dépôts is a long-term investor in the service of the public interest and national development. The Group administers part of the French population's savings, including funds held in Livret A passbook savings accounts, together with funds entrusted to legal professionals, particularly notaries, it administers the pensions of one-fifth of the French population. It has set four priorities: housing, universities, small- and medium-sized businesses and sustainable development. One-third of Caisse des Dépôts' profits go into the national finances, one-third towards regional investment, and one-third is earmarked for partnering companies.

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Creator of lasting solutions.

CAISSE DES DÉPÔTS' PATRONAGE OF THE ARTS
Culture is public property

The Group has bolstered its strategic and financial management procedures

Against the backdrop of the current economic and financial crisis, Caisse des Dépôts has strengthened strategic and financial management in its different businesses and stepped up its efforts to combine performance with cost control. Here is a round-up of the resources deployed by the Finance, Strategy and Sustainable Development department.

Strengthening strategic and financial management across the different businesses is a means of consolidating the Group's contribution to the national economy and bolstering its role as long-term investor with sufficient weight to implement the counter-cyclical policies that stimulate certain sectors of the French economy. Group strategic and financial management is handled by the Finance, Strategy and Sustainable Development department which was recast in early 2009 with the creation of a new arm tasked with channelling Group thought processes through economic surveys, sustainable development and projections into strategic focuses for its economic and societal business model. The Finance, Strategy and Sustainable Development department is in charge of:

- coordinating, forecasting and strategically driving forward the Group's main development projects;
 - handling proprietary asset management as well as asset/liability management for Caisse des Dépôts;
 - monitoring divisions and subsidiaries from a strategic and financial perspective;
 - preparing accounts, monitoring performance against objectives and monitoring financial forecasting for the Group.
- It oversees the strategic and financial planning process for each Group subsidiary and each business line of Caisse des Dépôts. This process is documented in a memorandum setting out the strategic direction for the year and setting quantified objectives in accordance with the most relevant indicators, such as rev-

enues, profitability, solvency, and corporate social responsibility objectives. These memoranda and objectives are drawn up following discussion of the medium-term (three- to five-year) plan for each subsidiary. Supervision of business lines and subsidiaries is based on a monthly or quarterly operations report that incorporates objectives from the Elan 2020 strategic plan, and more in-depth half-yearly exchanges, which identify the extent to which objectives have been achieved.

This feedback complements the work carried out by the subsidiaries' governance bodies as well as more occasional exchanges organised around the strategic investment operations of each subsidiary. ■

Caisse des Dépôts is reducing its carbon footprint

As a leading carbon finance player, since 2005 Caisse des Dépôts has been firmly committed to assessing, reducing and offsetting its greenhouse gas emissions (GHGE). In 2006, it became the first public institution in France to achieve carbon neutrality.



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company car fleet will be replaced with cars that achieve an emissions target of 140 grammes of CO₂ per kilometre), etc.;

- get part of its energy requirements from renewable energy resources;
- reduce GHG emissions from staff catering facilities.

Broadening our scope

In addition to working on GHG emissions, Caisse des Dépôts is also committed to mitigating its environmental impact in other ways and is currently exploring a number of possibilities:

- putting organic products on the menu in staff catering facilities;
- stepping up its "responsible procurement" requirements by inserting specific clauses when putting out tenders for current supplies (an agreement has been signed with the UNEA which promotes the social integration of disabled people);
- implementing the objectives set out by the Prime Minister in the wake of the Grenelle environmental conference concerning the example that needs to be set by State services and institutions with regard to sustainable development⁽¹⁾. ■

Once it had carried out an initial valuation of its day-to-day greenhouse gas emissions (GHGE), Caisse des Dépôts devised indicators for monitoring progress in emissions reduction.

Evaluating greenhouse gas emissions

The carbon inventory (Bilan Carbone®) conducted on Caisse des Dépôts' business activities since 2004 using the method approved by the French Environment and Energy Management Agency (ADEME) comes out at

5.5 carbon equivalent tonnes per employee. These indicators measure annual GHGE and in order to achieve its stated target of reducing emissions by an average of 3% a year, Caisse des Dépôts has taken measures since 2006 to:

- enhance energy efficiency in buildings by installing occupancy sensors in washrooms, and by using compact fluorescent light bulbs and low-flow taps;
- raise staff awareness of actions to reduce electricity consumption and GHG emissions from business trips taken by Caisse des Dépôts employees (part of the regional office

Informatique CDC Supplier of competitive solutions



Informatique CDC is an intercompany partnership set up by Caisse des Dépôts, CNP Assurances, CNCE and Natixis, with a workforce

of over 1,200. It combines a dedicated structure by business line with pooling of human resources and equipment and technological innovation. By harnessing its wide-ranging expertise, Informatique CDC is in a position to offer a complete range of leading-edge IT solutions: project management, IT systems management, network and software applications operator, etc. The major IT development projects undertaken during the year related to enhanced security, computerisation of certain processes, data exchange programmes with partners and customers,

pooling of software and technical applications, and budgetary control. Informatique CDC can also draw upon its vast experience and market know-how to provide an assortment of essential IT management services such as a recognised central buying service, effective legal liability insurance and pro-active management of employment pools. This array of skills has turned it into a unique operator capable of devising made-to-measure solutions for Caisse des Dépôts and its customers and boosting their competitiveness. ■

Caisse des Dépôts' relentless growth and new missions have weighed down its budget

Gross expenses at constant scope have risen 2.7%.

In spite of the current period of acute economic turbulence, Caisse des Dépôts has continued to focus on developing its proprietary and client security trading business within the scope of the mandates entrusted to it. Nevertheless, two factors have hampered the progress made over the past five years in keeping the annual increase in gross expenses down to below 1%. Gross expenses increased by 2.7% year on year on a constant scope basis under the impetus of the spike in inflation over the first three quarters of 2008 and the surge in the

day-to-day workload throughout the institution (Members' Right to information, lending, investing and reorganisation of the Livret A passbook savings activity). Caisse des Dépôts also had to undertake a series of different actions for the purpose of:

- adapting to the new framework set out in the Law on modernisation of the economy and preparing to comply with the demands of the Banking Commission;
- strengthening Group support functions, particularly risk management;
- taking on new missions involving SMEs, universities, the Ministry of Justice, national funds, etc.

Consequently, Caisse des Dépôts continued to keep a tight rein on costs through proactive manpower planning, optimisation of IT resources and controlled property and logistics expenditure in order to offset the cost pressure exerted by the demands of the business lines. After netting out amounts rebilled to the entities that entrusted Caisse des Dépôts with mandates, the increase in net expenses on a constant scope basis over 2008 was 3.5%, in line with the objective established by Caisse des Dépôts at the time of its 2004 budgetary reform. ■

Environmental performance of Caisse des Dépôts

	2008	2008/2007 change on a like-for-like basis
Energy consumption		
Total electricity consumption (MWh)	50,732	+ 9.3% (- 3% excl. Informatique CDC)
Proportion of green electricity	16.5%	
Gas consumption (MWh)	12,261	- 4.3%
Fuel consumption (heating and generators) (litres)	156,390	- 33.4%
Heat consumption (MWh)	14,438	+6.4%
Other		
Copy paper consumption (tonnes)	269	- 4.3%
Water consumption (m ³)	135,636	- 3.5%
Waste indicators		
Total waste production (tonnes)	1,076	- 4.3%

Electricity

Electricity consumption at all of Caisse des Dépôts' sites has fallen by about 3% year on year due to the various technical measures rolled out during 2008. These include the installation of occupancy sensors in washrooms and the replacement of incandescent with compact fluorescent lamps. The increase presented in the table above reflects the consumption of Informatique CDC which

accounts for 57% of total electricity consumption. Informatique CDC's consumption was up 18.5% due to new IT platforms installed to cater to the requirements of new businesses. 25% of electricity used at Headquarters (56, rue de Lille) and in Arcueil comes from green electricity which takes the percentage of Caisse des Dépôts' electricity requirements generated from green sources to 16.5%.

Fuel

Trials were carried out to optimise the use of generators and this greatly reduced fuel consumption.

Paper

Paper consumption continues to fall thanks to a reduction in the number of printers, the installation of multi-function copiers and measures to raise awareness of good practices (limited printing, two-sided printing, etc.).

Who will finance over 10% of France's renewable energy between now and 2020?

Caisse des Dépôts is a long-term investor in the service of the public interest and national development. The Group administers part of the French savers' savings, including funds held in Livret A passbook savings accounts, together with funds entrusted to legal professionals, particularly notaries. It administers the persons of one-fifth of the French population. It has set four priorities: housing, universities, small- and medium-sized businesses and sustainable development. One-third of Caisse des Dépôts' profits go into the national finances, one-third towards regional investment, and one-third is earmarked for partnering companies. For further information, visit us at www.solutionscaissedesdepots.com. Creator of lasting solutions.

(1) Caisse des Dépôts is not bound by this circular due to its highly specific status of being under the supervision of the French Parliament.

Caisse des Dépôts explains its actions and promotes a group-wide philosophy

Explaining exactly what Caisse des Dépôts Group stands for, what it does and where it is heading, running a regional network that is in tune with the various regions, embracing Europe and the wider world, strengthening the sense of belonging among employees in order to forge a common corporate culture, celebrating the sheer range of expertise and businesses throughout the Group... these are the projects that need to be fleshed out and communicated within the scope of the Elan 2020 strategic plan.

Making it easier to understand the role played by Caisse des Dépôts

Although Caisse des Dépôts has been playing a singular and essential role in France since 1816 – providing lasting solutions to contemporary crises – many French people today know little about it even though they all benefit directly from its activities at some stage in their lives.

The Elan 2020 plan provides the Group with a strategic framework for showcasing its identity, priorities and principles. In 2008, communications activity focused on presenting the plan clearly and simply: raising awareness of the Group's expertise, activities and main concerns, and making its actions more accessible and visible at national, regional and even international level.

The keynote initiative for 2008 was the publication of Caisse des Dépôts' guiding principles which remind employees of its basic philosophy and explain the how and why of its business philosophy to the general public.

A number of other initiatives also focused on making Caisse des Dépôts more accessible, including a major media effort and frequent meetings with members of Parliament and their staff. In April 2008, an advertising campaign based around four themes symbolising the four priorities of Elan 2020 was run in the regional and national press and on the internet. Caisse des Dépôts used a dedicated website at "www.solutionscaissedesdepots.fr" to present the long-term solutions it has developed in the areas of housing, universities, SMEs and sustainable development. The communications drive targeting the general public was rounded out by an educational strand with the publication of a book in the *Que sais-je?* (everything you need to know about...) series on Caisse des Dépôts. This gives a clearer oversight of the Group's missions and its development from its foundation down to the present.

In the regions, numerous communications initiatives were used to promote the Group at local and

regional level. Both the Regional Directors and their teams made wide use of the media, particularly at the annual press conferences held to present their results and the actions deployed by Caisse des Dépôts in their region. The Chairman and Chief Executive Officer travelled extensively, meeting with elected representatives, Group employees and the regional press. During the year, Caisse des Dépôts stepped up its communications effort at European and international level with a view to influencing the ongoing European debate, representing the interests of its partners in international forums and helping to set up a Club of long-term investors.

Promoting a group-wide philosophy

The main focuses of internal communications in 2008 were promoting the Elan 2020 plan and forging a common corporate culture. There was a conscious focus on in-house meetings as forums for sharing information on Group strategy and outlook and all managers were brought together for the first Caisse des Dépôts Coaching Day. Other actions were organised throughout the year, including breakfast meetings with the Chairman and Chief Executive Officer for managers, induction courses open to all Group employees, theme-based breakfasts attended by employees and experts alike, as well as the annual convention for Group executives. All provided opportunities for exchanging views, dealing with questions and looking to the future. Finally, after a vast consultation process, employees selected four core values that embody the Group's outlook: efficiency, exemplarity, openness and audacity. These four values represent a common culture, a vector for guiding our day-to-day actions and a beacon for each and every employee. ■

A duty to inform and explain the current financial crisis

The current financial crisis has spurred Caisse des Dépôts into making unprecedented efforts on all fronts and its proactive approach was amply highlighted throughout the year.

As a long-term investor in public interest missions, Caisse des Dépôts has a duty of transparency, clarity and visibility that has been accentuated by the current crisis. The Group's relations with the press are guided by the premise that communicating and explaining its actions and objectives are essential for restoring the confidence that is so essential to economic growth. The third quarter of 2008 was a heady period for media relations and communication activities in general.

Casting light on current economic challenges

In addition to explaining how the Group itself is tackling the crisis, Caisse des Dépôts' brief also includes explaining and casting light on new economic and financial thinking and this duty will comprise a major part of its communications effort in 2009: explaining economics and economic cycles in layman's terms, the role of regulators and how problems arise, the notion of public interest, ethics, taking a long-term perspective, etc.



Biennal dance festival, © Stéphane Rambaud

Sponsorship helps to promote the arts throughout France

With a budget (excluding the Théâtre des Champs-Élysées) of €5.5 million, Caisse des Dépôts sponsored 491 projects (107 at national level and 384 out of the regional offices) in 773 towns and cities.

Caisse des Dépôts' patronage of the arts dates back to the 1980s when it began to sponsor local initiatives and associations. It focused its sponsorship on cultural projects organised by young people and residents in underprivileged areas as a means of providing further support for the Group's urban redevelopment policies. This was a pioneering philosophy based on Caisse des Dépôts' conviction that culture is an essential vector for self-enhancement and integration at local community level. Its patronage of the arts continues to focus on sections of the population that would not normally have access to culture and covers the whole of the national territory.

Music

The music programme funds the entire schedule of the Théâtre des Champs-Élysées, as well as helping to promote classical and contemporary music and choir participation throughout France, striving to raise

awareness among new listeners and encouraging amateur participation. Caisse des Dépôts' music programme sponsored almost 200 events and programmes in 286 towns and cities in 2008.

Urban outreach

Caisse des Dépôts' urban outreach programme finances arts workshops as a means of promoting community life and social integration for young people in underprivileged areas and also funds modern dance. Over the past ten years, the urban outreach programme has given a helping hand to more than 1,000 projects. In 2008, some 30,000 young and not-so-young people took part in cultural workshops in 289 towns and cities.

Reading

The reading programme is mainly aimed at combating illiteracy. It works alongside associations located throughout France that help young children who are socially and culturally excluded from a reading/

writing environment. It seeks to foster a love of reading among children and prevent early underachievement. It is currently being deployed in almost 400 towns and cities. ■

Théâtre des Champs-Élysées

Caisse des Dépôts has owned the Théâtre des Champs-Élysées (TCE) since the 1970s and it has carried out major renovation work over the years. It provides an annual subsidy to fund a first-class programme of events. In 2008, the Theatre welcomed almost 18,000 children to a play that had been specially written for them and in which they participated. Caisse des Dépôts' involvement underpins a commitment to promoting classical music throughout France. ■

In brief



© Frédéric Desmesure

What will tomorrow's France be like?

This project, sponsored by the League for Education, enlists artists from all horizons to work alongside young people to create collective works of art that embody the desires and con-

victions of youth vis-à-vis the France of tomorrow. The artists have familiarised the young programme volunteers with artistic techniques that they then use to express their dreams, hopes and desires through writing, plastic arts, theatre, slam, hip-hop, etc. ■



© Sylvain Larnicol

A helping hand with reading

An operation to help six-year olds with their reading has been organised throughout France by the Association for promoting equality for all at school (ApFEE). Teachers identify five children with reading difficulties who are given extra tuition four times a week after school.

Music on campus

The Music on Campus programme is the culmination of a period of close cooperation between universities and regional orchestras and it allows students to see classical music concerts for free either on campus or in their cities' concert halls. In 2008, 41 concerts were organised in nine cities (Bordeaux, Rennes, Lorient, Nancy, Toulon, Lyons, Annecy, Le Bourget du Lac and Chambéry). ■

The children in question and their parents are made aware of the importance of their commitment by being asked to sign a contract with the Mayor and his/her representative. The ApFEE will work with 9,000 children in 241 towns and cities in 2009 and plans to help 60,000 children between now and 2012. ■

My career has an edge to it. I can change job, workplace or country and I will still be acting in the public interest, striving for economic development. This is also why I joined Caisse des Dépôts Group - I can give full rein to my taste for audacity and efficiency. No matter whether I work in engineering, transport, property development, corporate finance, insurance or leisure - I know that everything I do will be useful. Our performances today benefit long-term projects - public facilities, social housing or infrastructure. And, if my children live in a better world, it will be partly down to me.

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Working in the public interest – it's more than just a job



C R E A T O R O F L A S T I N G S O L U T I O N S

Notion of group

The activities of Caisse des Dépôts derive from its original mission as the legal depository for private funds that the French legislature wished to safeguard by ensuring that they were managed in a way guaranteeing their protection. The management of these funds, which are used to finance public interest investments and support local and regional development in France, has led Caisse des Dépôts to become a major player in the financial markets, through its specialised subsidiaries, subject to regular market conditions.

This entity forms a public and decentralised group, carrying out its business in France and abroad in the financial, real estate and service industries. These activities are either governed by public fiduciary obligations or exercised freely in the competitive sector:

Public interest missions

- management of passbook savings funds and financing of social housing;
- fiduciary management of major public pension schemes;
- regulated banking and financial activities;
- support for local development, urban planning, job creation and small- and medium-sized businesses.

Competitive businesses

- **personal insurance** with CNP Assurances;
- **services and engineering** for regional and local development with the Egis, Transdev, Compagnie des Alpes and Santoline groups;
- **real estate activities**, through the SNI and Icade groups;
- **private equity**.

Presentation of the financial statements

For accounting and financial presentation purposes, Caisse des Dépôts Group's activities are divided according to its two principal missions:

- the fiduciary management of the funds entrusted to Caisse des Dépôts according to the rules defining the nature of the services provided and the related financial conditions. These funds are managed on a completely separate basis. This concerns in particular the savings funds centralised at Caisse des Dépôts and the management of public sector pension funds;
- the direct activities carried out by the Central Sector – Caisse des Dépôts' financial and administrative entity which is managed independently of the fiduciary operations – and by affiliated groups in France and abroad, notably Icade, Transdev, Egis, Compagnie des Alpes (CDA), Santoline, SNI and CNP Assurances. Only this activity is considered to constitute a group for the purposes of preparing consolidated financial statements, drawn up in accordance with accounting standards applicable to credit institutions. The consolidating entity is the Central Sector. Subsidiaries are fully or proportionally consolidated, or accounted for by the equity method, depending on the level of control. This distinction is evidenced by the exclusion of the savings funds and pension funds from the scope of consolidation. Their financial statements are presented separately.

Audit of the financial statements

In compliance with Article L.518-15-1 of the French Monetary and Financial Code (*Code monétaire et financier*):

"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 income statement, year ended 31 December 2008

(in millions of euros)	31.12.2008	31.12.2007
Interest income	5,727	5,192
Interest expense	(2,264)	(1,933)
Fee and commission income	48	35
Fee and commission expense	(81)	(80)
Gains and losses on financial instruments at fair value through profit or loss, net	(1,406)	816
Gains and losses on available-for-sale financial assets, net	(452)	3,109
Income from other activities	18,216	17,171
Expenses from other activities	(14,765)	(17,256)
NET BANKING INCOME	5,023	7,054
General operating expenses	(3,698)	(2,941)
Depreciation, amortisation and impairment of property and equipment and intangible assets	(405)	(285)
GROSS OPERATING PROFIT	920	3,828
Cost of risk	(253)	(28)
OPERATING PROFIT	667	3,800
Share of profit (loss) of associates	(1,915)	103
Gains and losses on other assets, net	39	70
Change in value of goodwill		3
PROFIT (LOSS) BEFORE TAX	(1,209)	3,976
Income tax expense	(87)	(1,174)
Net profit from discontinued operations		
NET PROFIT (LOSS)	(1,296)	2,802
Minority interests	(172)	(314)
NET PROFIT (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	(1,468)	2,488

Consolidated balance sheet at 31 December 2008

(in millions of euros)	31.12.2008	31.12.2007
Assets		
Cash and amounts due from central banks and post office banks	9	11
Financial assets at fair value through profit or loss	28,425	34,594
Hedging instruments with a positive fair value	161	109
Available-for-sale financial assets	120,853	123,771
Loans and receivables due from credit institutions	11,646	4,941
Loans and receivables due from customers	15,670	20,232
Cumulative fair value adjustments to portfolios hedged against interest rate risk		
Held-to-maturity investments	19,482	17,398
Current and deferred tax assets	644	334
Prepayments, accrued income and other assets	6,768	5,788
Non-current assets held for sale	51	10
Investments in associates	4,721	2,506
Investment property	8,011	7,296
Owner-occupied property and equipment	2,728	2,442
Intangible assets	575	547
Goodwill	1,217	1,192
TOTAL ASSETS	220,961	221,171
Liabilities and equity		
Due to central banks and post office banks		
Financial liabilities at fair value through profit or loss	2,936	1,537
Hedging instruments with a negative fair value	550	72
Due to credit institutions	22,665	22,594
Due to customers	42,321	43,711
Debt securities	22,386	7,824
Cumulative fair value adjustments to portfolios hedged against interest rate risk		
Current and deferred tax liabilities	898	4,241
Accruals, deferred income and other liabilities	8,583	9,549
Insurance company technical reserves	97,211	97,973
Provisions	1,118	1,122
Subordinated debt	760	777
Equity attributable to equity holders of the parent		
Reserves and retained earnings	19,388	17,794
Profit (loss) for the year	(1,468)	2,488
Unrealised or deferred gains and losses	644	8,798
Total equity attributable to equity holders of the parent	18,564	29,080
Minority interests	2,969	2,691
Total equity	21,533	31,771
TOTAL EQUITY AND LIABILITIES	220,961	221,171

Consolidated statement of changes in equity, 1 January 2007 to 31 December 2008

(in millions of euros)	Reserves and retained earnings	Attributable net profit (loss)	Translation reserve	Cumulative fair value adjustments to available-for-sale financial assets	Cumulative fair value adjustments to cash flow hedges	Equity attributable to equity holders of the parent	Minority interests in reserves	Minority interests in profit (loss)	Minority interests in unrealised or deferred gains and losses	Minority interests	Total equity
EQUITY AT 1 JANUARY 2007	15,880	3,653	35	10,103	26	29,697	2,459	312	248	3,019	32,716
Effect of changes in accounting methods	6					6	2			2	8
Appropriation of 2006 profit	3,653	(3,653)					312	(312)			
2006 dividend	(1,491)					(1,491)	(256)			(256)	(1,747)
Transactions with minority shareholders (1)	(193)					(193)	(374)			(374)	(567)
Other changes	(103)		6	107	(18)	(8)	148		(19)	129	121
Profit for the period		2,488				2,488		314		314	2,802
Unrealised or deferred gains and losses											
Exchange differences on translation of foreign operations							4			4	4
Fair value adjustments to financial instruments recognised directly in equity	1			257	28	286			(7)	(7)	279
Fair value adjustments to financial instruments reclassified to the income statement				(1,701)	(4)	(1,705)			(140)	(140)	(1,845)
EQUITY AT 31 DECEMBER 2007	17,753	2,488	41	8,766	32	29,080	2,295	314	82	2,691	31,771
Effect of changes in accounting methods											
Appropriation of 2007 profit	2,488	(2,488)					314	(314)			
2007 dividend	(829)					(829)	(115)			(115)	(944)
Transactions with minority shareholders	(14)					(14)	(4)			(4)	(18)
Other changes	(11)			4		(7)	390		6	396	389
Loss for the period		(1,468)				(1,468)		172		172	(1,296)
Unrealised or deferred gains and losses											
Exchange differences on translation of foreign operations			(100)			(100)	(38)			(38)	(138)
Fair value adjustments to financial instruments recognised directly in equity	1			(7,294)	(337)	(7,630)			(121)	(121)	(7,751)
Fair value adjustments to financial instruments reclassified to the income statement				(468)		(468)			(12)	(12)	(480)
EQUITY AT 31 DECEMBER 2008	19,388	(1,468)	(59)	1,008	(305)	18,564	2,842	172	(45)	2,969	21,533

(1) Corresponding mainly to the Écureuil Vie goodwill recognised on the buyout of minority interests.

Consolidated financial statements / Central Sector

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Consolidated cash flow statement, year ended 31 December 2008

The cash flow statement 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)	31.12.2008	31.12.2007
Profit (loss) before tax (excluding discontinued operations)	(1,209)	3,976
Net depreciation, amortisation and impairment of property and equipment and intangible fixed assets	632	494
Impairment losses on goodwill and other non-current assets	28	(12)
Provision expense, net ⁽¹⁾	3,126	7,254
Share of profit/loss of associates ⁽²⁾	1,914	(103)
Net revenues from investing activities	(115)	(46)
(Profits) losses from financing activities, net		
Other movements ⁽³⁾	4,010	509
Total non-monetary items included in profit (loss) before tax and other adjustments	9,595	8,096
Net increase (decrease) in cash from transactions with credit institutions ⁽⁴⁾	(3,796)	(4,822)
Net increase (decrease) in cash from customer transactions ⁽⁵⁾	2,991	(5,730)
Net increase (decrease) in cash from other transactions affecting financial assets and liabilities	3,543	3,208
Net increase (decrease) in cash from investment property	(492)	(474)
Net increase (decrease) in cash from other transactions affecting non-financial assets and liabilities	(2,086)	550
Income taxes paid	(831)	(862)
Net increase (decrease) in cash related to assets and liabilities from operating activities	(671)	(8,130)
NET CASH FROM OPERATING ACTIVITIES	7,715	3,942
Net increase (decrease) in cash from financial assets ⁽⁶⁾	(2,466)	(4,275)
Net increase (decrease) in cash from property and equipment and intangible assets	(524)	(591)
NET CASH USED IN INVESTING ACTIVITIES	(2,990)	(4,866)
Net increase (decrease) in cash from transactions with equity holders ⁽⁷⁾	(949)	(1,640)
Net increase (decrease) in cash from other financing activities	215	(985)
NET CASH USED IN FINANCING ACTIVITIES	(734)	(2,625)
EFFECT OF DISCONTINUED OPERATIONS ON CASH AND CASH EQUIVALENTS⁽⁸⁾		1,500
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	57	(65)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,048	(2,114)
Cash and cash equivalents at the beginning of the period	1,611	3,725
Cash, central banks and post office banks, net	11	23
Net loans to (borrowings from) credit institutions repayable on demand	1,600	3,702
Cash and cash equivalents at the period-end	5,659	1,611
Cash, central banks and post office banks, net	9	11
Net loans to (borrowings from) credit institutions repayable on demand	5,650	1,600
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,048	(2,114)

Central Sector Balance sheet

(in millions of euros)	31.12.2008	31.12.2007
Assets		
Interbank and similar transactions	13,377	13,414
Cash, central banks and post office banks	3	5
Public sector and similar securities	2,936	9,653
Loans and receivables due from credit institutions	10,438	3,756
Customer transactions	9,952	14,648
Ordinary accounts in debit	1,369	576
Other loans due from customers	8,583	14,072
Bonds, equities and other fixed- and variable-income securities	60,591	53,386
Bonds and other fixed-income securities	46,356	38,729
Equities and other variable-income securities	14,235	14,657
Long-term equity interests	13,877	12,959
Property and equipment and intangible assets	2,668	2,374
Prepayments, accrued income and other assets	3,002	2,984
TOTAL ASSETS	103,467	99,765
Liabilities and equity		
Interbank and similar transactions	16,080	16,706
Due to credit institutions	16,080	16,706
Customer transactions	41,421	42,716
Ordinary accounts in credit	31,343	33,030
Other amounts due to customers	10,078	9,686
Debt securities	22,470	6,839
Interbank instruments and negotiable debt securities	22,470	6,839
Accruals, deferred income and other liabilities	4,597	11,225
Provisions	1,393	1,771
Guarantee deposits	4	5
Fund for General Banking Risks (FGBR)	473	473
Equity (excluding FGBR)	17,029	20,030
Reserves and other	19,201	11,123
Profit (loss) for the year	(2,172)	8,907
TOTAL EQUITY AND LIABILITIES	103,467	99,765

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 into known amounts of cash and are subject to an insignificant risk of changes in value.

(in millions of euros)	31.12.2008		31.12.2007	
	Assets	Liabilities	Assets	Liabilities
Cash	7		6	
Central banks and post office banks	2		5	
Sub-total	9		11	
Loans to (borrowings from) credit institutions repayable on demand	7,065	4,838	4,269	4,618
Money market mutual funds	3,423		1,949	
Sub-total	10,488	4,838	6,218	4,618
CASH AND CASH EQUIVALENTS	5,659		1,611	

(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 and Eiffage shares of €1.3 billion and €0.5 billion, respectively.
(3) This item mainly corresponds to fair value adjustments recognised by CNP Assurances on financial assets at fair value through profit or loss for an amount of €4.1 billion.
(4) The change is attributable to the Central Sector and mainly concerns the €3.5 billion increase in interbank loans, the €5.5 billion increase in interbank borrowings and a €6.4 billion reduction in collateralised repurchase agreements.
(5) The net increase primarily reflects a €5.2 billion decrease in ACOSS drawdowns, a €4 billion fall in deposits from notaries and a €1.4 billion increase in deposits to the Pensions Reserve Fund.
(6) This item corresponds to the net effect on cash and cash equivalents of purchases and sales of long-term equity interests. In 2008, the main effects on cash and cash equivalents concerned the purchase of shares in Dexia (€1.3 billion) and Eiffage (€0.6 billion).
(7) This item includes dividends of €829 million paid to the French State and €115 million paid to minority shareholders of subsidiaries.
(8) At 31 December 2007, this item corresponds to the sale of the Group's interest in CNCE for €7 billion, of which €5.5 billion was received on 18 December 2006 and €1.5 billion on 29 January 2007.

Central Sector Off-balance sheet commitments

(in millions of euros)	31.12.2008	31.12.2007
Commitments given in respect of financing, guarantees and securities		
Financing commitments	26,844	12,929
To credit institutions	372	48
To customers ⁽¹⁾	26,472	12,881
Guarantee commitments	2,115	2,531
To credit institutions	805	1,677
To customers	1,310	854
Securities-related commitments	871	77
Securities to be delivered	403	77
Commitments to subscribe to venture capital funds	468	
Commitments received in respect of financing, guarantees and securities		
Financing commitments	10,058	9,787
From credit institutions ⁽²⁾	10,058	9,787
Guarantee commitments	1,110	1,022
From credit institutions	24	66
From customers	1,069	939
From the State	17	17
Securities-related commitments	655	613
Securities to be received	655	613
Other commitments given and received		
Other commitments given ⁽³⁾⁽⁴⁾	22,026	343
Other commitments received ⁽⁵⁾	10,202	12

(1) Including the commitment given to ACOSS for €24.7 billion (€11.5 billion at 31 December 2007) corresponding to the authorisation of €31 billion, less drawdowns of €6.3 billion at 31 December 2008.
(2) Financing commitments received from credit institutions concern the liquidity commitments relating to CNCE.
(3) Including Caisse des Dépôts' commitments to the SIF to subscribe to capital increases and make contributions in-kind up to a total amount of €10.2 billion.
(4) Including a pledge on assets given to Banque de France for an amount of €11.7 billion.
(5) Consisting of securities to be received from the SIF in consideration for guarantees provided.

Central Sector Income statement

(in millions of euros)	31.12.2008	31.12.2007
Interest income	2,716	2,547
Treasury and interbank transactions	269	251
Customer transactions	854	643
Bonds and other fixed-income securities	1,474	1,611
Other interest income	119	42
Interest expense	(2,035)	(1,854)
Treasury and interbank transactions	(671)	(827)
Customer transactions	(753)	(726)
Bonds and other fixed-income securities	(501)	(262)
Other interest expense	(110)	(39)
Revenue from variable-income securities	1,303	1,004
Fee and commission income	22	17
Fee and commission expenses	(38)	(41)
Gains or losses on trading securities	18	66
Gains or losses on available-for-sale and similar securities	(1,590)	1,695
Other net banking operating income and expense	(89)	(241)
NET BANKING INCOME	307	3,193
General operating expenses	(328)	(282)
Depreciation, amortisation and impairment of assets	(68)	(59)
GROSS OPERATING PROFIT (LOSS)	(89)	2,852
Cost of risk	6	(18)
OPERATING PROFIT (LOSS)	(83)	2,834
Gains or losses on fixed assets	(2,106)	6,861
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE PROFIT TAX	(2,189)	9,695
Net non-recurring profit (expense)		(1)
Income tax	17	(787)
NET PROFIT (LOSS)	(2,172)	8,907

Balance sheet of savings funds centralised by Caisse des Dépôts

(in millions of euros)	31.12.2008	31.12.2007
Assets		
Interbank and similar transactions	50,788	63,084
Public sector and similar securities	38,528	52,888
Loans and receivables due from credit institutions	12,260	10,196
Customer transactions	93,677	88,282
Loans and receivables due from customers	93,677	88,282
Bonds, equities and other fixed- and variable-income securities	76,918	65,201
Bonds and other fixed-income securities	66,302	54,756
Equities and other variable-income securities	10,616	10,445
Prepayments, accrued income and other assets	175	125
TOTAL ASSETS	221,558	216,692
Liabilities and equity		
Interbank and similar transactions	153,393	154,618
Due to credit institutions	153,393	154,618
Customer transactions	59,775	51,621
Other amounts due to customers	59,775	51,621
Accruals, deferred income and other liabilities	2,579	2,459
Provisions	1,128	1,059
Guarantee deposits	15	14
Fund for General Banking Risks (FGBR)	661	2,416
Equity (excluding FGBR)	4,007	4,505
Reserves	3,510	3,215
Retained earnings	389	33
Unappropriated earnings	108	1,257
TOTAL EQUITY AND LIABILITIES	221,558	216,692

Off-balance sheet commitments of savings funds centralised by Caisse des Dépôts

(in millions of euros)	31.12.2008	31.12.2007
Commitments given in respect of financing, guarantees and securities		
Financing commitments	30,521	21,512
To credit institutions	11,966	6,081
To customers	18,555	15,431
Guarantee commitments		38
To credit institutions		38
Commitments received in respect of financing, guarantees and securities		
Guarantee commitments	85,602	81,190
From credit institutions	3,742	3,533
From customers	285	132
From the State	81,575	77,525
Securities-related commitments	1,000	154
Securities to be received	1,000	154
Other commitments given and received		
Other commitments given	110	250

Income statement of savings funds centralised by Caisse des Dépôts

(in millions of euros)	31.12.2008	31.12.2007
Interest income	10,235	8,100
Treasury and interbank transactions	500	424
Customer transactions	4,341	3,221
Bonds and other fixed-income securities	4,980	4,222
Other interest income	414	233
Interest expense	(8,486)	(6,326)
Treasury and interbank transactions	(6,180)	(4,765)
Customer transactions	(1,971)	(1,388)
Other interest expense	(335)	(173)
Revenue from variable-income securities	541	441
Fee and commission income	2	2
Fee and commission expenses	(1,956)	(1,787)
Gains or losses on trading securities	(2)	
Gains or losses on available-for-sale and similar securities	(1,894)	397
Other net banking operating income and expense	4	4
NET BANKING INCOME (LOSS)	(1,556)	831
General operating expense	(88)	(77)
GROSS OPERATING PROFIT (LOSS)	(1,644)	754
Cost of risk	(3)	8
OPERATING PROFIT (LOSS)	(1,647)	762
Net additions to Fund for General Banking Risks	1,755	495
NET PROFIT	108	1,257

Business Review



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NOTE TO THE READER

This business review and sustainable development report is not intended to replace the Statutory Report presented each year to the French Parliament by the Chairman of the Supervisory Committee of Caisse des Dépôts.

The 2008 financial statements presented in this report are extracts from the audited financial statements. The French version of the 2008 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.

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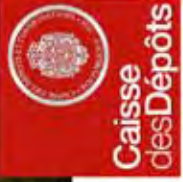
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