Annual Report 2001

CAISSE DES DÉPÔTS GROUP

Contents

FOREWORD

The 2001 financial statements appended to this annual report include :
the audited consolidated financial statements of CDC Group, the audited financial statements of Caisse des Dépôts' Central Sector, presented in accordance with French banking regulations, and the audited financial statements of the funds managed by Caisse des Dépôts (savings funds centralized by Caisse des Dépôts and retirement funds).

The financial statements of financial subsidiaries and other Group units and institutions managed by Caisse des Dépôts are not appended.

Profile

Caisse des Dépôts et Consignations (CDC) is a major French public-sector institution. It was established in 1816 to safeguard private deposits which required investment in low risk securities. It has worked with French Authorities since then to carry out that charge, using the deposits to fund advances in the country's social and economic development and to modernize the financial system. CDC has become a powerful financial group and funds manager, conducting both public-sector and open-market activities. Total balance sheet assets amount to € 328.3 billion. It manages public funds exceeding € 199 billion and, through its CDC IXIS Asset Management subsidiary, third-party assets of € 327 billion. CDC operates under the supervision of an independent Supervisory Board composed of representatives of the French Parliament, the Judiciary and the Treasury, and the Governor of the Banque de France, the country's central bank.

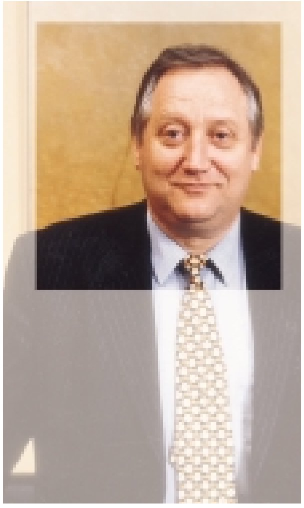
In line with its overall strategy, CDC has implemented a restructuring plan that includes the separation of public-interest activities from competitive businesses. CDC now has an optimal structure with which it can express its values and realize its ambitions. Public-interest activities have been strengthened and the competitive businesses have been grouped together into three major subsidiaries – CDC IXIS, CNP Assurances and C3D. CDC Group had consolidated net income of € 1,357 million in 2001. CDC's own investment activities accounted for 47% of this total, while the three competitive businesses accounted for the remaining 53%.

In June 2001, Caisse des Dépôts and Caisse d'Epargne groups entered into an agreement to pool their respective competitive financial businesses.

This agreement gave rise to a European financial player with multiple business lines and a diverse client base, and net banking income of € 10 billion, equity capital of € 17 billion, and 48,000 employees. It was cemented by the establishment late last year of the EULIA Financial Institution, which owns the pooled equity interests and is the holding company charting the strategic management of the alliance's business divisions.

Caisse des Dépôts Group has put sustainable development at the heart of its strategic plan and is committed to socially responsible business practices in all of its activities and in terms of management.

Message from the Chairman *of the Supervisory Board*



• *Jean-Pierre Balligand.*

For the consolidated Caisse des Dépôts Group, 2001 was a year of development both for its public-interest missions and for its competitive businesses, as implementation of its strategic plan began.

The year was marked by a sharp economic slowdown that was exacerbated by the events of September 11. The speculative bubble surrounding the telecommunications sector burst, and old economy stocks also lost ground. Some countries suffered pronounced slowdowns with decreases in gross domestic product. France, on the other hand, recorded stronger growth than did neighboring countries.

Despite this unfavorable environment, the Group recorded a 5% increase in consolidated net income before non-recurring items to € 1.357 billion. The net contribution made by subsidiaries was up 6% to € 723 million, equivalent to 53% of total consolidated income, compared with 52% in 2000. The parent company, Caisse des Dépôts et Consignations (CDC), increased its contribution to consolidated earnings by 3.9% to € 634 million, or 47% of the total.

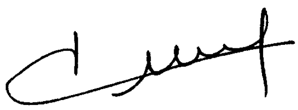
The Supervisory Board is pleased to report that during the year CDC's public-service and public-interest missions were renewed and even enhanced. These missions involve three activities as a public-interest investor and lender and as the legal depository for public funds invested in low risk securities. In particular, CDC was chosen to manage the French Retirement Reserve Fund. The public institution was also selected by the European Union to manage two structural funds set up in connection with its Interreg and Urban programs. In July 2001, CIADT asked CDC to assist local government bodies in obtaining access to high-bandwidth digital networks. Lastly, CDC decided to step up its efforts in favor of very small businesses and the social-oriented economy, by forming a new department to promote entrepreneurial initiatives aimed at creating jobs and strengthening the social fabric.

Last year, the Supervisory Board gave its full support to the creation of CDC IXIS. As a result, it approved the June 2001 signing of the agreement with Caisse Nationale des Caisses d'Epargne (CNCE), under which the two groups decided to combine their competitive sector activities under the EULIA Financial Institution, a new company formed for this purpose.

This initiative has been a source of synergies and has also led to the creation of one of Europe's largest banking institutions, strengthening the role of Paris's financial markets as the euro was being launched. The EULIA alliance received the full support of the French government because of the interest it presents both financially and in terms of employment.

2001 was a decisive year for all of the Group's activities in the competitive sector. The three business divisions - CDC IXIS, CNP Assurances and C3D - continued to expand in France and abroad through a combination of organic growth and acquisitions, as well as through the formation of partnerships.

To accompany these developments effectively, the Supervisory Board has been attentive to the need to adapt its own role, and, in November 2001, formed a new committee with the specific responsibility for reviewing CDC Group's accounts and risks, completing as announced the existing internal control system.



Jean-Pierre Balligand

Message from the Chairman and Chief Executive Officer

• Daniel Lebègue.

Caisse des Dépôts Group made significant progress implementing its strategic plan in 2001.

The Public Institution's public-interest missions, which were reformulated in the May 2001 Law on New Economic Regulations, were extended to new areas. The new Law gave Caisse des Dépôts the administrative responsibility for managing the Retirement Reserve Fund. In the area of promoting local development, the French government commissioned Caisse des Dépôts to provide investment assistance to local and regional governments for the rollout of broadband networks, and the Public Institution will invest € 230 million over five years in this project.

We also demonstrated our increased commitment to business creation, employee retraining and socially responsible development. We created a Very Small Business and Socially-Oriented Economic Development division, and signed a new agreement with the French government aimed at consolidating the "new services – youth employment" initiative.

In its dual function as a lender and investor in the public interest, Caisse des Dépôts committed € 4.3 billion and € 425 million, respectively, in 2001.

Our second major achievement for the year was the spinning-off of the private market businesses of the Group into separate subsidiaries, which continued to grow in France and abroad through organic growth, acquisitions and partnerships.

CDC IXIS, the Group's investment banking and financing subsidiary created in early 2001, successfully integrated Nvest, the large North American asset management company acquired at the end of 2000. The bank extended its business portfolio to new areas, including financial guarantees and brokerage services for listed mid-cap equities. It also tapped the bond market for the first time with both euro and dollar-denominated issues, earned the distinction of co-managing the largest corporate real estate divestment ever in France on behalf of France Telecom, and arranged several major LBOs.

CNP Assurances, meanwhile, consolidated its partnership with the Regional Savings Banks in the area of loan insurance. It also continued its international expansion in strong growth markets by acquiring a controlling equity interest in Brazil's Caixa Seguros and by obtaining an insurance license in China.

Last year, the engineering and services subsidiaries consolidated under Caisse des Dépôts développement (C3D) also completed several acquisitions and entered into partnership agreements, in particuliar in the areas of healthcare facilities for the elderly (SCIC Médica France), urban mass transit (Transdev) and tourism (Compagnie des Alpes).

For our Group, the single most important event of last year was the agreement signed in June with Caisses d'Epargne designed to combine the private market financial activities of both groups. This agreement led to the creation of EULIA, a financial institution with European reach, backed by a diversified business and client base (€ 10 billion in net banking income, € 17 billion in equity capital and 48,000 employees). The EULIA financial institution, which was established toward the end of the year, holds the alliance's pooled equity interests and represents the holding company for the strategic management of its businesses.

The partnership agreements reached with Italy's Sanpaolo IMI and Germany's Bayerische Landesbank have already provided the alliance between Caisse des Dépôts and Caisse d'Epargne with a solid foundation upon which to grow on a pan-European basis.

Our vitality is also reflected by our continued hiring of young employees and accelerated adoption of new information technologies, in particular related to Intranet. In addition, we have shown a strong commitment to harmonious labor relations, as demonstrated by our establishment of a new Group Financial Committee, a new employee savings plan and agreements to reduce the work week.

Although our 2001 earnings did not benefit from the same exceptionally robust capital gains on equities as in 2000, the Group maintained its net recurring income at a high level despite the unfavorable market climate for its investment banking businesses.

Our Group continues to evolve in order to meet the challenges of the 21st century. Our goal is to continue to improve the services we provide to our clients and partners, and to be innovative, efficient and socially responsible in the service of our country.

Daniel Lebègue

Corporate strategy

The purpose of the strategic and financial management function at Caisse des Dépôts Group is to assist in the implementation of the Group's strategic plan. Combining operational decentralization with an ability to drive strategy at both the corporate and business division levels, the function relies on five key processes:

• forward-looking reflections on the Group's overall strategy, intended to anticipate changes in the external environment and to promote the sharing of a common vision across all entities. CDC Group has therefore put into place an efficient network and systems to track developments in the world at large. In 2001, particular emphasis was placed on identifying likely transformations in the public sector, and on European alliances;

• systematic strategic planning exercises with horizons of both one and several years at the corporate and individual entity levels. This process has been formalized in a framework memorandum produced by Executive Management, and finds expression in the multi-year strategic plans and annual operational plans of each division and business line. The Group Strategy, Finance, Management Control and Financial Accounts department (DSFC) works closely with the Group's divisions and business lines. Its tasks are to propose strategic initiatives, validate proposals put forward by the divisions and control the implementation of strategic and operational plans. Other corporate departments provide technical assistance in their respective areas of expertise;

• monitoring the achievement of objectives and preparing earnings forecasts for Caisse des Dépôts et Consignations as well as for CDC Group. Each month, the Executive Committee reviews the Group management report, and the Results Committee presided by the Chief Executive Officer of Caisse des Dépôts compares actual and forecast results for both Caisse des Dépôts and CDC Group;

• reaching a consensus on all major investments and divestments, with decisions being made by the Risks and Equity Committee presided by the Chief Executive Officer of Caisse des Dépôts (see Risk Management). Procedures and the content of the elements presented, as well as the financial indicators, are all based on pre-determined standards;

• initiation of strategic cross-divisional projects. The projects that have the greatest impact at the structural level are managed by DSFC in close collaboration with CDC Group's divisions and business lines via the corporate skills network. Several major initiatives were undertaken in 2001:
  - together with the International Advisor to the Executive Committee, DSFC conducted the negotiations involving around one hundred managers that led to the creation of the strategic alliance EULIA. They also concluded a strategic partnership agreement with Sanpaolo IMI and launched preliminary discussions with Bayerische Landesbank;
  - DSFC also launched a "customer initiative" approach aimed at placing the customer at the heart of all initiatives undertaken by all Group entities;
  - lastly, the department worked to stimulate technological innovation through the "New Information and Communications Technology Initiative" launched in 2000, aimed at harnessing technology to serve the Group's development.

The strategic and financial management function at Caisse des Dépôts Group makes it possible to conciliate the diversity of CDC's activities and entities with the need for consistency and efficiency at the corporate level. At the initiative of Executive Management, CDC Group has undergone a fundamental transformation involving the spinning off of its competitive businesses, the development of its public-interest missions based on restated use-of-funds principles, the simplification of the relationships between the Public Institution and its subsidiaries, and many other efforts. As a result, CDC Group is able to respect both the specific nature of each product and its corresponding market, as well as the rules governing competition that apply to public-interest missions in each of the areas where the Group is involved. These diverse activities are thus kept strictly separated at all times.

Key Figures
Caisse des

Consolidated net income before non-recurring items:
€ 1,357 million, *an increase of* ***5%*** *over 2000.*

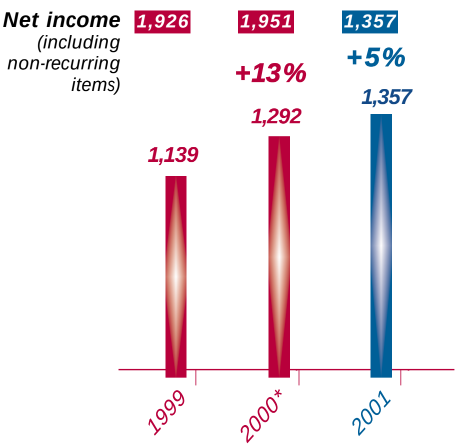
In a difficult market for financial activities in 2001, Caisse des Dépots (CDC) succeeded in consolidating its profitability and strengthening its financial structure.

Before non-recurring items, the group share of consolidated net income reached € 1,357 million in 2001 compared to € 1,292 million the year before, an increase of 5%. Capital funds, including the fund for general banking risks (equivalent to equity capital), increased by 5.6% to € 13 billion after deducting dividends paid in 2001. Return on equity (ROE) amounted to 11%, which was slightly less than in 2000, with Tier 1 capital making up 100% of capital funds.

The 2000 accounts were restated to reflect new regulations governing insurance companies.
Net income for the year ended December 31, 2000 included non-recurring income of € 659 million, due to the impact of share exchange offers on CDC's portfolio and the long-term equity holdings of CDC-Participations, less the non-recurring expenses linked to the formation of CDC IXIS.

Breakdown of net recurring income (group share)

€ millions



Reported net banking income increased 11% to € 5.3 billion. This increase reflected three factors in particular: good financial performances from business lines; the full-year consolidation of Nvest; and the sharp drop in realized gains generated by the Private Equity business because of extremely depressed financial markets.

Gross income from operations, on the other hand, declined by 8% due to a strong increase in operating expenses linked to the acquisition of Nvest, the development of the financial guaranty activity and new mandates entrusted to the Public Institution.

The conservative policy of setting aside provisions against the securities portfolios in 1999 and 2000, when the markets were rising rapidly, provided a cushion as markets fell in 2001. Further, the total amount appropriated to provisions was limited to € 461 million in 2001, compared with € 810 million in 2000.

As a result, net recurring income before income tax increased by 2% to € 2.1 billion.

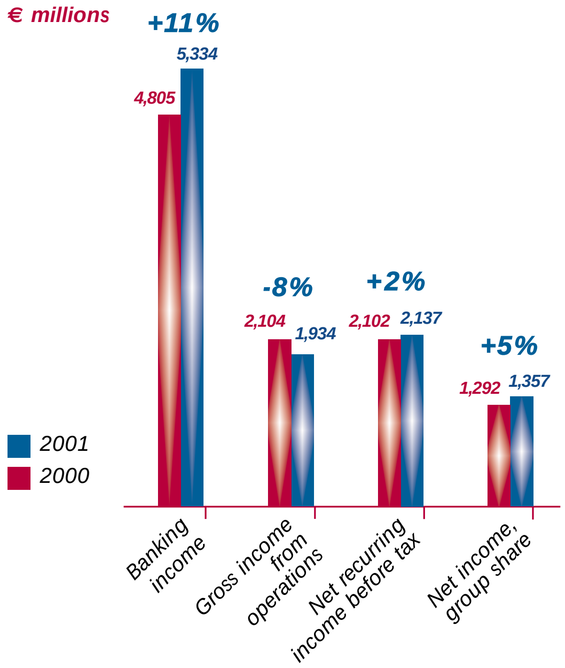
Income taxes declined to € 585 million from € 640 million in 2000 in the absence of realized capital gains. Goodwill on CDC Group's recent acquisitions (Nvest, Caixa Seguros and Egis Australia) resulted in an amortization charge of € 77 million.

In line with past practices, a transfer was made to the fund for general banking risks that amounted to € 46 million in 2001.

(*) The 2000 accounts were restated to reflect new regulations governing insurance companies.

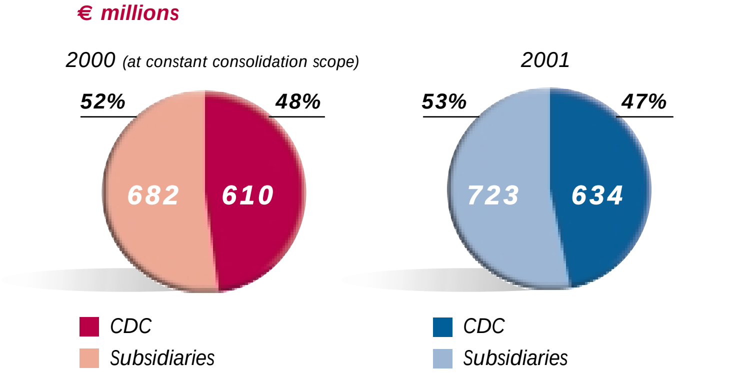
Dépôts Group in 2001

Financial highlights (excluding non-recurring items)



A breakdown of net income by business segment shows that subsidiaries increased their net contribution by 6% from € 682 million in 2000 to € 723 million in 2001 before non-recurring items. At constant consolidation scope (i.e. neutralizing the disposal of shares representing 3% of CNP Assurances' capital), their contribution would in fact have increased by 8.5%. Subsidiaries contributed 53% of the CDC Group's consolidated net income in 2001, compared with 52% in 2000.

Breakdown of net recurring income (group share)*



** Neutralizing the disposal of shares representing 3% of CNP Assurances' capital (€ 16 million).*

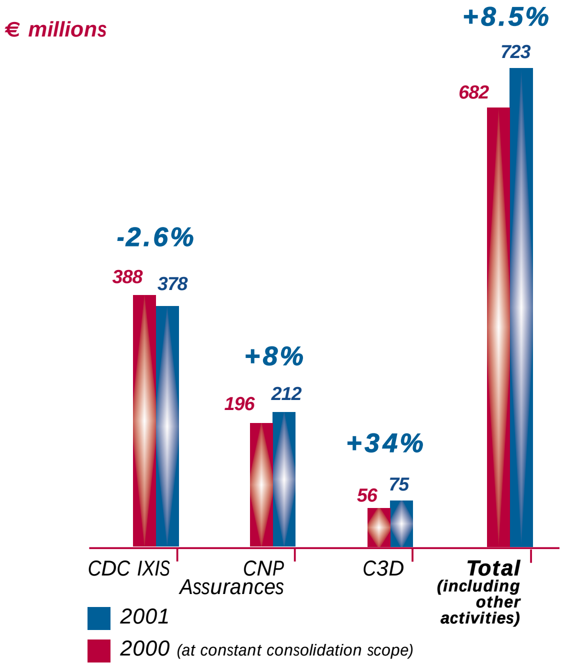
Investment Banking and Financing: CDC IXIS 28% of net income (group share)

CDC IXIS contributed net income of € 378 million, down 2.6% from 2000, before non-recurring items. While CDC IXIS reported a lower overall ROE of 6.8% because of the lower income generated by proprietary trading activities, its operational business divisions – Capital Markets & Financing, Asset Management, and Banking & Securities Services – held up remarkably well. Net income contributed by these three activities increased by 6.6% to € 230 million, equivalent to an ROE of 11.6% compared with 12.3% in 2000.

Life Insurance: CNP Assurances 16% of net income (group share)

CNP Assurances made a broadly unchanged contribution of € 212 million, despite that Caisse des Dépôts sold 3% of the capital of CNP Assurances at the start of 2001. At constant consolidation scope, its contribution would have been up by 8%. Group share of net income reported by CNP Assurances increased by 12.2% to € 528 million in 2001. Based on the new accounting standards applicable to insurance companies, ROE amounted to 13.2%. Embedded value was stable at € 43.5 per share, compared with € 43.4 per share at the end of 2000.

Breakdown of net recurring income (groupe share) by subsidiary 2000*



** Neutralizing the disposal of shares representing 3% of CNP Assurances' capital (€ 16 million).*

■ Engineering Services and Support for Local Development: C3D (6% of net income group share)

C3D's contribution to consolidated net income increased by 35% to € 75 million. C3D's profitability again improved significantly, with ROE reaching 13.1% for the year, from 8.7% in 2000. With the exception of the Egis engineering division, all business lines posted improved performances, with increases of 35% for SCIC, 60% for Compagnie des Alpes and 75% for Transdev. Egis, which faced very difficult market conditions in Asia and Germany, had a € 35 million net loss for the year. Substantial restructuring measures have been implemented.

■ The contribution of Caisse des Dépôts et Consignations[1] to consolidated earnings increased by 3.9% from € 610 million in 2000 to € 634 million in 2001

This increase resulted from unchanged net banking income and operating expenses that were 13% lower following the deconsolidation of the former DABF. CDC will pay a dividend of € 452 million to the French State, equivalent to one-third of its net consolidated income (group share). In addition to this dividend, an exceptional payment of € 457 million will be made in connection with the transfer of CDC IXIS shares to EULIA Financial Institution. Since this transaction was accounted for under the pooling of interests method, the transfer was made at book value and therefore did not result in the recognition of any capital gains. Nonetheless, CDC decided to make an exceptional payment equivalent to the amount that would have been received by the State had the capital gain on this transaction been recognized. After the above distribution, the group share of retained earnings will amount to € 13 billion.

CDC Group's 21.6 % increase in total consolidated assets can largely be attributed to the transfers by Caisse Nationale des Caisses d'Epargne of its structured financing activity to CDC IXIS and of its cash management activity to Martignac Finance, a new subsidiary consolidated into CDC IXIS.

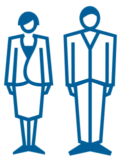
(1) Includes the results of the technical subsidiaries (notably Informatique CDC), the subsidiaries and long-term equity holdings responsible for public-interest missions (CDC PME, BDPME and CDC Kineon) and long-term equity holdings in the real estate section.

Financial highlights

€ millions	2001	2000*
Total consolidated assets before EULIA's consolidation	**285,396**	**270,004**
Total consolidated assets after EULIA's consolidation	**328,253**	–
Group share of retained earnings (including fund for general banking risks and after the dividend and exceptional payment)	12,981	12,301
Net income, group share (excluding non-recurring items)	1,357	1,292
Dividend	452	642
Exceptional payment	457	0
ROE (group share), excluding non-recurring items	11.1%	11.9%

(*) 2000 data have been restated by applying the new accounting regulations for the preparation of consolidated accounts by insurance companies to CNP Assurances.

CDC Group employees



Provisional figures at **12.31.01**		of which foreign subsidiaries
Financial activities	**15,420**	**3,300**
Of which CDC IXIS	**5,180**	**2,210**
Of which CNP Assurances	**3,550**	**1,090**
C3D and services subsidiaries	**21,900**	**3,300**
TOTAL	**37,320**	**6,600**

International activities

During 2001, CDC Group pursued its international expansion in all the market segments in which it is present, and in particular in capital markets, asset management, life insurance, and services and engineering. The company developed its international business activities through internally generated growth, acquisitions and partnerships formed by its subsidiaries: CDC IXIS, CNP Assurances and C3D.

CDC IXIS: investment banking and financing

■ *Capital markets and financing*

The Paris-based CDC IXIS is the triple-A-rated subsidiary that handles all of CDC Group's capital markets activities. It is organized geographically with branches in Frankfurt, London, and Tokyo, also operating in New York via CDC IXIS Capital Markets North America. In the euro money and government debt markets, the bank has consolidated its positions as a leading player.
Buoyed by its German branch, the bank ranked 6th in the underwriting and distribution of European asset-backed bonds, and first among non-German banks in this field.
In 2001, CDC IXIS again saw volume growth as well as the continued profitability of its fixed-income, with contributions from its Paris, London, New York and Tokyo branches.

The scope of activities of CDC IXIS Securities, the subsidiary specialized in equity market intermediation, was significantly expanded during the year in New York, Frankfurt and elsewhere in continental Europe.

In a recessionary market environment, CDC IXIS Capital Markets North America Inc. maintained its revenues and earnings at a satisfactory level.
CDC Mortgage Capital Inc., the subsidiary of CDC IXIS Capital Markets North America in charge of commercial mortgage loans, financed more than $ 962 million in loans in 2001, bringing its overall total to more than $ 5 billion since June 1999.
Last year, the Asset Backed Securities team at CDC IXIS Capital Markets North America performed five securitizations, thus ending its first year of operations on a strong note.
On May 15, 2001, CDC Derivatives Inc. received SEC authorization to carry out equity derivatives transactions on the OTC market. This subsidiary is the second company to hold such a license in the United States and will now be able to offer investors a complete range of equity derivatives: swaps, OTC options, forward contracts and their combinations. The financing business grew substantially, with 66 international transactions concluded on behalf of large corporations.
With 20 project financing advisory service contracts last year, mainly in European Union countries, CDC IXIS ranked 13th in Europe in its first year of operations.

■ *Third party asset management*

CDC IXIS Asset Management is dedicated to the management of financial assets on behalf of institutional investors, banks, funds and corporations in Europe, the US, Japan, and Singapore, offering a full range of services covering all asset classes, management styles and media.
CDC IXIS Asset Management has emerged as a leading global player in the area of third-party asset management. At end-2001, it had € 327 billion in assets under management, of which $ 130 billion were managed by CDC IXIS Asset Management North America (formerly Nvest).
Last year, CDC IXIS Asset Management fully exploited available synergies, in particular through the integration of Nvest and enhanced cooperation with CDC IXIS Capital Markets. The company also continued to expand in Europe, the United States and Asia. A new subsidiary was created in Italy, CDC IXIS Asset Management Sgr Italia. In the United States, the bank's subsidiaries launched 14 new funds targeting European investors, and, in Asia, the bank opened a Japanese sales office, CDC IXIS Investment Services Japan.

Also last year, in the area of private capital management, the bank created CDC IXIS Private

Capital Management, which caters to large individual investors with a net worth in excess of € 5 million.

CDC IXIS Immo is France's second-largest real estate asset manager overall and first in terms of third-party asset management. At the global level, the combined forces of CDC IXIS Immo and AEW, a subsidiary of CDC IXIS Asset Management that specializes in real estate asset management in the United States, add up to a formidable international base of operations.
CDC IXIS Immo recorded strong growth in all areas. It now manages € 4.5 billion in assets, up from € 3.7 billion in 2000, and 36% of these assets are managed on behalf of third parties.

CDC IXIS Private Equity plans to grow internationally via strategic partnerships with Bayerische Landesbank and Sanpaolo IMI in Europe, and the Gartner Group in the US. In 2001, CDC IXIS Private Equity raised € 640 million, bringing total invested capital to € 2.4 billion.

Custody

CDC IXIS has positioned itself as a European "regional custodian", serving institutional investors and corporations, supported by a network of subsidiaries across Europe in Frankfurt, Amsterdam and Madrid.
With assets under custody of € 632.3 billion, CDC IXIS is among the top market players in France and Europe. International assets now account for 25% of total CDC IXIS assets in custody.

CNP Assurances: life insurance

Internationally, CNP Assurances now has a strong presence in Argentina, Italy and Portugal following its acquisition of Global. In 2001, CNP Assurances acquired 50.75% of Caixa Seguros, a Brazilian bankinsurance company whose other shareholder is Caixa Economica Federal, Brazil's second-largest retail banking network with 1,900 branches. Caixa Seguros is the Brazilian market leader for loan insurance and has strong positions in the life and non-life segments. In addition, CNP Assurances obtained a life insurance license in China.

C3D: services and support

C3D recorded € 1.9 billion in sales in 2001, of which 20% abroad.

Transdev sold a 7% equity interest to Sanpaolo IMI, and together they created Transdevit, an Italian subsidiary. In Sydney, Australia, Transdev acquired the Shorelink bus network and continued to develop the light rail project in Porto, Portugal.

Compagnie des Alpes acquired 35% of the company that operates the Saas Fee (Switzerland) ski resort, thus adding to its global market leadership in this area.

Australia's Macquarie Bank, which specializes in project financing, acquired a 9.5% equity interest in Egis, which specializes in infrastructure investments (structuring, engineering and operating).

Highlights

Following a period of strategic planning and then of reforms, Caisse des Dépôts Group continued the development of both its public-interest missions and private market businesses in 2001. In France and abroad, the Group has opened up new horizons, notably through the creation of the EULIA Financial Institution, which strengthens the partnership with the Caisse d'Epargne Group (French Savings Banks), and through the development of European partnerships.

The development of public-interest missions

As stipulated in the New Economic Regulations Law of May 2001, CDC's public-interest missions have been strengthened and expanded to include new areas of activity.

■ The Retirement Reserve Fund

The July 17, 2001 law 2001-624, which covers a wide range of social, educational and cultural topics, created the Retirement Reserve Fund (FRR) and assigned the related administrative responsibilities to Caisse des Dépôts Group.
The Chairman and Chief Executive Officer of Caisse des Dépôts is also the chairman of the FRR's Executive Board. Caisse des Dépôts expects that this entity will manage more than € 150 billion in assets by 2020. The Retirement Branch's mission will be to prepare investment proposals, organize calls for tenders for the selection of asset managers, ensure that financial management contracts are implemented, handle back-office functions, maintain the accounts and provide custody services, manage the treasury and supply legal, accounting and budgetary assistance.
The new law also created a Workplace Injury and Professional Illness Fund that will be integrated into CNRACL, thus broadening the disability compensation mission of Caisse des Dépôts.
Lastly, the Retirement Administration Division is on the verge of completing the implementation of its new information systems in Bordeaux, which will make it possible to enhance performances and secure growth by integrating new funds.

■ Extension of savings fund financing

Savings fund financing has been extended to new areas in the public interest: very-low-income housing, infrastructure security, mass transit, the environment and new information and communications technologies.

■ Public-interest programs: € 425 million in investments

Caisse des Dépôts provides assistance to local and regional government bodies, supporting their projects and transactions that would not otherwise be feasible under pure market conditions. Caisse des Dépôts thus enables public-interest projects to take root by helping to establish public-private partnerships. In 2001, Caisse des Dépôts invested € 425 million, an increase of 25% from the previous year, in urban renewal, sustainable development for local and regional areas and the financing of small businesses, as well as in business innovation, socially-oriented economic development and local and regional digital development.
The two main highlights of 2001 were:

- the creation of an assistance Fund for broadband development in local and regional areas, which will invest € 229 million over five years and is the extension of an earlier assignment to roll out a network of 400 cyberbases by 2004. Cyberbases are public digital spaces set up by local and regional government bodies;
- the signing of a new agreement with the French government to consolidate and extend "new services – youth employment" initiatives.

Profitable growth of the private market businesses

CDC Group's private market businesses continued to expand in France and abroad through organic growth as well as though new partnership agreements.

■ CDC IXIS: two new business lines

In its first year of operations as a lending and investment bank, CDC IXIS expanded its business portfolio to financial guarantees through the creation

of CDC IXIS Financial Guaranty (CIFG), and to brokerage services for exchange-traded mid-cap stocks.
In addition, CDC IXIS Private Equity arranged an LBO for Alstom Cegelec's engineering division. In the real estate area, CDC IXIS Immo created the Logistis Fund and, on behalf of France Télécom, co-managed the largest corporate real estate divestment transaction ever in France. Lastly, CDC IXIS tapped the bond markets for the first time in order to finance its own expansion.

■ *CNP Assurances: growth in France and abroad*

CNP Assurances strengthened its partnership with the Regional Savings Banks for loan insurance. It launched CNP Caution on behalf of partners and clients in the area of financial and legal guarantees, and continued its international expansion through the acquisition of a controlling interest in Brazil's bank-owned insurance company, Caixa Seguros, alongside Caixa Economica Federal, Brazil's second-largest banking network, with 1,900 branches. Caixa Seguros is the leader in the loan insurance market and has strong positions in life and non-life markets. In September, CNP Assurances obtained a license to sell life insurance in China.

■ *C3D: acquisitions*

2001 was marked by several acquisitions.
In France, Médica France, a subsidiary of SCIC, acquired Qualisanté and has become the French market leader in healthcare facilities for dependent persons. In addition, Scet acquired Sodie, which helps companies undergoing restructuring.
Internationally, Compagnie des Alpes acquired a stake in the Swiss resort Saas-Fee. Transdev acquired Shorelink, an Australian bus operator, and also entered into a partnership agreement with Sanpaolo IMI and its subsidiary, Sinloc.
Egis sold an equity interest to Macquarie, an Australian bank specialized in project financing, and expanded its engineering contract and infrastructure operations portfolio, especially outside of France.

Strengthening partnerships in France and in Europe

■ *The alliance with Caisse d'Epargne Group*

With the creation of EULIA, the Caisse des Dépôts and Caisse d'Epargne groups consolidated their European financial alliance by combining their private market financial activities in the areas of retail banking, corporate and investment banking, insurance and real estate. The two groups have contributed their respective assets, obtained the necessary approvals, appointed managers and adopted strategies for each of the businesses. The EULIA Financial Institution has a dual mission: to ensure the strategic management of the alliance's businesses and entities and to hold and manage the equity interests contributed by both groups.
EULIA is now France's third-largest financial institution in terms of equity capital (€ 17 billion), the diversity of its clients, and the scope of its businesses. EULIA's aggregate net banking income totaled € 10 billion, with a 10% ROE. The institution has a total of 48,000 employees.

EULIA headquarters, Hôtel de Boisgelin, Paris.

■ *The partnership with Sanpaolo IMI*

After having developed working business relationships in the areas of private equity investment capital and project financing, Caisse des Dépôts Group, mainly through CDC IXIS, and Sanpaolo IMI, Italy's second-largest bank and second-largest life insurer, reached a framework agreement at the end of July 2001 setting out the general principles of their strategic cooperation. They decided to expand their partnership to the areas

Sanpaolo IMI headquarters, Piazza San Carlo, Turin.

of asset management, capital markets and financing and to examine the opportunities of working together in several other businesses (insurance, financial guaranty, custody, e-banking and real estate asset management). The agreement was solidified by cross shareholdings: Caisse des Dépôts acquired a 2% equity interest in Sanpaolo IMI, which in turn acquired a 3.45% equity interest in CDC IXIS.

■ *The partnership with Bayerische Landesbank*

In October 2001, Caisse des Dépôts Group signed a framework agreement with Bayerische Landesbank, Germany's sixth-largest bank in terms of assets (€ 300 billion) and second-largest of the German state banks after West LB. This agreement is intended to explore synergies with respect to all of CDC IXIS's businesses and, more broadly, those of EULIA.

Modernization of management

■ *Human resources*

In one year, more than 3,000 new employees have joined the Group. Several major changes have taken place in the area of labor relations: employees are younger overall; profit-sharing agreements have been signed; and a new company savings plan for Caisse des Dépôts and several subsidiaries has been set up, as has the EPI contingency fund.
An agreement on the organization of labor relations within the financial Group was signed that created two new bodies: union delegates for the Caisse des Dépôts financial Group and a joint information and coordinating committee (CMIC).
Lastly, the bank implemented the negotiated reduction in working hours (ARTT).

■ *Caisse des Dépôts Group focuses on the customer*

Under the leadership of the strategic planning, finance, internal audit and accounting departments, Caisse des Dépôts has taken a series of measures designed to stimulate "customer-focused" initiatives. These initiatives are part of an overall program implemented in each division that respects the Group's dual nature in carrying out public-interest missions and private market business activities.

Caisse des Dépôts Group and the Internet

Beginning in mid-2000, Caisse des Dépôts Group decided to devote the necessary resources in order to make new information and communications technologies a strategic priority. All businesses have integrated this goal into their strategic planning and each has a dedicated task force. A monthly progress report on new technology deployment is submitted to the CDC Executive Committee.

A so-called accelerator, CDC Kineon, was created to facilitate the development of viable innovative projects and to disseminate the most recent changes throughout the Group, whether they involve the Internet, telecommunications or any other form of innovative communications technology.
This accelerator does not take over the roles played by the divisions or business lines, but provides back-up support while respecting competitive market requirements. Since its creation, CDC Kineon has reviewed 550 projects, including 162 that have been examined in detail, and has so far invested € 12 million in 10 projects.

The Group and sustainable development

Caisse des Dépôts Group (CDC Group) has chosen sustainable development as the guiding principle behind its strategic plan and Management Charter signed by all of its top managers.
CDC Group has become a member of the United Nations' Global Compact in order to take part in its deliberations and share in international experiences. It has also signed the Statement by Financial Institutions on the Environment and Sustainable Development contained in the United Nations Environmental Program (UNEP).
The Group Corporate Secretary, a member of the Executive Committee, is coordinating this effort, and a Sustainable Development Mission is responsible for managing the implementation of the Agenda 21 action plan.
A Committee, whose members represent the Group's divisions, is responsible for managing the rollout of the plan within individual business lines. Over the past year, the Committee has organized its efforts around four main themes – an integrated product strategy, social indicators for reporting procedures, the European Green Book on the social responsibilities of corporations, and compliance and business ethics.

Social responsibility at the heart of corporate management

By exercising their social responsibility, companies make a commitment to the planet's sustainable development.
All Caisse des Dépôts Group entities are expected to assume this responsibility fully.
The goal of the companies comprising CDC Group is to create value not only for shareholders but also for all the other stakeholders, namely customers and suppliers, employees, and society as a whole. Each company is also expected to demonstrate the progress it has made toward the preservation of natural resources.

■ *Corporate governance*

The Group's ethical principles, which have been approved by the Executive Committee, constitute its fundamental values. They include safety and security, a long-term outlook, sustainable development, respect for legal and professional obligations as well as the interests of clients and partners. These principles have been adapted and applied throughout the Group.
Each entity has adopted a code of professional ethics, which defines the principles for personal and professional behavior, and has put into place an organization responsible for monitoring its application, under the local compliance officer. An Intranet compliance site will soon provide employees with access to all of the texts and procedures that concern them.

■ *Clients*

In the area of regulated banking activities, CDC IXIS, Transdev and Capri have all committed to high standards of quality.
Several initiatives have made significant contributions to understanding clients' needs. They include Ecoloc, a local ecology observatory, and satisfaction surveys carried out systematically by Compagnie des Alpes and SCIC Patrimoine. In 2001, 30 ISO 9000 certifications were either awarded or renewed.

Employees

Significant progress in corporate communications has been made at CDC IXIS, including the in-house newsletter and intranet site that received awards from the UJJEF professional association. More generally, within the financial institution, a corporate portal providing access to sites run by unions has been set up. A dedicated Intranet site, an off-site seminar for managers, and training for new recruits have helped to raise awareness of the sustainable development principle. Employees now have access to a database of good management practices and receive the electronic version of a newsletter dealing with social responsibility issues.
SCIC Patrimoine has made a special effort to strengthen the training of building superintendents on security issues.

Society

CDC Group has formed numerous partnerships in order to foster sustainable development.
These include efforts undertaken with:
- CSR Europe, to conduct surveys of socially responsible investments;
- comité 21 and AMF, to publish a guide to local and regional sustainable development;
- ORSE and EPE, to take part in reflections on social ratings and to publish a guide to organizations providing such ratings;
- “4 D”, to help with the publication of *Local Agenda 21 Guideposts*;
- the French Quality Movement, to manage the publication of the *Quality Management Guide* devoted to sustainable development;
- GRI, in order to reflect on appropriate social indicators.

2001 also saw the completion of the five-year project to clarify the role played by Caisse des Dépôts in the despoilment of Jewish assets under the Vichy regime and to pay reparations in accordance with the measures decided by the government.

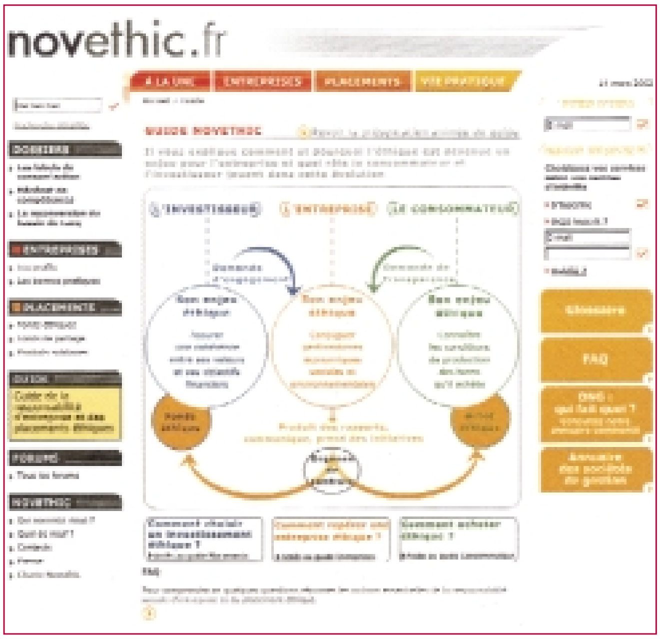
Natural environment

Steps were taken to include environmental precautions in calls for tenders. ISO 14000 certification procedures were initiated for the Caisse des Dépôts establishment in Bordeaux and for the public transportation system managed by Transdev in Bayonne.

A socially responsible range of products and services

Encouraging socially responsible investment

Novethic, a new subsidiary, is the leading resource center for social responsibility and ethical investment. It provides an Internet-based source of information on the business practices of major French corporations, as well as on ethical investment products available on the Paris financial markets.



CDC IXIS Asset Management currently provides its clients with a wide range of ethical products: Nord-Sud Développement, Insertion-Emplois, CDC Euro 21 and CDC Meridian Tomorrow. CDC IXIS Asset Management also manages an ethical mutual fund, Ecureuil 1,2,3 Futur, for the local saving banks (Caisse d'Epargne).
CDC IXIS Private Equity offers its customers a fund based on sustainable development criteria.
Véga Finance also offers a line of "ethical investment products".
On June 28, 2001, Arese, a joint subsidiary of the Caisse des Dépôts and Caisse d'Epargne groups, launched ASPI Eurozone, the first of its Arese Sustainable Performance Indices (ASPI) that are destined to become the European benchmarks for corporate social responsibility.

■ *Protecting the environment and fostering local and regional sustainable development*

The new framework for local development is based on a "territorial" project that unites territorial project owners and economic players, as well as local populations.

New financing methods for local projects are being put into place based on investment formulas that associate both public-sector and private-sector players. Caisse des Dépôts invests in territorial projects that contribute to business development and job creation, and therefore to the territory's economic development. These include corporate real estate projects, the conversion of industrial and military sites, development of mixed transportation systems, enhancing the value of property, and preserving the environment.

Caisse des Dépôts provides support for urban development, one of the 21st century's most important undertakings to foster sustainable development at the territorial level.
The Group is widely involved in the struggle against global warming, through its French forest investments as well as through the territorial activities of C3D such as in transportation and real estate. For that reason, Caisse des Dépôts has commissioned a study, *The Climate Mission*, on the creation of a market in emissions rights for gases that increase global warming.

■ *Acting to prevent social exclusion and promote social cohesiveness*

The Group has taken up the fight against exclusion by supporting urban development and housing policies, innovation, and job creation. It has extended its initiatives beyond associations to include the creation and development of micro-businesses, companies providing jobs to the unemployed, and those providing new services and first-time employment for young people.
Caisse des Dépôts makes a significant contribution to the national effort to reduce the digital divide through its ambitious program of investment in new information and communications technologies that include electronic databases, high-speed networks and telecommunications.

Transdev, Trans-Cité and Caisse des Dépôts are sponsoring the "Travel better together" program that has been put in place in ten regions in partnership with local governments, associations, schools and companies offering jobs to the unemployed. The goals of the program are to:

- improve the security of public transportation systems and prevent urban crime;
- educate youth with regard to the consequences of delinquency in public transportation and foster their sense of civic responsibility;
- provide emergency assistance and housing to those in need;
- train and integrate young people from troubled neighborhoods;
- create jobs in "new urban professions".

The program has succeeded in recruiting more than 800 young people to provide better service to travelers.

Caisse des Dépôts: institutional investor

Caisse des Dépôts owns equity interests and carries out public-interest missions using its own equity capital and the regulated deposits in its custody. It also has a significant capacity to invest for its own account in financial and real estate markets. Assets from proprietary investments, excluding cash investments, totaled € 27.8 billion as of December 31, 2001.

Caisse des Dépôts investor activity is also carried on in the framework of its savings fund management mandate. Savings funds hold a portfolio of marketable securities worth € 107 billion as of December 31, 2001, of which € 5.7 billion in equities.

(see page 63).

Financial investments

Net proprietary equity investments made by Caisse des Dépôts totaled € 600 million in 2001. The book value of the equity portfolio totaled € 8.4 billion as of December 31, 2001. It includes long-term equity holdings as well as medium-term portfolio securities (TAP), which accounted for the bulk of the portfolio (€ 7.7 billion). These two categories comprise almost exclusively European equities.

The bond portfolio is divided into two categories, each of which corresponds to a different management strategy. The long-term fixed income portfolio is designed for holding securities over the long term, while the other has a shorter-term management and performance horizon.
The long-term investment portfolio had assets totaling € 14.8 billion as of December 31, 2001. Purchases net of redemptions totaled € 325 million, while gross purchases totaled slightly less than € 1.2 billion.
The shorter-term investment portfolio had total assets of € 3.5 billion.
These two portfolios comprise highly rated European fixed-income instruments for the most part.

Real estate and forestry investments

Caisse des Dépôts owns a commercial real estate portfolio managed with long-term objectives. The book value of this portfolio, net of provisions and depreciation, totaled slightly more than € 1.4 billion as of December 31, 2001. Its gross value, conservatively estimated, totaled more than € 2 billion.

Net Caisse des Dépôts investments totaled € 295 million in 2001. The largest transactions involved for the most part office space in the western areas of Paris (Boulogne and Clichy), as well as commercial space and shopping centers.
Commitments made in 1999 and 2000 for transactions in the Seine Rive Gauche commercial zone led to further expenditures of € 120 million.
Directly owned real estate fell by € 27 million through the continued disposal of non-core assets.

The forestry assets of Caisse des Dépôts have a book value of € 51 million, and are slowly being regenerated after the December 1999 storms. A turnaround in lumber prices and improved forest management practices led to a € 2 million write-back on provisions, with the remaining provisions totaling € 5.6 million.
Total forestry assets remained unchanged for the year.

Risk management

Risk management is adapted to the Group's decentralized organization structure, and is coordinated by Central Control in accordance with the principles governing internal control procedures approved by the Executive Committee in 1999.

Accordingly, each division has a risk management department, which manages risk based on its own internal control charter that defines risk monitoring and control procedures.
Central control works directly with each division to ensure regular updates of indicators and guidelines for each financial and operational risk. Risk procedures functioned as they should following the major reorganizations that were decided upon in 2000 and implemented in 2001.
Finally, the Risk and Capital Funds Committee, presided by the Chief Executive Officer, approves the positions and decisions taken by the Group regarding risk and Capital Funds management.
This Committee is also charged with deciding all major investments and divestments contemplated by the Group, whenever they exceed defined thresholds or are not part of the ordinary activities of the business line concerned. In 2001, the Committee examined more than forty important projects.

Risk management networks within the Group

■ Credit Risk

Credit risk management structures have been reorganized. For efficiency purposes, analysts at CDC IXIS, who contribute to internal credit ratings for the entire Group, have been organized by type of counterparty on a decentralized basis. As a result, a specific team based in New York produces financial analyses on North American counterparties. In addition to the individual analysis of counterparties, sector reviews are now produced on a systematic basis. Risk measurement methods continue to be fine-tuned to enable equity to be allocated in accordance with the new recommendations issued by the Basle Committee.

Each division now has an autonomous credit risk management unit, which monitors compliance with procedures and reports daily on positions, as well as on any overruns and corrective measures taken.

Credit risk management is designed to preserve the quality of the Group's loan book. At December 31, 2001, the loan book was composed of more than 83% of borrowers rated A or above, of which 45% were triple-A rated. The loan book still contains a majority of borrowers resident in France, with the euro zone accounting for more than 87% of commitments.

■ Market Risk

Within the Group, market risk is concentrated mainly at CDC IXIS Capital Markets, the subsidiary responsible for capital markets. The proprietary activities of CDC IXIS and the Public Institution are also concerned, but more marginally. Positions are measured using a model developed internally by CDC IXIS Capital Markets and approved by the Banking Commission.

Each entity has its own VaR limits, with positions controlled by the Risk Department of each unit.

■ Operational Risk

Operational risk management procedures and departments were strengthened in 2001 with the aim of improving risk assessment, taking preventive measures, developing quality assessment indicators and defining specific rules to reduce the Group's exposure to these risks.

With regard to risks related to people, computers and logistics, implementation and monitoring of the Enterprise Continuity Plan (PCE) are now followed by means of a quarterly management report.

The IT Security department has set Group-wide guidelines for external connections, data room security, project security, web sites, etc. The Finance department has given priority to developing accounting output quality assessment indicators.

Finally, work has started on the compiling of an incident database with the objective of calculating capital requirements to cover operational risks as will be required under the new recommendations of the Basle Committee.

Risk management at Caisse des Dépôts

Risk management is structured around three sectors:
- balance-sheet management and risk management of portfolio risks for the Central Sector and the Savings Funds Division;
- risk management for the Deposits, Savings and Public Financing division (DEFP), covering the full range of the division's activities except for the Savings Funds' portfolio risks;
- risk management of the Retirement Administration Division.

■ Balance Sheet management and management of Portfolio Risks

The Central Sector and the Savings Funds Division, each a distinct asset-holding entity within the Public Institution, perform their own balance-sheet management and have defined their own risk limits. By contrast, a single joint department oversees the management of portfolio risks. Formed at the end of 2000 within Central Control, this department monitors portfolio exposure to interest rate, currency, market and counterparty risks.

Central Sector

The Asset-Liability Committee, which has been placed under the responsibility of the Group Finance and Strategy manager, decides on risk orientations and limits for global interest rate, currency and liquidity risks.
Policy calls for currency risks to be hedged systematically and for their full amount, for all positions as they appear in the books.
Liquidity is managed on the basis of projections identifying future financing capacity or funding needs. The significant amount of readily realizable bonds and other fixed-income securities on the balance sheet

ensures highly satisfactory coverage of the liquidity risk. Since February 2001, the Central Sector is provided with daily reports on its liquidity produced by CDC IXIS, which carries out all transactions in the interbank markets on the Group's behalf.
Balance sheet interest rate risk is monitored through two indicators, the first by reference to variations in interest rates, and the second by reference to variations in net present value resulting from changes in interest rates. For example, a 100-basis-point rise in interest rates compared with 2001 levels would reduce the net interest margin by € 65 million over a full year. A daily 20-standard-deviation variation along the entire length of the yield curve would result in a € 340 million variation in net present value.
Lastly, the bond portfolio is of a high quality, since it includes 60% government securities, with 82% of the issuers rated double-A or above (AA+ on average).

Savings Funds Division

For the Savings Funds Division, whose resources mainly take the form of savings account deposits repayable on demand, liquidity is of crucial importance. Liquidity has improved steadily in recent years, reflecting both satisfactory deposit-taking and stable loan production. The liquidity ratio (i.e. financial assets over customer deposits) has improved, and now exceeds 35% for Livret A accounts and 50% for all savings account funds.
Interest charged on loans being indexed largely on the interest offered on savings accounts, interest rate risk arises in part from the portfolio of financial assets, whose exposure did not vary in 2001 compared with 2000.
In 2001, the Savings Funds Division chose not to increase the portfolio's credit risk exposure on account of the prevailing unfavorable economic conditions, and also because of the dearth of new bond issues listed on the Paris market, which, in 2001, continued to be the only class of assets the Savings Funds Division was authorized to invest in.
French government securities still account for a substantial majority of fixed-income securities portfolios, accounting for 71% of assets as of December 31, 2001. The remaining portfolios are invested in securities presenting low credit risks, with issuers being rated AA+ on average.

■ *Deposits, Savings and Public Financing Division (DEFP)*

Following the creation of the Deposits, Savings and Public Financing (DEFP) Division, a risk management unit was established which reports directly to DEFP's Deputy Chief Executive Officer. This unit is responsible for financial and operational risks relative to all DEFP activities, with the exception of portfolio risks relating to the savings funds. In addition, a Risks and Results Committee was formed within DEFP.

In 2001, three measures were implemented that significantly strengthened internal control procedures. A risk function was created at the level of each regional management group. The financial analysis of local public-sector counterparties (public housing associations, semi-public corporations and local government bodies) was unified and work started on a new application that will consolidate commitments involving these counterparties, whose common feature is that virtually none of them is rated by agencies.

■ *Retirement Administration Division*

Risk management is part of a permanent internal control system implemented in order to comply with legal and regulatory requirements, as well as with applicable rules and procedures, ensuring that risk exposure is tightly controlled.
Risk management is a fundamental aspect of corporate governance at the Retirement Administration Division. A Risk Committee meets every quarter at the Angers and Bordeaux establishments.

Work continued on a number of major projects in 2001, notably to update risk mapping and to consolidate crisis management measures.

Risk management at CDC IXIS

The Risk Department is responsible for implementation of the risk policy defined by the Executive Board of CDC IXIS and the constant and regular monitoring of all risks to which CDC IXIS and its subsidiaries are exposed. In this capacity, it ensures the consistency of the internal control systems and methods applied throughout CDC IXIS with regard to market, counterparty and operational risks.

■ *Balance Sheet and Liquidity management*

CDC IXIS balance sheet management has three principal missions: controlling balance-sheet risk, optimizing financing and managing cash. An Asset-liability Committee, headed by the Chairman of the Executive Board, is responsible for asset-liability management issues. This includes approving proposals made by the Finance Department, which is in charge of implementing decisions. Asset-liability management encompasses the management of interest rate, currency and liquidity risks, as well as the bank's capital allocation. It exercises direct responsibility over the assets and liabilities of CDC IXIS and acts on a concerted and consolidated basis with regard to the activities of CDC IXIS subsidiaries.

■ *Counterparty and Credit Risk*

As of December 31, 2001, 70% of proprietary commitments were internally rated no lower than A, and 17% were rated triple-A.
Growth in international businesses, especially in financial markets, helped diversify the geographical spread. While France remains dominant with 52% of commitments, exposure to the rest of the euro zone has increased consistently and now stands at 22%. Exposure to emerging markets remains marginal.

■ *Market Risk*

Within CDC IXIS Capital Markets, the Risk and Results Control unit reports directly to the Chairman of the Executive Board. Completely independent, it defines market and counterparty risk measurement principles in accordance with Group guidelines and develops the necessary applications using resources earmarked specifically for this purpose. Market risks include interest rates, currencies, equities, spreads and volatility…, which are tracked on an international basis.

Risks are measured daily on the basis of indicators measuring each activity's maximum potential losses. These indicators (which are of a Value at Risk type and use a Monte Carlo - type methodology) are compared to the risk limits that must always be respected.
The authorization given to CDC IXIS Capital Markets to use Scenarisk, an internally developed model for monitoring market risk, was confirmed in 2001.

For all VaR calculations, market parameters are modeled based on a 365-day statistical analysis. This model enables maximum losses over 10 days to be calculated with a 99% confidence interval. The basic indicator is a VaR parametric.

For options, the VaR parametric is progressively being supplemented with a simulation-calculated VaR using Monte Carlo - type methodology. This allows non-linear aspects of the portfolio to be assessed from different perspectives. Overall, VaR levels were relatively stable throughout the year and remained within authorized limits. In 2001, 10-day VaR averaged € 144 million on steadily rising returns.

The control of operations at the North American subsidiary of CDC IXIS Capital Markets has been totally integrated into the Paris organization, but specific risk management tools continue to be used.

The CDC IXIS Finance Department manages proprietary portfolios (interest rates, equities and delegated management). VaR limits have been defined for market risks arising from this activity, as well as interest rate and currency risks related to asset-liability management.

■ *Operational Risk*

Measures have been implemented since September 2001 to strengthen operational risk management procedures, notably through risk mapping at CDC IXIS entities, with work expected to be completed in 2002.

Risk management at CNP Assurances

In 2001, CNP Assurances further defined and formalized procedures for risk management, which is performed continuously at the level of each division, based on the personal involvement of management. Risk management has been the subject of considerable internal communication, including a presentation to the Supervisory Board.

In 2001, particular attention was paid to assessing operational risks, especially IT security issues and legal risks. A legal Risk Committee was set up to coordinate work on assessing the impact of changes in regulations, law and tax provisions on the activities of CNP Assurances.

As IT systems were revamped, security and audit trail procedures were strengthened. The Security Committee met regularly in 2001.

Contingency plans were kept operational through drills at back-up sites. Several improvements were made to the crisis unit and staff training was completed in 2001.

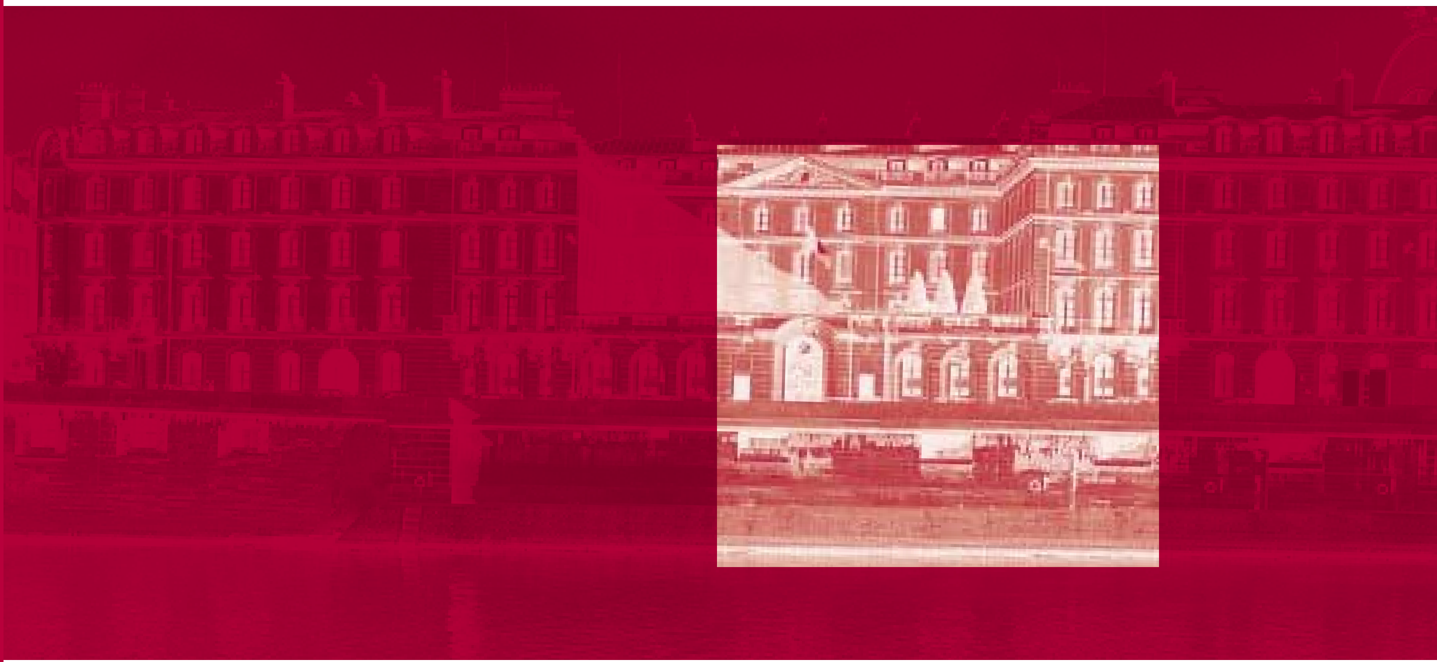
With regard to financial risks, CNP Assurances has been developing more comprehensive stress tests to model unfavorable changes in financial markets. As a result of this work, policies have been implemented to hedge market risks, whether CNP Assurances is exposed directly or through its control of foreign subsidiaries.
Lastly, counterparty risks stemming from the securities portfolios and minority interests are tracked by each CNP Assurances entity as well as on a consolidated basis.

Risk management at C3D

In the first half of 2001, C3D created a Risk Management Department entrusted with the following key missions:
- mapping out the Group's operational risks;
- implementing and maintaining the reporting of major risks;
- coordinating the network of risk managers at the business line level;
- coordinating the work of the crisis unit at the Chairman's request;
- participating in the C3D Commitments Committee by presenting the point of view of risk managers on transactions reviewed by this committee;
- centralizing information and providing advice to the business lines on insurance issues.

The Chief Risk Officer attends meetings of the Audit and Accounting Control Committee, an offshoot of C3D's Board, and works closely with the Group's Chief Internal Auditor.

Supervisory Board
Caisse des Dépôts et Consignations (April 2002)



Chairman
Jean-Pierre BALLIGAND
Representative

Jean-Pierre BRARD
Representative

Jean-Jacques JÉGOU
Representative

Alain LAMBERT
Senator,
Chairman
Senate Finance Committee

François LAVONDÈS
Administrative Court

Robert TOUZERY
Honorary Member, Administrative Court

Jean RECOULES
Senior Counselor, Court of State Auditors

Yves ULLMO
Senior Counselor, Court of State Auditors

Jean-Claude TRICHET
Governor, Banque de France
represented by
Hervé HANNOUN
Deputy Governor

Michel FRANCK
Chairman,
Paris Chamber of Commerce and Industry

Jean-Pierre JOUYET
Director, French Treasury

Michel ANDRIER
Chairman, Supervisory Board
of the Caisse Nationale des Caisses d'Epargne

Executive Committee
Caisse des Dépôts et Consignations

(April 2002)

• *Daniel Lebègue foreground,*
from left to right: Pierre Servant, Gilles Benoist, Michel Berthezène, Michel Gonnet, Pierre Ducret, Thierry Walrafen, Georges Constantin, Patrice Garnier, Isabelle Bouillot, Jean-Pierre Menanteau.

Daniel LEBÈGUE
Chairman and Chief Executive Officer
Caisse des Dépôts et Consignations (CDC)

Isabelle BOUILLOT
Deputy Chief Executive Officer,
Chairman of the Management Board, CDC IXIS

Michel GONNET
Deputy Chief Executive Officer,
Deposits, Savings and Public Financing (DEFP)

Gilles BENOIST
Chairman of the Management Board,
CNP Assurances

Michel BERTHEZÈNE
Senior Executive Vice-President,
Savings Funds Management

Georges CONSTANTIN
Senior Executive Vice-President,
Retirement Administration Division

Pierre DUCRET
Group Corporate Secretary

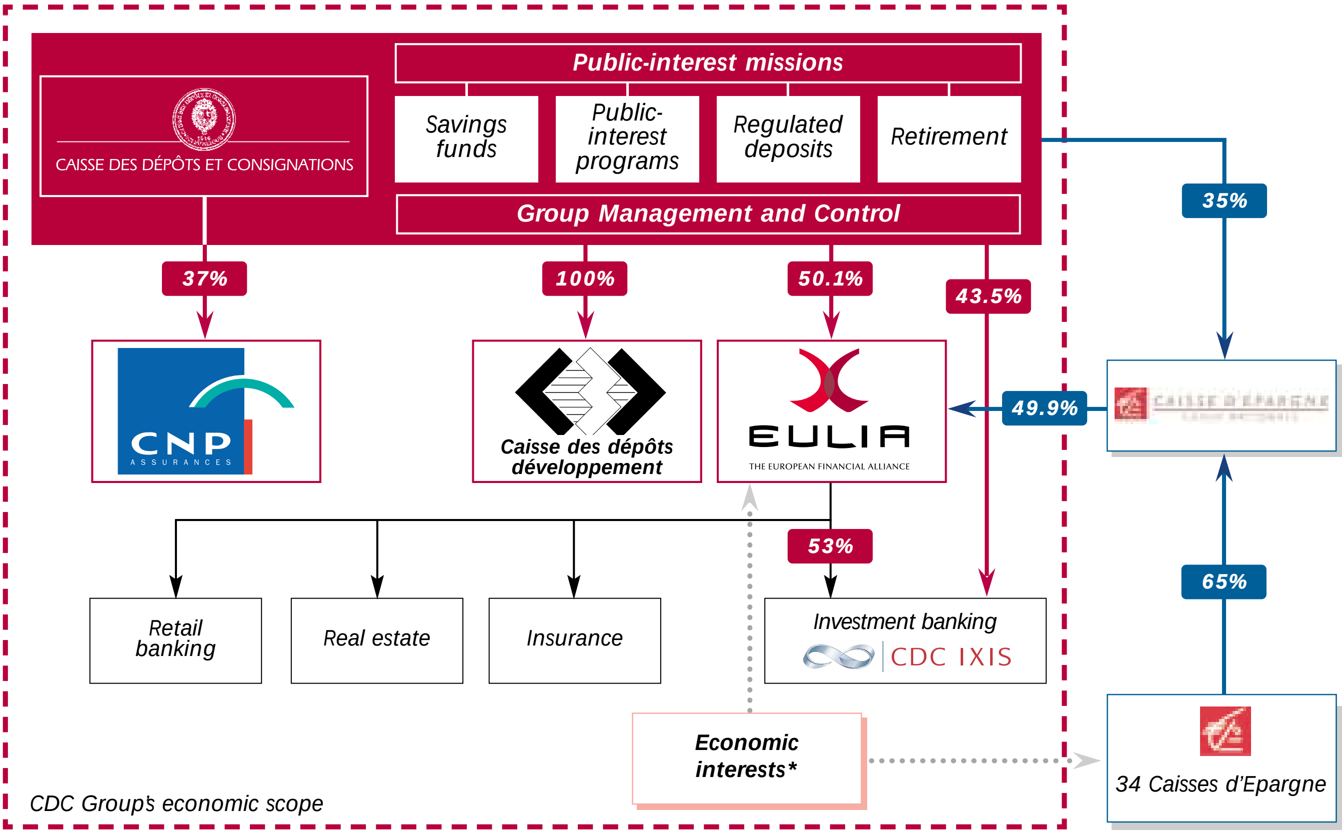
Patrice GARNIER
Chairman, C3D

Jean-Pierre MENANTEAU
Senior Executive Vice-President,
Group Strategy, Finance, Management Control
and Financial Accounts,
Office of the Chief Executive Officer

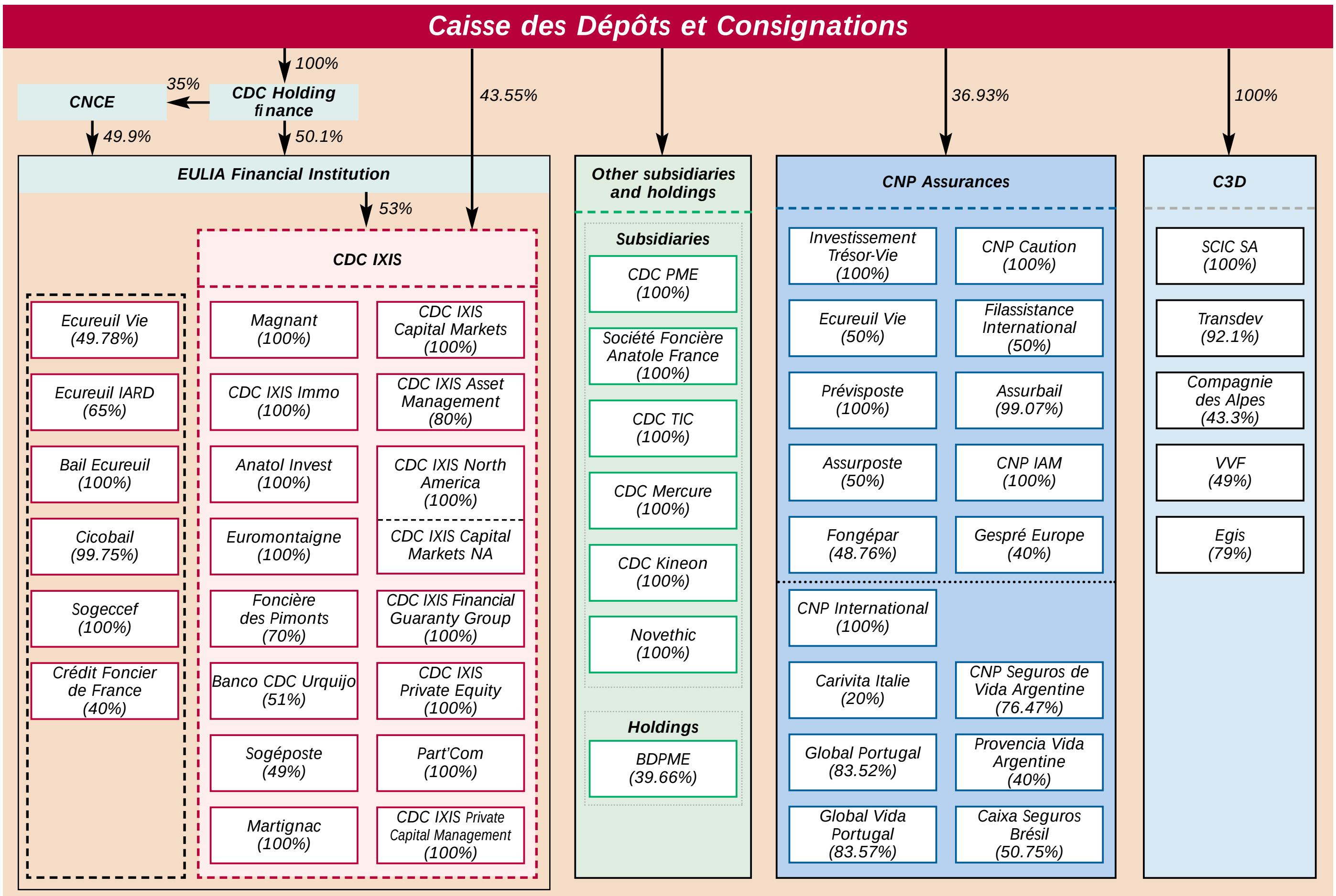
Pierre SERVANT
Chief Operating Officer, Finance, The EULIA Financial Institution

Thierry WALRAFEN
Senior Executive Vice-President,
Compliance Officer

Caisse des Dépôts Group organization and principal subsidiaries (April 2002)



* In 2002.



CDC Group Executive Officers
and international correspondents

(April 2002)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF CAISSE DES DÉPÔTS ET CONSIGNATIONS .... *Daniel Lebègue*

GROUP STRATEGY, FINANCE, MANAGEMENT CONTROL AND FINANCIAL ACCOUNTS - OFFICE OF THE CEO .... *Jean-Pierre Menanteau, Senior Executive Vice President*

Compliance Officer .... *Thierry Walrafen, Senior Executive Vice President*
Cashier general .... *Jean-Marie Rossinot*
Internal Audit .... *Olivier Bailly*
Relations with European Institutions .... *Marie-Françoise de Kervenoaël*
Corporate Communications .... *Marie-Anne Etaix-Parias*

GROUP CORPORATE SECRETARY .... *Pierre Ducret, Chief Administrative Officer*
Legal and tax .... *Olivier Ritz*
Human Resources .... *Marine Dorne-Corraze*
Informatique CDC (Information Technology) .... *Nord Zoulim, Chief Information Officer*
Sustainable development and quality .... *Elizabeth Guingand*

CDC KINEON .... *Yann Boaretto*
GALAXY FUND .... *François Bergère*
NOVETHIC .... *Jean-Pierre Sicard*

CDC DEPARTMENTS

DEPOSITS, SAVINGS AND PUBLIC FINANCING DIVISION .... *Michel Gonnet, Deputy Chief Executive Officer – CDC*
- Small and Medium Sized Business Development and Innovation .... *Albert Ollivier*
- Local Development and Investment .... *Gilles Seigle*
- Urban Renewal .... *Dominique Figeat*
- Regulated banking .... *Yvonick Plaud*
- Small Business and Socially-Oriented Economic Development .... *Hugues Sibille*
- New Information and Communications Technology .... *Gabrielle Gauthey*
- Savings Funds .... *Michel Berthezène, Senior Executive Vice President*
  Fund management strategy .... *Jacques Ollivier*
  Public housing financing .... *Isabelle Enjalbert*

RETIREMENT ADMINISTRATION DIVISION .... *Georges Constantin, Senior Executive Vice President*

CDC SPECIALIZED SUBSIDIARIES

EULIA FINANCIAL INSTITUTION

Daniel Lebègue, Chairman, Chief Executive Officer
Charles Milhaud, Chairman, Chief Executive Officer
Pierre Servant, Chief Operating Officer, Finance
Christian Guirlinger, Chief Operating Officer, Corporate Strategy
Jean-Marie Paintendre, International Partnership Manager

CDC IXIS (INVESTMENT BANKING AND FINANCING)

Isabelle Bouillot, Deputy Chief Executive Officer – CDC, Chairman of the Executive Board-CDC IXIS
Gérard Barbot, Chief Executive Officer
Antoine Lissowski, Chief Financial Officer
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Thierry Dissaux, Corporate Development and Communications
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Yves Marty, Chief Executive Officer C3D

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Transdev Group (transportation and mass transit) .... *Philippe Segretain, Chairman and CEO*
Compagnie des Alpes (tourism) .... *Jean-Pierre Sonois, Chairman and CEO*
Egis Group (infrastructure engineering) .... *Gilles Leservot, Chairman and CEO*

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