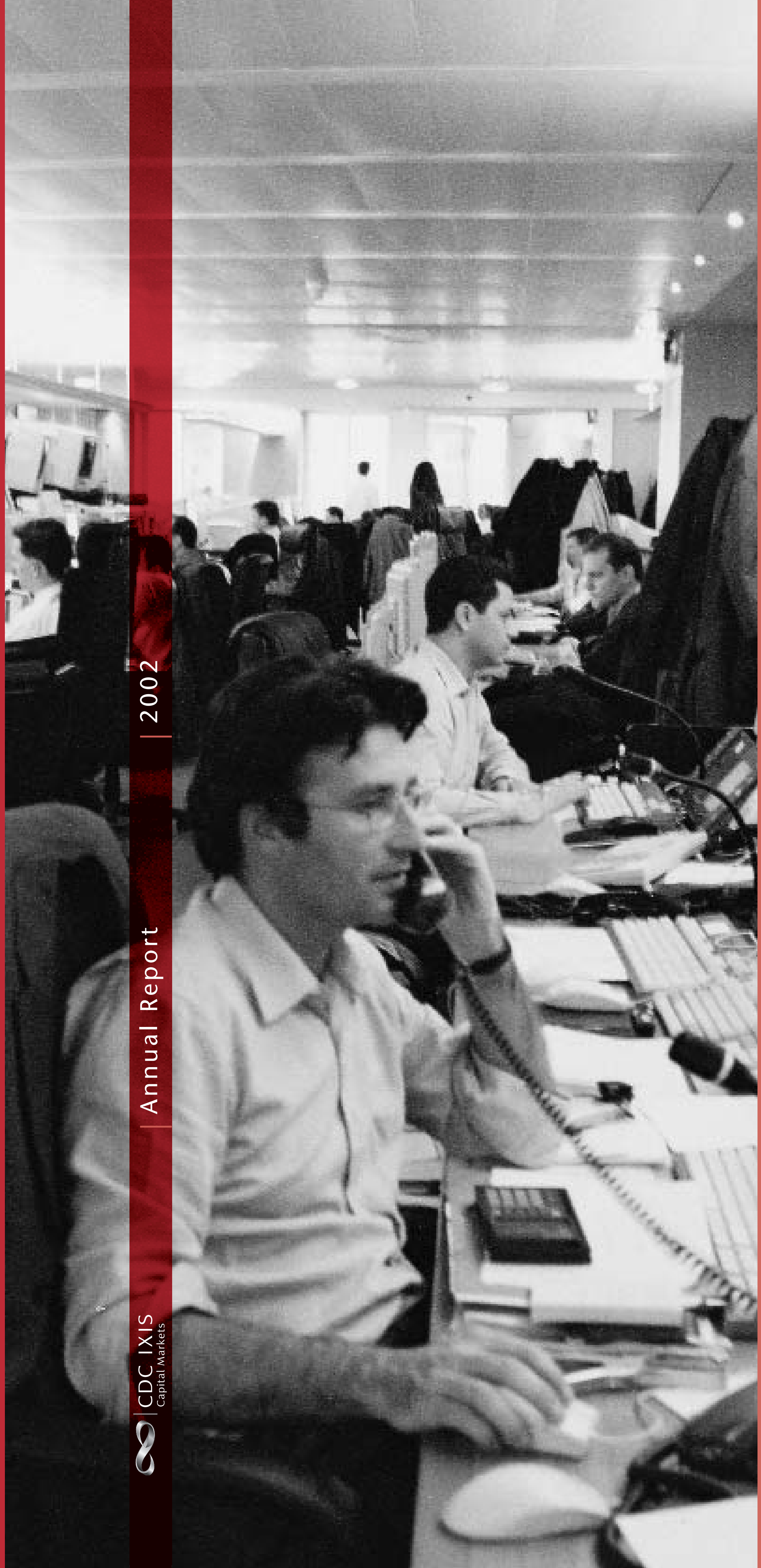
CDC IXIS
Capital Markets



Annual Report 2002

CDC IXIS
Capital Markets

ANNUAL REPORT 2002

CDC IXIS
Capital Markets

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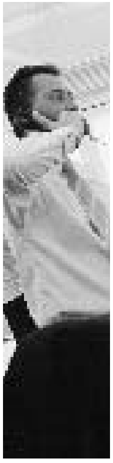
CDC IXIS
Capital Markets

56, rue de Lille – 75356 Paris 07 SP
A French corporation with Supervisory Board and Executive Board.
Credit Institution, licensed as a financial company with capital stock of €457,500,000
RCS.: Paris B 340 706 407 – Head office: 51, rue de Lille – 75007 Paris

New address, as of 30 June 2003:
47, quai d'Austerlitz – 75648 Paris Cedex 13

Photos : Alain Le Bacquer, Jean-Marc Pettina, Sandra Saragoussi

GROUP PROFILE



CDC IXIS Capital Markets is a credit institution authorised as a financial company under French law and a leading player on French and European capital markets.

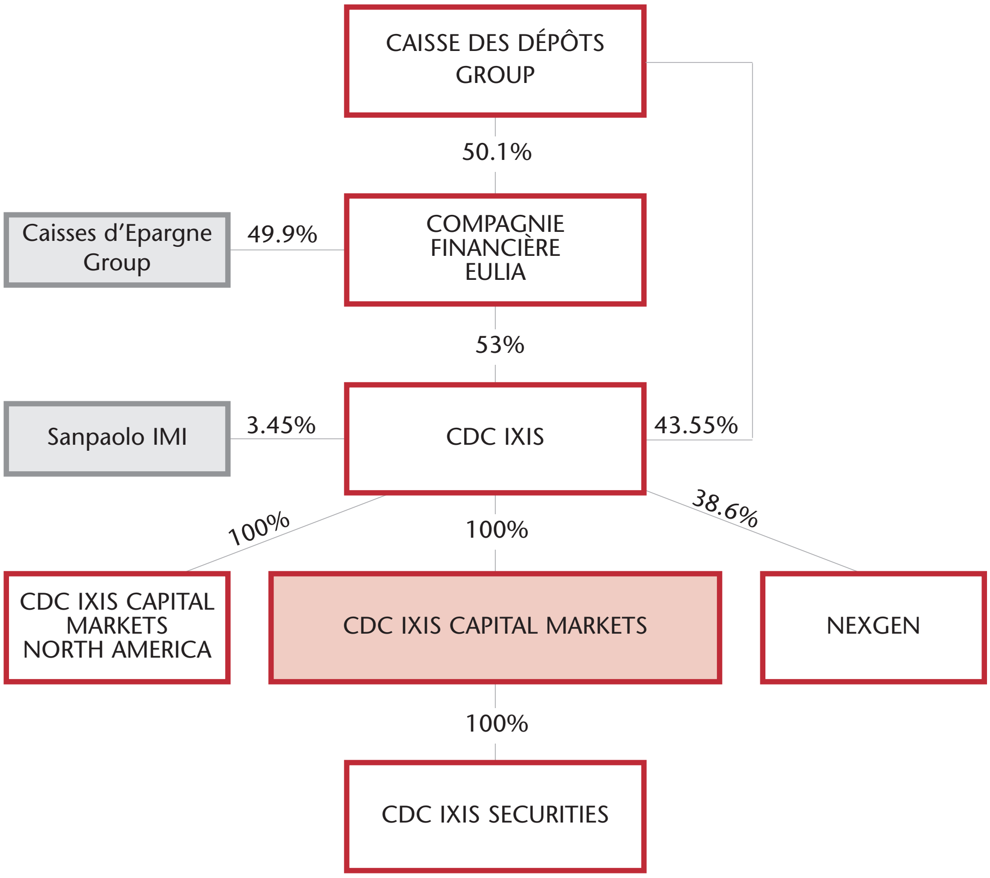
CDC IXIS Capital Markets and its equity-broking arm, CDC IXIS Securities, offer investors an extensive array of broking, structured finance, engineering and research services.

The Group delivers an expansive product offering to clients on global markets from its Paris headquarters, as well as from branches in Frankfurt, London and Tokyo and its New York-based operation, CDC IXIS Capital Markets North America Inc.

The twin advantages of an AAA/Aaa rating and human dimensions ensure CDC IXIS Capital Markets offers clients both security and speed of reaction.

CDC IXIS Capital Markets is a wholly-owned subsidiary of CDC IXIS, which is itself owned by Compagnie Financière EULIA (53%), Caisse des dépôts et consignations Group (43.55%) and Sanpaolo IMI (3.45%).

Compagnie Financière EULIA is a holding company owned jointly between Caisse des dépôts Group (50.1%) and Caisses d'Epargne Group (49.9%), and which was set up on 31 December 2001 as part of the alliance between the two Groups. ■



Isabelle Bouillot
Chairman of the Supervisory Board

Financial market conditions were dreadful in 2002, but CDC IXIS Capital Markets displayed fine resilience after a second taxing year in succession, particularly for the equities business line. The 15% increase in profits relative to 2001 underlined the high degree of professionalism attained by our personnel.

2002 also witnessed the integration of CNCEP's capital markets arm into the Group. Thanks to the extreme rapidity with which it was achieved, this operation enabled us to build business relations with the regional banks of the Caisses d'Epargne Group and yielded a positive contribution to our bottom line right from the first year.

CDC IXIS Capital Markets' resilience in 2002 was the fruit of past investments

Our dynamism again brought us rewards, notably via the new inroads made on the commercial front, especially with large corporate clients. These advances were fully in line with the major goals set by the CDC IXIS Group for 2002 and were a tribute to the creativity of our personnel and to the ever closer co-operation between our various business lines.

The Supervisory Board was also able to verify during its four meetings in 2002 that growth in business and profits was achieved without undermining the extremely selective risk policy pursued since CDC IXIS Capital Markets was founded.

Isabelle Bouillot
Chairman of the Supervisory Board

Consolidated results

€m	2002	2001	2000
Net banking income	500	416	487
Gross operating profit	136	83	188
Pre-tax underlying profit	136	93	186
Consolidated net profit	96	84	111
ROE	16%	15%	20%

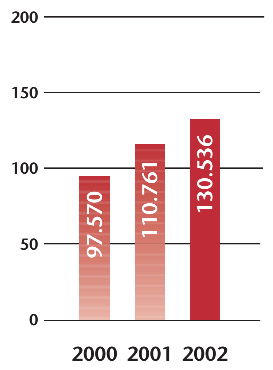
Consolidated equity

€m	31/12 2002	31/12 2001	31/12 2000
Consolidated shareholders' equity (1)	635	567	632
Regulatory capital	1,238	1,049	1,149

(1) net of minority interests and excluding the Fund for General Banking Risks (FGBR)

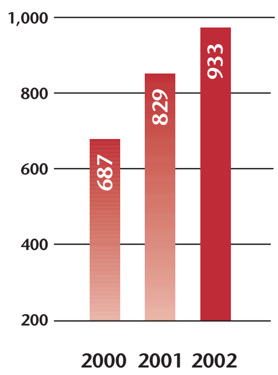
Consolidated balance sheet total as at 31/12

€bn



Consolidated workforce as at 31/12

In units



Long-term credit ratings

Ratings agency:	31/12/2002
Standard & Poor's	AAA (1)
Moody's	Aaa
Fitch	AAA

(1) In a public statement dated 21 January 2003, the European Commission notified France a recomendation to take appropriate measures for the phasing out of the CDC Guarantee (granted by Caisse des dépôts et consignations to its subsidiary CDC IXIS).

On 28 March 2003, the European Commission, the French Authorities and CDC reached an agreement which covers the gradual phasing out of the guarantee system granted by CDC to counterparties of CDC Finance – CDC IXIS and, directly or indirectly, a number of it subsidiaries (including CDC IXIS Capital Markets).

In a press release of the same day the European Union Commission indicated that (extract):
"According to the agreement reached today, the guarantee in favour of CDC IXIS will be phased out progressively. The phase-out schedule provides for a transitional period, which lasts until 23 January 2007 4 years after the Commission proposed that the guarantee should be abolished. During this period, the existing guarantee may remain in place for operations which mature before 23 January 2017. After 23 January 2007 no new instruments will be initiated under the guarantee.

However, the guarantee can be "grandfathered" for all on and off-balance sheet liabilities existing at 1 April 2003 until they mature. All on and off-balance sheet liabilities entered into during the transitional period until 23 January 2007 are covered by the guarantee if they mature before 23 January 2017. For those liabilities maturing after 23 January 2017, the guarantee will not be maintained.

There will be an additional one-year transitional period until 23 January 2004 for those of-balance sheet items that mature after 23 January 2017. This is to enable CDC IXIS to create a special purpose vehicule, which it anticipates will obtain an AAA rating, and will be dedicated to this activity."

In view of this prospect, the ratings agency Standard & Poor's marked CDC IXIS Capital Markets' long-term credit rating with a negativ outlook, whereas the other agencies made no change to their existing ratings.

Anthony Orsatelli
Chairman of the Executive Board

CDC IXIS Capital Markets put up stern resistance during the year, faring well in very tough market circumstances. With consolidated net profit of €96m and a 16% ROE, the Group not only achieved its targets, but also improved upon the previous year's results.

This performance was fuelled by healthy levels of business in fixed-income markets and proprietary activities, combined with fine resistance by our equities business in dreadful stock-market conditions.

CDC IXIS Capital Markets' 2002 results were also buoyed by the successful incorporation of CNCEP's capital markets personnel in January 2002 and efforts to unlock synergies with other business lines within the CDC IXIS Group, notably Financing and Financial Engineering.

Another satisfying factor was that all our international branches and subsidiaries made a profit in 2002. This was a particular feat in Tokyo's case, given that conditions were tougher in Japan than anywhere else. Frankfurt again led the way as in previous years, while London made progress, despite having to shoulder the burden of extensive investments in 2001 and 2002. Efforts to develop global business lines have now reached a mature stage for our three branches in Frankfurt, London and Tokyo.

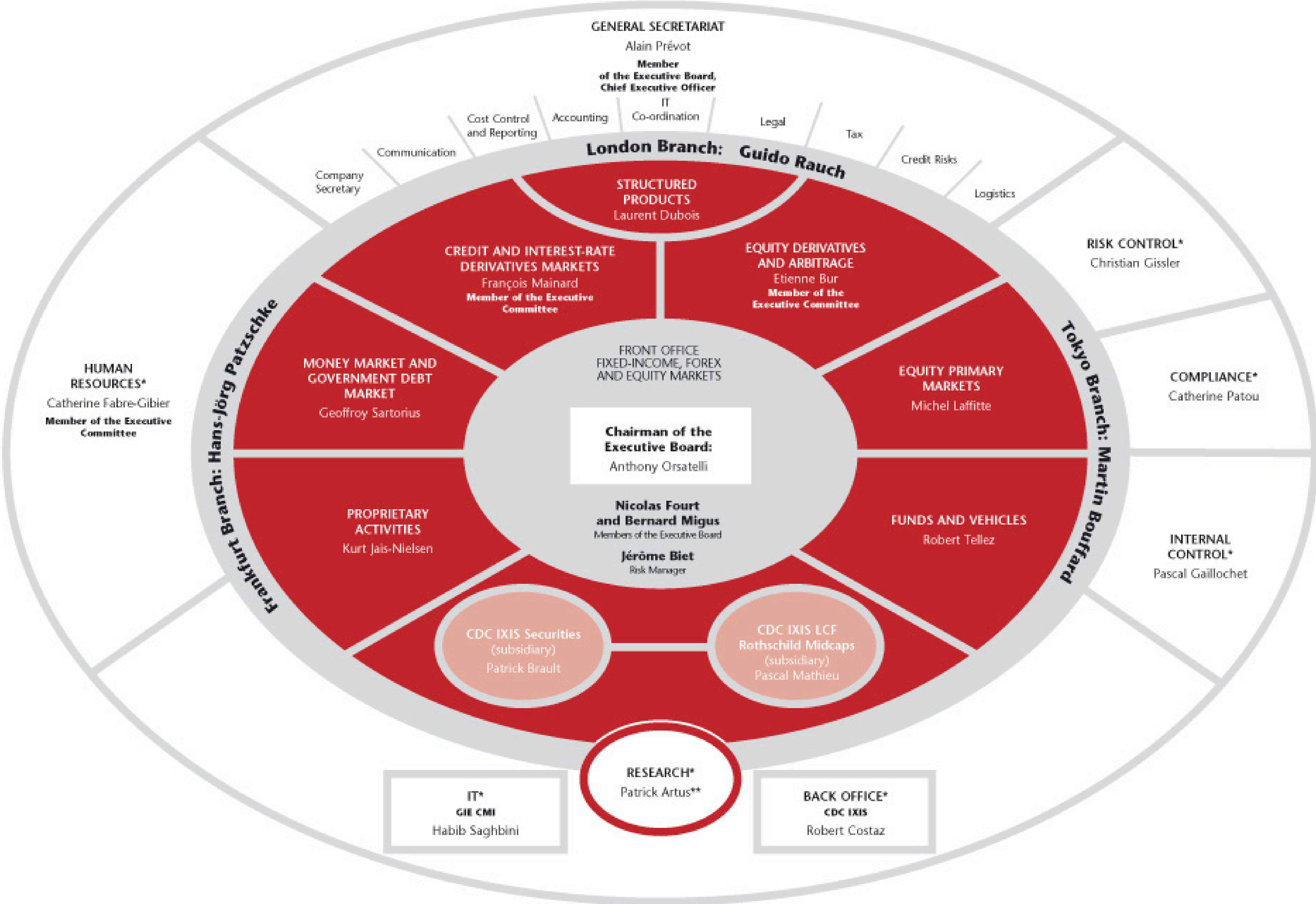
"CDC IXIS Capital Markets fared well in tough circumstances"

Our support functions also succeeded in coping with the substantial growth in our business, both in terms of increased volume and complexity.

Against a still-difficult market backdrop, one of the major challenges in 2003 will be to achieve a return on the substantial investments in human and other resources (notably IT) made over the last two to three years.

We will continue to develop the services provided to Caisses d'Epargne and strive to reinforce synergies with other business lines within the CDC IXIS Group by building on the successful operations carried out together in 2002.
Lastly, international alliances are still of prime importance, especially the development of relations with Sanpaolo IMI.

Anthony Orsatelli
Chairman of the Executive Board



* Departments reporting directly to the Chairman of the Executive Board

** Permanent Advisor to the Executive Board

Supervisory Board

Chairman	**Isabelle Bouillot** (appointed 3 November 1998) *Chairman of CDC IXIS Executive Board*
Vice-chairman	**Gérard Barbot** (appointed 3 November 1998) *Chief Executive Officer of CDC IXIS*
Other members	CDC IXIS (appointed 3 November 1998) Represented by **Daniel Lebègue** (resigned 17/02/2003) *Chief Executive Officer of Caisse des dépôts et consignations** Caisse Nationale des Caisses d'Epargne et de Prévoyance (appointed 13 October 1999) Represented by **Philippe Wahl** *Chief Executive Officer of CNCEP* Banque et Caisse d'Epargne de l'Etat, Luxembourg**, (appointed 3 November 1998) Represented by **Raymond Kirsch** *Chairman of BCEEL* **Nicolas Merindol** (appointed 20 March 2002) **Antoine Lissowski** (appointed 3 November 1998) **Pierre Servant** (appointed 3 November 1998)

The mandates of the members of the Supervisory Board will next be subject to renewal at the Annual General Meeting of Shareholders convened to approve the accounts for the financial year ending 31 December 2003.

Financial and Internal Control Committee

Chairman	**Gérard Barbot**
Other members	**Nicolas Merindol** **Pierre Servant**

Remuneration Committee

Chairman	**Raymond Kirsch**
Other members	**Gérard Barbot** **Isabelle Bouillot** **Daniel Lebègue** (resigned 17/02/2003)*

Executive Board

Chairman	**Anthony Orsatelli**
Chief Executive Officer	**Alain Prévot**
Other members	**Nicolas Fourt** **Bernard Migus**

The four members of the Executive Board were appointed for an initial mandate on 3 November 1998, which will be subject to renewal on 3 November 2006.

** Francis Mayer, the new Chief Executive Officer of Caisses des dépôts et consignations, is now CDC IXIS's permanent representative, and a member of the Remuneration Committee.*
*** Independent Board member.*

The Supervisory Board and its Specialised Committees

General responsibilities of the Supervisory Board

The Supervisory Board ensures the Company and the entities attached to it are functioning correctly. In this capacity, it exercises control over the management of the Executive Board and on the accounts drawn up by the Board.

In the process of exercising these responsibilities, the Supervisory Board may decide to set up specialised committees from among its own members. These committees report to, and are assigned their remit by the Supervisory Board.

Each year, the Supervisory Board is required to present a report to the Annual General Meeting of Shareholders that contains its observations on the report of the Executive Board and on the accounts for the previous financial year.

Composition and organisation of the Supervisory Board

CDC IXIS Capital Markets' Supervisory Board comprises eight members[1], all of whom own at least one share issued by the Company. Although CDC IXIS Capital Markets is a wholly-owned subsidiary of CDC IXIS, its Supervisory Board nevertheless includes one independent Board member.

CDC IXIS Capital Markets' definition of an independent Board member is that set out in the Bouton report of 23 September 2002, i.e. any person whose judgement remains free of influence from any relations that he or she may maintain either with the Company, the Group to which it belongs or its management.

Activity of the Supervisory Board in 2002

CDC IXIS Capital Markets' Supervisory Board convened on four occasions in 2002, each time in the presence of at least one representative of the Employee Representative Council (*Comité d'entreprise*). The average attendance rate was 72%.

Making use of Specialised Committees where necessary (see above), the Supervisory Board primarily sought to verify that:

- the Executive Board's strategic and investment decisions were appropriate; to this end, the Supervisory Board was kept regularly abreast of the development of new business activities and the creation of new structures;
- the Company's risk profile remained undistorted and that control mechanisms were functioning efficiently;
- results were being obtained in line with the targets established at the start of the year;
- financial information released by the Company, primarily in the form of annual and interim financial statements, was of good quality.

The Supervisory Board also examined the following matters more specifically:

- the renewal of Executive Board member mandates,
- the presentation of the 2002-05 business plan,
- the plans to merge CDC IXIS Capital Markets into CDC IXIS.

Lastly, as part of its special powers enshrined by law, the Supervisory Board approved the signature of a regulated agreement, termed a "replacement contract", between CDC IXIS, CDC IXIS Asset Management and CDC IXIS Capital Markets on 16 October 2002.

The purpose of this agreement was to replace CDC IXIS Asset Management with CDC IXIS as counterparty to CDC IXIS Capital Markets for a 10-year swap contract concerning a decreasing notional amount of US$1.1bn concluded in 2000.

Directors' fees were paid to members of the Supervisory Board in proportion to their rate of attendance at meetings of the Board and the two Specialised Committees[2]. However, in accordance with internal regulations, Supervisory Board members representing Caisse des dépôts Group do not receive directors' fees for attending meetings in the exercise of their responsibilities within CDC IXIS Capital Markets.

(1) See pages 40-44 for the full list of responsibilities and functions exercised on various company boards by the members of the Supervisory Board.
(2) See pages 40-44.

Opinion of the Supervisory Board on the 2002 financial year

The Supervisory Board does not have any comments to make on the parent company and consolidated financial statements for the 2002 financial year, nor concerning the Management Report presented by the Executive Board. It therefore asks shareholders to approve the accounts for the year, together with the resolutions proposed by the Executive Board. The Supervisory Board wishes to thank all personnel for the work accomplished over the past year and the quality of the information supplied to it.

Activity of the Specialised Committees in 2002

The Supervisory Board is assisted in its duties by two Specialised Committees set up in 1998, namely the Financial and Internal Control Committee and the Remuneration Committee.

The Financial and Internal Control Committee

The Financial and Internal Control Committee is a three-member committee that meets in the presence of the company's Auditors. Each meeting gives rise to a report that is subsequently presented to the Supervisory Board at a meeting during the following fortnight, the intervening period being used by the Committee for preparation purposes.

The Financial and Internal Control Committee is responsible for assessing period-end financial reporting data and ensuring that internal control procedures are respected. It therefore fulfils a number of duties:

- examining the interim and annual financial statements before they are presented to the Supervisory Board, ensuring in particular that the accounting methods used are both appropriate and consistent, as well as soliciting the opinion of the Auditors;
- ensuring that internal control mechanisms are functioning properly and that the corresponding regulatory provisions are being applied;
- issuing an opinion on the appointment of the Auditors and their work programme;
- monitoring exposure to the various types of risk (market, counterparty etc.) and the various mechanisms for tracking such risks.

The Financial and Internal Control Committee convened on four occasions in 2002. The average attendance rate for Committee members was 75%. These meetings primarily examined:

- the 2001 annual financial statements and 2002 interim financial statements;
- the reports to the French Banking Commission on risk monitoring and internal control, together with the report to the CMF (the French stock-market regulator) on the control exercised over investment services supplied by the company;
- the work undertaken during the year by the internal control, compliance and risk control functions;
- the cost-cutting action plan.

The Remuneration Comittee

The Remuneration Committee is a four-member committee chaired by a personality from outside the Group and which is responsible for setting the remuneration of the members of the Executive Board. The Committee met on two occasions during 2002, with all members present.

The Executive Board

General responsibilities of the Executive Board

The Executive Board is granted full powers to act on behalf of the Company in all circumstances, in compliance with the purpose of the Company and subject to the powers attributed by law to the Supervisory Board and shareholders' meetings.

The Executive Board presents the Supervisory Board with a report on the Company's activity at least once per quarter. It also presents annual parent company and consolidated accounts no later than three months after each financial-year end.

The Executive Board also has responsibility for ensuring the Employee Representative Council is suitably informed and consulted.

Composition and organisation of the Executive Board

CDC IXIS Capital Markets' Executive Board comprises four members[3], whose mandates were renewed for four years on 3 November 2002. The Executive Board is organised in accordance with internal regulations that notably specify the methods by which it operates, its powers and the signature delegation mechanism (formalised by a list of approved signatories).

Activity of the Executive Board in 2002

CDC IXIS Capital Markets' Executive Board convened on a weekly basis during the year. The average attendance rate for Board members was 83%.

Executive Board meetings systematically examined and commented on the regular spreadsheets detailing each business line's activity and risk exposure during the previous week. They also assessed the risks to be assumed by the Company during the course of its activities, as well as approving all projects prior to implementation and taking the decisions needed to ensure the smooth-functioning and development of the Company. Minutes were drawn up after each meeting.

Auditors

			Date first appointed	Expiry of mandate
Auditors	**Pricewaterhouse Coopers Audit** represented by **Etienne Boris**	32, rue Guersant 75833 PARIS Cedex 17	*AGM of 30/6/97*	AGM voting on 2004 financial statements
Auditors	**Mazars & Guérard** represented by **Guillaume Potel**	Tour le Vinci 4, allée de l'Arche 92075 Paris La Défense	*AGM of 11/6/96*	AGM voting on 2007 financial statements
Substitute auditors	**Dominique Paul**	32, rue Guersant 75833 PARIS Cedex 17	*AGM of 30/6/97*	AGM voting on financial statements
Substitute auditors	**Michel Rosse**	Tour le Vinci 4, allée de l'Arche 92075 Paris La Défense	*AGM of 15/5/97*	AGM voting on 2007 financial statements

Auditors' fees[4]

Entity	Description of work	2002	2001
CDC IXIS CAPITAL MARKETS – PARIS			
PricewaterhouseCoopers Audit	Compulsory auditing of period-end accounts	286 373	288 984
Mazars & Guérard	Compulsory auditing of period-end accounts	286 373	275 091
	Special accessory assignments (risk control)	216 915	165 230
	Total	**789 661**	**729 305**
CDC IXIS CAPITAL MARKETS – LONDON BRANCH			
PricewaterhouseCoopers	Compulsory auditing of period-end accounts	39 932	38 397
	Total	**39 932**	**38 397**
CDC IXIS CAPITAL MARKETS – TOKYO BRANCH			
PricewaterhouseCoopers	Compulsory auditing of period-end accounts	23 413	23 560
	Regulatory control and internal control of accounting procedures	19 832	
	Special assignment-tax services	21 283	
	Total	**64 528**	**23 560**
CDC IXIS CAPITAL MARKETS – ZWEIGNIEDERLASSUNG DEUTSCHLAND			
PricewaterhouseCoopers	Compulsory auditing of period-end accounts	63 060	59 160
	Special assignment- trading room procedure	13 340	11 020
	Tax services	20 053	25 093
	Total	**96 453**	**95 273**
CDC IXIS SECURITIES			
Ernst & Young Audit	Compulsory auditing of period-end accounts	39 000	39 000
	Special assignment – tax and legal services	18 000	18 000
Cabinet Touber	Compulsory auditing of period-end accounts	22 000	22 000
	Total	**79 000**	**79 000**
CDC MARCHÉS INFORMATIQUE			
Mazars & Guérard	Compulsory auditing of period-end accounts	11 200	11 300
	Total	**11 200**	**11 300**

(3) See page 38 for the full list of responsibilities and functions exercised on various company boards by the members of the Executive Board.
(4) Fees are assigned to the financial year audited and stated on a tax-inclusive basis

2002 was a year of disappointments

The general expectations for the heavily counter-cyclical economic policies pursued in 2001 to pay off in 2002, ultimately proved unfounded.

Euro-zone GDP grew by 0.8% in 2002

Record losses for the DAX (-43.9%) and the CAC (-33.7%)

After stagnating in 2001, US GDP grew by 2.4% in 2002, primarily on the back of 3.1% growth in consumer spending and a 3.4% rise in residential investment. Capital investment remained depressed, however, largely due to over-capacity and the corporate focus on debt reduction. By the end of the year, growth momentum was flagging.

The early-year rebound in the euro zone proved short-lived, mainly as a result of the firmer euro and further efforts to adjust production capacity.
Overall, euro-zone GDP grew by only 0.8% in 2002, versus 1.1% in 2001. Private-sector consumption rose by 1.1% and investment by 0.8%.
Individual growth, inflation and public-deficit performances were highly mixed within the euro zone during the year.

The depressed global environment also affected other industrialised countries, with UK GDP growth slowing from 2% in 2001 to 1.7% in 2002, and the Riksbank in Sweden, a country highly exposed to external economic conditions, ultimately being compelled to wipe out all of the rate increases applied in the early part of the year. Growth remained anaemic in Japan at only 0.2%, held in check by lacklustre investment, in spite of two anti-deflation packages designed notably to deal with bad debts. Emerging markets also suffered from sluggish world demand, with most Latin American companies experiencing crisis situations.

Investors' heavy aversion to risk set the tone for the markets during the year

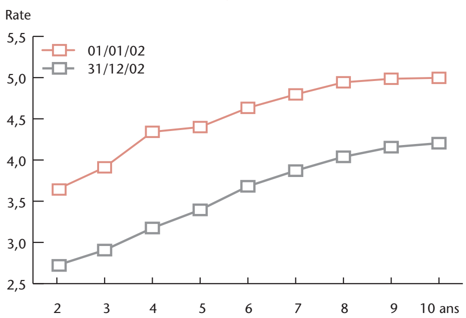
Equity markets

Equity markets were hard-hit by poor fundamental conditions and corporate accounting revelations. Equities fell for the third consecutive year, this time heavily, with both the DAX and the CAC 40 indices sustaining record losses during the year (-43.9% and -33.7%, respectively). European bourses underperformed the US market (S&P 500: -23.4%), primarily due to the slide in the value of European financial stocks.

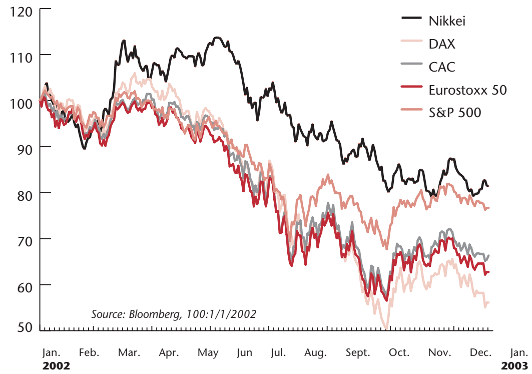
Interest rates

Bond yields declined in Europe and the US, with short-dated maturities outperforming, e.g. the spread between 2-year and 10-year rates reached 160 basis points in Germany and 230 basis points in the US at year-end. The main factors behind the steeper yield curve were highly accommodating monetary policies (European and US key rates came down another 50 basis points) and the abundant supply of sovereign bonds, notably as a result of deteriorating budgets. US treasuries outperformed German bunds until October when the trend went into reverse. Yield spreads between the various EMU-country bonds narrowed sharply. The spread between swap and 10-year bund rates was flattened out by the move to a steeper yield curve.

Euro-zone yield curve



Stock-market indices



Exchange rates

The euro strengthened throughout the year against the dollar and returned close to levels that were consistent with its purchasing power parity (PPP) and probably also more in line with the general balance of payments equilibrium. ■

Interest rates
Decline in European and US bond yields

MANAGEMENT REPORT

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Analysis of Consolidated Profit

Consolidated profit & loss statement

			Year-on-year change	
	2002 €m	2001 €m	amount €m	%
NET BANKING INCOME	**500.4**	**416.1**	**84.3**	**20.3**
Operating expenses	(364.8)	(333.0)	(31.8)	9.5
GROSS OPERATING PROFIT	**135.6**	**83.1**	**52.5**	**63.2**
Non-operating items	0.5	17.6	(17.1)	(97.2)
Corporate tax	(40.3)	(17.1)	(23.2)	135.5
NET PROFIT	**95.9**	**83.6**	**12.3**	**14.7**

Comments on the profit & loss statement

Net banking income advanced 20.3% to €500.4m in 2002, despite extremely harsh financial market conditions.

This was a fine performance compared with results posted by other capital markets' players and was driven by healthy levels of business in the fixed-income area, where NBI climbed 32.4% relative to 2001. CDC IXIS Capital Markets reaped the rewards of the previous years' restructuring and investments undertaken in the commercial and engineering fields in particular. Further momentum came from the smooth start-up of the partnership with Caisses d'Epargne and a mounting contribution from international operations.

Conditions for our equities business were very tough in 2002. Economic visibility was poor, markets were volatile, volumes were down and all the world's stock markets fell heavily. CDC IXIS Capital Markets nevertheless managed to weather the storm and hold NBI steady relative to 2001.

The 9.5% rise in operating expenses was a good result in the light of the 9% increase in staffing levels during the year, of which close to half stemmed from the incorporation of Caisses d'Epargne's capital markets personnel. Following several years in which our production capacity had risen substantially, the pace of recruitment stabilised in 2002. In view of prevailing conditions, particular attention was devoted to cost containment.

Non-operating items comprise additional provisions for miscellaneous risks, notably concerning a request for back-tax notified to the Company in 2002. These provisions were offset by the recovery of all sums previously assigned to the FGBR (Fund for General Banking Risks), there being no further need for this reserve in view of CDC IXIS Capital Markets' prospective merger with its parent company and 100% shareholder, CDC IXIS.

The corporate tax charge rose sharply as a result of increased gross operating profit, together with the reduction in tax credits arising from the equities business.

All in all, consolidated net profit advanced 14.7% to €95.9m in 2002.

ROE based on the average of period-opening and period-end equity rose to 15.9% from 14.6% at year-end 2001. ■

Fixed Income and Foreign Exchange

2002 continued in the same vein as 2001 and again witnessed record levels of trading, sales and engineering activity for fixed-income and foreign-exchange products.

Following the agreements signed between Caisse des dépôts Group and Caisses d'Epargne Group, the highlight of 2002 was the incorporation of Caisses d'Epargne's capital markets interests and the smooth links established with CDC IXIS Capital Markets' trading room.

Elsewhere, the focus remained on:
- stepping up commercial activity, with the share of revenues derived from outside France growing twice as fast as the overall rate;
- making widespread use of electronic trading mechanisms, this being part of a broader objective to rationalise processes and cut costs;
- undertaking research and investment in high value-added activities.

Derivatives and spread products

Over-the-counter interest-rate derivatives trading
The progress made by our interest-rate and hybrid (forex and credit) derivatives activities in Paris, London, Frankfurt, New York and Tokyo again accelerated in 2002, both in terms of volumes and profitability.

Thanks to a wealth of personnel know-how and a range of continuously updated tools, the fixed-income derivatives business undertook several high-profile operations in the simple and complex derivatives field, as well as in niches like interest-rate and forex hybrids, securitisation swaps or inflation-linked derivatives.

The year witnessed a sharp expansion in commercial activity, both in France and internationally, which yielded sustained growth in profits while keeping risks under tight control.

Our internet-based online offering was enhanced with simple long-term swap quotations. The product offering was broadened substantially and opened up further growth prospects which give the business the potential to rank among the leading global players in the sector.

The primary bond market, excluding sovereign bonds
In a year in which the primary market picked up slightly, CDC IXIS Capital Markets ranked 18th worldwide in the euro league tables. This was achieved against a backdrop of narrowing margins.

2002 saw CDC IXIS Capital Markets make inroads into the corporate debt market, by managing issues for Compagnie Financière de Suez, Imerys (the company's first-ever bond issue) and Accor. We were also selected as sole lead manager for an issue of inflation-linked bonds for Alis (the company that manages France's A28 motorway), in a transaction elected "Deal of the Year" by Project Finance International magazine.

The Company also managed its first ABS (asset-backed securities) issues, while significantly increasing its business on the EMTN platform.

Derivatives
Online trading of plain vanilla products gets underway

CDC IXIS Capital Markets strengthened its positions in secured bonds, a field in which it ranked first in both property bonds and *cedulas hipotecarias*. Managing Pfandbriefe issues also remained a priority.

18th in the euro league tables for primary bond issues.

The secondary market for private bonds
High spreads continued to reduce liquidity and complicate operations in the private debt secondary market. Nonetheless, CDC IXIS Capital Markets managed to balance its books by making reasonable choices both as regards its offering and risk-acceptance criteria, while continuing to structure its activities in preparation for an upturn in business.

Thanks to our operations in Frankfurt, London and Paris, we maintained our strengths in market-making in all significant segments of the markets, i.e corporates, financials, secured bonds, agencies and ABS. We also traded on benchmark electronic systems such as the various MTS platforms and Bondvision, and are preparing to provide quotations on our own website.

Elected "Deal of the Year" by PFI magazine. CDC IXIS Capital Markets selected as sole lead manager for the issue of bonds for France's A28 motorway.

Lastly, our credit repo team performed strongly and enabled us to rank among the leading European players in this sector and as number one in French securities.

Structured products

The investments made during previous years paid off in 2002.

The Company ranks among the top five global players in structured products based on alternative funds, thanks to its strong presence in Europe, the business links established with US funds and the multiplication of public debt issues in Japan.

In terms of guaranteed fund engineering, efforts were focused during the year on expanding the European client base and on product innovation. CDC IXIS Capital Markets notably helped engineer an inflation-linked guaranteed fund for La Poste.

Securitisation 5th in Europe in the RMBS field.

Our securitisation activities also gathered momentum in 2002. We ranked fifth in the European league tables in the RMBS field (residential mortgage-backed securities) and first in France for the full spectrum of securitisation instruments.

We also made further progress in structured products in the property field, a highlight of the year being the property sale and leaseback deal arranged for Alstom.

Lastly, our ART (alternative risk transfer) activities also got underway in 2002. Our approach is currently to offer hybrid products (financial, investment and hedging products), whose underlyings are classical and industrial insurance risks, and climate derivatives.

Money market and government bonds

The year witnessed intense competition in the segments of the money-market instruments and government bond trading and sales business in which we operate and the team therefore concentrated its efforts on enhancing operating conditions during the year.

Efforts were primarily focused on:
- making greater use of electronic trading systems both in relations with fellow professionals and clients;
- systematically seeking to use STP or straight-through-processing for transactions;
- diversifying revenue sources (markets and clients) and innovating with the aim of expanding in new markets.

These efforts enabled CDC IXIS Capital Markets to maintain and, in certain cases, improve its positioning across the full spectrum of money-market instruments and government debt securities, while also enhancing profitability.

CDC IXIS Capital Markets ranked third in the league table of 21 primary dealers in French government securities (SVT or *Spécialistes en Valeur du Trésor*), established by Agence France Trésor. We also started to diversify in this segment, by offering short-term debt securities issued by other European countries such as Holland, Finland and Portugal.

At the same time, we consolidated our market share in short-term euro swaps and continued our successful diversification into other currencies.

We also reinforced our short-term debt intermediation activities, notably by taking an active role in placing debt issued by CNCEP and short-term refinancing instruments issued by CDC IXIS Capital Markets' securitisation conduits (ABCP or asset-backed commercial paper). CDC IXIS Capital Markets holds a major position in this market segment and is a recognised counterparty of euro-zone central banks (we enjoy fine-tuning counterparty status and belong to the ECB's contact group), and also of other central banks and asset managers.

Lastly, significant inroads were made in 2002 in the short-term credit derivatives segment. These instruments may be negotiated on a stand-alone basis or packaged in CLN (Credit-Linked Note) type structures, which were in high demand during the year.

On the electronic trading front, the CDC IXIS Capital Markets website was enhanced with foreign exchange and government debt offerings, with the result that transaction volume rose substantially through this channel. We also strengthened our presence on inter-professional electronic trading platforms and made the technical investments needed to ensure we can most efficiently manage the current situation, whereby a given range of products is traded on a variety of different platforms. ■

Structured products
CDC IXIS Capital Markets signs first-ever pan-European property sale and leaseback deal with Alstom.

3rd out of 21
in the official rankings of primary dealers (SVT) in French government securities.

Equities

Our equity activities resisted against a backdrop of sharply falling markets in 2002.

The primary market

The sharp slowdown in new equity issues in France and Europe worsened in 2002, to the extent that only eight IPOs for a total amount of €2.7bn went ahead in France during the year.

Nonetheless, CDC IXIS Capital Markets took an active role in the year's most significant operations, whether as co-lead manager of the institutional and retail syndicates for ASF's IPO in March, as co-manager for an equity placement and subsequent capital increase for Vivendi Environnement in June, or as co-manager for Travelers Property Casualty's IPO in New York.

Primary market
CDC IXIS Capital Markets took an active role in some of the biggest equity primary market transactions (ASF, Vivendi Environnement, Travelers Property Casualty).

Partnership strengthened with IMI bank

Our partnership with IMI bank was strengthened throughout the year. Not only did we participate jointly in the institutional syndicate set up for ASF's IPO, but CDC IXIS Capital Markets also acted as underwriter for the Italian airline Alitalia's rights issue in June 2002, which was led by IMI.

Advisory services developed further

2002 was a very busy year for advisory business. A wide variety of assignments were undertaken, the most notable examples being:

- a capital increase with a priority subscription period in November 2002 on behalf of Compagnie des Alpes;
- market transactions on behalf of several other companies, which were eventually postponed due to poor market conditions;
- advising Caisse des dépôts et consignations on its investments in Vivendi Environnement in June and December 2002;
- helping C3D in its search for an industrial partner for EGIS;
- different projects involving various regional components of the Caisses d'Epargne Group.

Structured products

Against a backdrop of widespread market declines and high volatility, demand for structured products remained robust throughout the year. Thanks to the partnership with Caisses d'Epargne Group within Compagnie Financière EULIA (the Alliance), we were able to respond quickly to requests from the Caisses d'Epargne network for this type of savings product.

A broader offering

At the same time, CDC IXIS Capital Markets continued its longstanding efforts to broaden its offering of structured products and thereby place itself among the select few institutions capable of covering the full range of markets and product segments. This strategy paid off by enabling the Group to maintain or enhance its business in all sections of its offering.

Our specialist equity and index derivatives team responded to clients' diversification needs by extending the range of underlying instruments, both in sector and geographic terms. The choice of underlying instruments was nonetheless highly selective, with the constant aim being to limit risk and identify the highest potential returns.

We also embarked on a cross-departmental approach to improve operational processing of equity-derivative transactions, by integrating IT processing and management channels in the most efficient manner.

All in all, the structured products business remained highly profitable during 2002, while we also strengthened the trading teams and continued to invest aggressively in IT.

Arbitrage

A more highly-integrated cross-border organisation to capitalise on new opportunities
More so than in the previous year, 2002 brought widely fluctuating market conditions, a sharp decline in capital operations (cash and share tender offers etc.) and severe volatility in equity markets and credit spreads.

Our Paris, Frankfurt and New York teams took advantage of this shifting environment to continue efforts to organise on a global business-line basis, with the aim of enhancing the fluidity of exchanges between the various trading teams and hence their speed of reaction. Lastly, with all our arbitrage activities now extended to cover Europe and the US, we are geared up to identify and seize opportunities offered by all the world's major financial marketplaces.

CDC IXIS Securities

Market share gains
CDC IXIS Securities is CDC IXIS Capital Markets' broking arm for European equities. Amid difficult conditions for the second successive year, the company managed to gain market share.

In volume terms, CDC IXIS Securities retained its fifth place in terms of market share on French equities and handled 5% of traded volume in 2002. Although business with fellow brokers and partner networks suffered from the harsh environment, that with institutions put up fine resistance, with revenues declining only slightly for US clients, holding steady for French clients and falling by less than 10% for other European clients. These results reflected the increased recognition accorded to our sales and research personnel in rankings established by the Company's clients. In the June 2002 Agefi rankings, for example, eleven of our sector research teams were nominated by clients (versus four in 2001), a performance that ranked CDC IXIS Securities fifth among Paris equity brokers.

A structured sales and marketing function
Efforts to bolster the sales and marketing function were rounded off in 2002 by organisational reinforcements with the aim of servicing large French, European and US accounts. Measures were largely centred on systematic marketing efforts tailored to the specific needs of individual clients. All in all, CDC IXIS Securities organised some 350 roadshows in 2002, a 50% increase on 2001, 200 of which in conjunction with the respective analysts' teams and 150 with listed companies (20% of which were non-French companies). The sales force offered clients two to three roadshows per month in each of the main European countries.

Despite conditions in the midcap market being even harsher than for large caps, the midcap equity-broking venture, CDC IXIS-LCF Rothschild Midcaps (50%-owned by CDC IXIS Capital Markets) posted some promising commercial results in its first full year of existence. All told, 54 specific accounts were opened and the French midcap team organised more than 20 company roadshows in France, the UK and the US, and arranged some 10 site visits for clients. ■

11 sector research teams nominated in the June 2002 Agefi rankings, versus four in 2001.

CDC IXIS Securities ranked 5th in French equities in terms of traded volume, with 5% of the market.

Proprietary Activities

Proprietary activities continued to develop along similar lines to previous years.

N°1
in privately-placed EMTN issues in terms of number of transactions.

N°3
in volume terms.

2002 turned out to be a record year in terms of financing and was particulary busy for EMTN issues. With over €6.5bn in new issuance during the year, the portfolio reached €10.7bn at 31 December 2002. This enabled us to maintain our excellent position in the rankings achieved in 2001: CDC IXIS Capital Markets was the leading issuer in terms of the number of transactions (close to 600) and ranked third in terms of the sums issued, behind the World Bank and KFW (Kreditanstalt für Wiederaufbau).

The profit earned on the credit portfolio testifies to the solid resistance displayed in an environment where many of our competitors lost money. This achievement was to a large part due to the introduction of buy-side credit analysts two years ago and our decision to abandon the investor-type management model which has proved to be ill-suited to the balance sheet of a capital markets-oriented bank. Portfolio rotation was increased, the average duration of instruments in the portfolio was reduced to three years and the amount of outstandings was limited to €6.5bn.

Lastly, interest-rate risk exposure was virtually erased after we took profits following interest-rate cuts in the US and Europe. ■

Research

Client-driven expertise
The macroeconomic and financial research team headed by Patrick Artus continued its client-driven analysis and evaluation of financial markets during the year. The range of publications is primarily distributed in hard-copy form to CDC IXIS Capital Markets' domestic and international clients and can also be consulted on the Group's website.

The Research unit also takes an active role in developing CDC IXIS Capital Markets' commercial relations, notably by delivering regular economic news presentations for clients and taking part in major events organised for domestic and international clients.

A diversified and evolving range of publications
Economic monitoring and forecasting is carried out for the euro-zone countries (primarily Germany, France, Italy and Spain), the USA, Japan and non euro-zone European economies ("out" countries), as well as on an aggregate basis for the euro zone as a whole. The results of this analysis are published in the monthly "Economic Outlook & Financial Markets" review.

Two new publications were added to the range of products in 2002: "Linked Inflation", a monthly review of the inflation-linked market in the euro zone was launched in July 2002, while "Market Chronicle", a French language commentary on the day's main data has been published every evening since September 2002.
These new publications enhance the existing range of products which includes:
- "Markets Weekly", a weekly report assessing macroeconomic data released during the week and anticipated market movements;
- "Flashes", short publications which provide in-depth themed analysis on economic or financial market trends. More than 300 Flashes were published in 2002, a 10% increase on the previous year.

The Research unit also continued to analyse credit markets and regularly contributed to the Group's monthly and quarterly publication, "Spread & Credits", in conjunction with the primary-market team.

Live research
Our economists continued to provide daily analysis and comment on market conditions and economic indicators for Bloomberg TV France.

Stringent quantitative analysis
Quantitative analysis techniques (econometrics) are used to analyse and forecast trends in fixed-income and equity markets.

Studies of interest-rate markets were primarily focused on multilateral relations between European yield curves as well as the analysis of interest rates in individual countries in the main economic regions. Apart from analysing sovereign debt yield curves, specific attention was paid to the factors determining yield spreads between sovereign bonds and private-sector bonds (corporate, Pfandbriefe etc.).

Compiling investment strategies
Our market research activities focus on providing advice and analysis on investment and arbitrage strategy in interest-rate markets. To do this, we use economic and financial scenarios established by country specialists as well as relative value analysis. The results primarily concern money markets, government bonds, swaps and foreign exchange, the aim being to facilitate arbitrage and thereby enhance profitability (derivatives and structured products). ■

2 new research publications in 2002:

Linked Inflation
provides a monthly analysis of inflation-linked markets in the euro zone.

Market Chronicle
offers French-language comment on the day's main data every evening.

308 Flashes
analysing economic and financial-market trends were published in 2002.

Financial Structure and Regulatory Ratios

Analysis of consolidated balance sheet and off-balance sheet items

Consolidated balance sheet (€bn)	2002	2001	Year-on-year change amount	Year-on-year change %
ASSETS				
Loans and money market	24.7	18.6	6.1	32.80
Securities received under repo	38	40.5	(2.5)	(6.20)
Trading securities	42.4	36.6	5.8	15.80
Marketable securities	9.6	6.3	3.3	52.40
Investment securities	4.4	2.3	2.1	91.30
Other assets	11.4	6.4	5	78.10
TOTAL ASSETS	**130.5**	**110.7**	**19.8**	**17.9**
LIABILITIES				
Borrowings and money market	54.2	50	4.2	8.40
Securities sold under repo	30.8	26.8	4	14.90
Securities issued	13.6	10.7	2.9	27.10
Debt securities	16.4	15.2	1.2	7.90
Other liabilities	14.2	6.7	7.5	111.90
Equity and subordinated debt	1.3	1.3		
TOTAL LIABILITIES	**130.5**	**110.7**	**19.8**	**17.9**

Comments on the consolidated balance sheet

The balance sheet total amounted to nearly €131bn, including €10bn for foreign branches, and rose €20bn during the year.

Of this increase, €11bn stemmed from growth in securities-related business, namely:
- arbitrage and trading of government securities and other securities,
- securitisation.

Securities represented 43% of the balance sheet total at year-end 2002 versus 41% a year earlier.
The portfolio of trading securities grew by close to €6bn and represented 75% of the €56bn in overall securities assets held at the end of 2002.

The portfolio of marketable and investment securities rose €5bn, reflecting growth in securitisation and proprietary activities.

Excluding ordinary accounts (i.e. the current account with CDC IXIS), activity focused more on loans and there was a related decline in securities received under repo transactions.

The financing of new uses of funds was reflected in increases in all categories of resources for the businesses concerned, e.g. borrowings (+€4bn), securities sold under repo (+€4bn), securities issued (+€3bn) and debt securities (+€1bn).

The increases in other assets (+€5bn) and other liabilities (+€7bn), via movements in accruals, stemmed from solid growth in the volume of activity on forward financial instruments.

As regards the structure of the balance sheet in terms of time-to-maturity, assets with less than one year to run and liabilities with less than one year to run represented 86% of total assets and 88% of total liabilities, respectively.

Off-balance sheet items

The variation in off-balance sheet commitments reflected strong growth in fixed-income business, notably via a sharp increase in the notional amounts of OTC transactions:

- interest-rate swap contracts represented €1,271bn at year-end 2002 versus €846bn a year earlier, a rise of 50% or €425bn;
- caps and floors amounted to €144bn at year-end 2002 versus €90bn at year-end 2001.

The equivalent credit risk weighted for derivatives amounted to €3.7bn at 31 December 2002, versus €2bn at year-end 2001, an 85% increase that also reflected growth in business.

Regulatory ratios

All regulatory ratios comply with statutory requirements.

Capital adequacy ratio

The capital adequacy ratio worked out to 116% at year-end 2002 versus 121% a year earlier.

Regulatory liquidity ratio

The regulatory liquidity ratio stood at 174% at year-end 2002 versus 148% a year earlier. It remained above the regulatory minimum of 100% throughout 2002.

Major risks

The Company is obliged to ensure its major risks comply with regulatory limits, namely that individual risks do not exceed the equivalent of 25% of equity and that the sum of individual risks does not exceed eight times equity.

As at 31 December 2002, the total of counterparty-weighted individual risks that exceeded 10% of equity amounted to €6.4bn, as compared to an overall limit of €9.9bn, based on eight times equity. Moreover, no individual counterparty-weighted risk exceeded the 25% limit. The corresponding figures for year-end 2001 were €6.4 and €8.5bn, respectively.

Equity and investment capital ratio

This ratio is subject to a minimum requirement of 60% and stood at 383% at year-end 2002 versus 689% a year earlier. ■

Market Risks

Systems in operation

CDC IXIS Capital Markets' P/L and Risk Control function reports directly to the Chairman of the Executive Board and is totally independent from operational units. It is responsible for establishing the principles for measuring market and counterparty risk in accordance with Group standards, as well as developing its own tools for monitoring such risk (e.g. the *Scénarisk* model for market risks and the *Amerisc* model for counterparty risks).

Variations in the main market parameters such as interest rates, exchange rates, share prices, issuer spreads, as well as the implicit volatility of each of these items (and potentially all other market data), may have either a positive or negative direct impact on the valuation of the stock of transactions in CDC IXIS Capital Markets' books. The potential loss arising from these variations represents the market risk harboured by the whole of the CDC IXIS Capital Markets Group, including internationally (Tokyo, Frankfurt and London).

The Group's risk exposure is calculated on a daily basis using indicators that identify the losses that may potentially be incurred by each activity, using the by-now-classical Value at Risk or VaR statistical measure.

This risk measurement indicator identifies the maximum potential loss based on a pre-determined confidence interval and for a given set of portfolios. The VaR indicator is compiled from a model based on a statistical analysis of the behaviour of all the market parameters affecting the value of the portfolios over a period of 365 days.

Value-at-Risk (VaR):
A tool for measuring the maximum potential loss for a given set of portfolios on a daily basis.

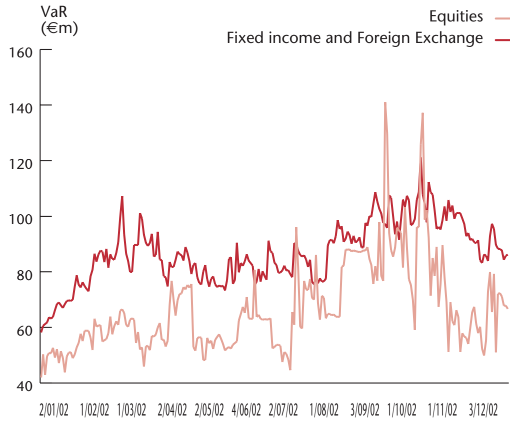
The fundamental indicator is a parametric VaR which breaks down overall risk into its different factors with respect to the positions held in portfolios. As regards options risk, the parametric VaR is progressively complemented by a VaR calculated using simulation techniques based on a Monte Carlo-type method that takes into account the portfolio's non-linear characteristics with respect to the different factors of risk.

These VaR are monitored to ensure they comply with the Group's permanent risk limits which are fixed annually by the Executive Board of CDC IXIS Capital Markets. These limits represent economic equity and are established on the basis of observed or targeted return/risk pairings. They incorporate a 99% confidence interval, the assumption that positions are held for 10 days and a security multiplier of 2.7 (20 standard-deviation VaR).

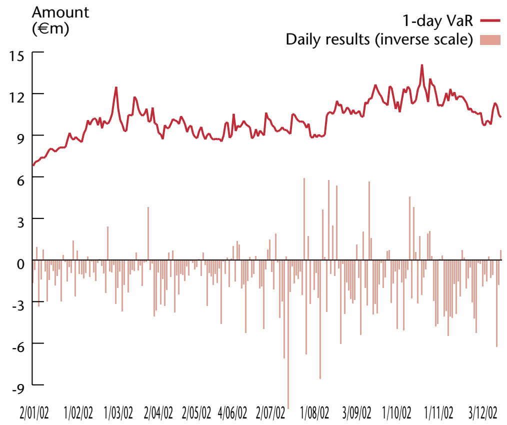
Daily and weekly control reports are then produced for inspection by the Chairman of the Executive Board and by the Executive Board as a whole. The risk situation is also presented on a monthly basis to the Chairman of the Supervisory Board.

In accordance with French banking regulation CRBF 95-02, CDC IXIS Capital Markets declares its overall risk provisioning ratio to France's banking commission (*Commission Bancaire*). Since 1997, it has also been authorised to monitor market risks via its own internal model, *Scénarisk*.

10-day VaR in 2002



Fixed Income and Foreign Exchange

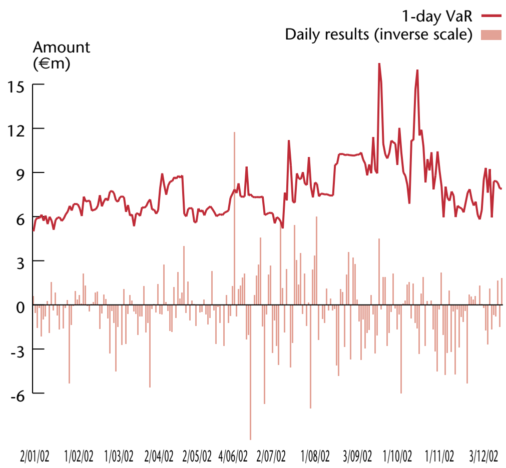


Quantitative data on market risks

20-standard deviation VaR averaged €87m for fixed-income and foreign exchange, and €67m for equity trading in 2002. The chart above shows how VaR varied by business line during the course of 2002.
The reliability of the VaR indicator is measured regularly by comparing it with daily trading results, in order to match the potential loss predicted by the VaR indicator with the profit or loss effectively realised.
To this end, the VaR needs to be rendered consistent with daily trading results. A reduction coefficient is therefore applied so as to obtain a "standard" VaR, with a 99% confidence interval and the assumption that positions are held for 1 day.

The following two charts show the results of this exercise carried out for fixed-income and foreign exchange, and for equities. They verify that the number of times daily results (shown on the inverse scale) exceeded potential losses as defined by the VaR indicator, was effectively below the number of excursions permitted by the statistical limit (in this case, 2 or 3 excursions beyond this limit are permitted for 250 data items).

Equities



In addition, the main stress tests carried out on positions as of 31 December 2002 yielded the following data concerning the impact on the profit & loss account in absolute value terms:

• Fixed Income and Foreign Exchange

Variation of interest rates (+100bp):	€34.9m
Variation of volatility (homothety of +50%):	€8.1m
Paper/swap spreads (+20bp):	€55.8m

•Equities

Variation of indices/equities (+25%) :	€6.5m
Variation of index/equity volatility: (+20% for ST, +10% for LT)	€4.4m

Market risks
10-day VaR averaged €87m for fixed income and foreign exchange, and €67m for equity trading.

Risk Analysis and Limit Allocation

Risk analysis and limit allocation

Credit risks (i.e. issuer and counterparty risks) are managed in accordance with CDC IXIS Group's general policy. Credit risk is defined in the strict sense as the risk of incurring a loss at a given point of time in the future, following default by a counterparty. Credit risk also incorporates the risk of a deterioration in the quality of the counterparty's signature over the duration of transactions initiated by CDC IXIS Capital Markets for its own account. In other words, credit risk corresponds to the risk of a loss of value on a position following a decline in counterparty solvency. It therefore requires portfolio commitments to be monitored on a dynamic basis.

In view of this situation, CDC IXIS Capital Markets' counterparty risk service is responsible for selecting credit risks and co-ordinating limit requests emanating from the different capital-market business lines. Counterparty risk limit allocations are decided by CDC IXIS Capital Markets' Credit Committee in full independence, but where the scope of such decisions goes beyond its delegated powers, the decision is referred to the Counterparty Risk Committee of the parent company, CDC IXIS.

An in-depth analysis is undertaken to assign an internal credit rating to the counterparty (using a similar scale to those of credit rating agencies). This rating is then used to set limits according to the type of activity (fixed-income, foreign exchange, equities), the type of transaction (balance sheet and off-balance sheet) and the transaction maturity (short or long-term). A formal credit analysis is conducted prior to each limit opening, during which the counterparty's economic and financial situation is studied from both quantitative and qualitative aspects in compliance with the group's credit procedures.

The credit risk portfolio is also subject to an annual review of counterparty limits, again in accordance with CRBF regulation 97-02. This monitoring process is then completed by regular revisions by country and economic sector.

With a view to the Risk Control function being integrated more closely into the CDC IXIS Group, the decision-making process was overhauled so as to specialise analysis on a sector basis (e.g. Banks, Corporations, Securitisation). This orientation favours a committee-based approach to limit-allocation decisions (Markets, Financing, Counterparties). In addition to this horizontal process, a risk-control expert is permanently assigned to the capital markets business for individual transactions.

Risk control

Counterparty risks are managed at the operational level by CDC IXIS Capital Markets, and centrally by CDC IXIS, a daily report being submitted to CDC IXIS for this purpose.
Risk and credit limit monitoring is facilitated by an internally-developed, dedicated software tool (*Amerisc*), which traders can access in real time. This tool calculates both "potential exposure" (i.e. a statistical assessment of CDC IXIS Capital Markets' present and future commitments) and the economic equity and provisions needed to support credit risks. The process involves numerical simulations combining master netting agreements and market scenarios compiled in accordance with VaR techniques (referred to in this case as C-VaR or Credit-Value at Risk).

Overall risk management is carried out via a monthly review of portfolio exposure covering CDC IXIS Capital Markets' 2,000 active counterparties, classified by credit rating, sector and country.

Credit-risk exposure

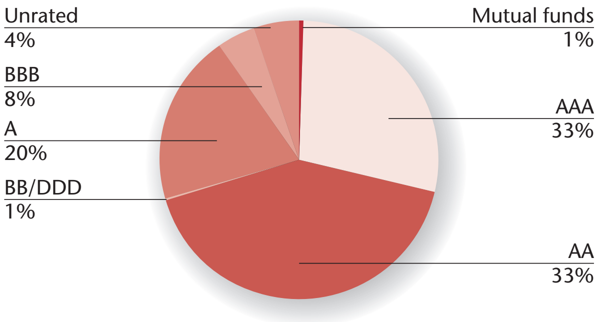
CDC IXIS Capital Markets is highly demanding as to the quality of issuers in its portfolio and its derivatives counterparties. As at 31 December 2002, 86% of Marked-to-Market (MtM) exposure concerned signatures rated AAA to A and 94% related to signatures rated investment grade or above, despite the numerous ratings downgrades in 2002. 84% of these signatures were concentrated in the European Economic Area, while in addition, most transactions with North American counterparties were carried out by CDC IXIS Capital Markets North America, a subsidiary of CDC IXIS.

The charts below show the breakdown of overall MtM exposure by credit rating and geographic region.

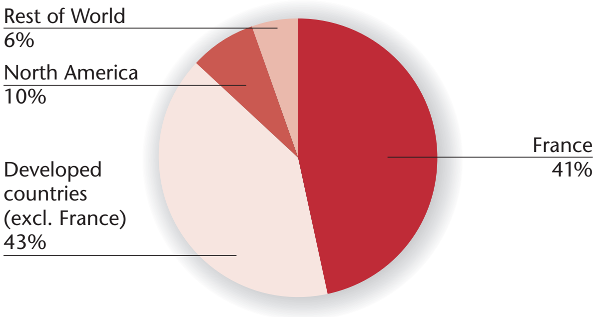
In order to reduce credit risk exposure, CDC IXIS Capital Markets has also set up master collateralisation agreements with its main counterparties so as to reduce bilateral risks via the use of margin calls. ■

86% of Marked-to-Market exposure as at 31 December 2002 concerned signatures rated AAA to A.

Breakdown of exposure by credit rating as at 31 December 2002



Breakdown of exposure by geographic region as at 31 December 2002



Operational Risks

In order to comply with the demands of the Basle reform, and as part of a process underway in the CDC IXIS Group, CDC IXIS Capital Markets started to implement systems for identifying, measuring and controlling operational risks at the end of 2001.

Definition of operational risks

The notion of operational risk applied by CDC IXIS Capital Markets is consistent with that defined in the Basle Committee's proposed text of September 2001. Operational risk concerns the risk of direct losses resulting from deficiencies or breakdowns related to procedures, personnel, internal systems or external events.
Operational risk is recognised once it can be identified as having an adverse impact of a legal, regulatory or financial nature.

CDC IXIS Capital Markets' "operational risk" project

CDC IXIS Capital Markets is undertaking an operational risk project in accordance with principles set out by CDC IXIS's Risk Department and with two main aims in mind:
- facilitating control of operational risks, by drawing up action plans aimed at reducing the incidence of factors liable to cause risks (preventative action plans) and, where applicable, diminishing the impact of risks;
- ultimately enabling the Company to calculate the amount of regulatory capital to be allocated to operating risk.

Operational risk cartography
Operational risk control is founded on a qualitative estimate of operational risks. This estimate results from a process in which operational personnel make a self-assessment of the operational risks potentially arising from corporate procedures. The results of this self-assessment are then presented in the form of an operational risk cartography.

This cartography was established by a project group comprising personnel from Internal Control, Risk Control and General Secretariat functions, in compliance with principles set out by CDC IXIS's Risk Department. More specifically, this involved:
- an approach focused on the notion of "source of risks", matched with that of business line-market processes, primarily with the aim of facilitating risk assessment by operational personnel;
- operational personnel making a self-assessment of operational risks via questionnaires for each business line.

The project has involved:
- separating CDC IXIS Capital Markets' activities into individual entities;
- interviewing all the operational personnel concerned so as to complete questionnaires (establishing the source of risk, identifying the degree of gravity and the degree of risk control, then validating the contents);
- setting up a dynamic database containing all the collected data;
- establishing operational risk cartographies.

This self-assessment of potential operational risks provided an initial list of processes and causes of deficiencies. This list was then standardised into three levels – CDC IXIS Capital Markets, CDC IXIS and Basle – with the aim of facilitating exchanges between the CDC IXIS Group and the rest of the profession.

Action plans and indicators
By analysing cartographies, areas of fragility within the company can be identified. This analysis serves as a decision-making tool for the implementation of action plans, bearing

in mind that action plans may be either curative or preventative in nature.
The project group proposes various action plans to the Steering Committee, which then selects the most appropriate for implementation.

The incident database
In order to allocate equity to operational risks, a quantitative estimate of operational risks is also required. To this end, CDC IXIS has developed a federal operational-risk collection tool (amount and frequency of losses), through which risks are classified into three levels – business line, CDC IXIS and Basle – so as to enable the database to be fed in a standardised manner.

The statistics drawn from the incident database will enable the amount of equity to be allocated to operational risk to be calculated according to three methods:
- an "operational risk VaR" for the most frequent incidents (using a loss distribution model);
- an internal measurement model for the least frequent incidents; this model combines the probability of an event occurring, the estimated losses that would ensue, an exposure indicator and a weighting coefficient, this latter to be fixed by the Basle Committee after cross-checking the first results produced by this model with those for the rest of the profession;
- a predictive equity allocation derived from a scoring procedure for the different business lines. The resultant allocations are adjusted over time according to the effectiveness of the action plans.

The first version of the incidents database is due to be installed on a pilot site in the first quarter of 2003.

In order to fine-tune calculation models, incidents will be collected over a three-year period, from 2003-06 (a minimum of three years of incident history is needed).

Using insurance to cover risks

CDC IXIS Capital Markets also has a longstanding policy of formally insuring against legal and operational risks. In addition to the policies taken out to insure its various premises and their contents, the Group, its head office and its branches are covered by a worldwide programme that insures against the risks of professional civil liability, fraud and embezzlement. ■

Operational risks
CDC IXIS Capital Markets established a comprehensive cartography of its operational risks in 2002.

Permanent Supervision

Internal Control

The Internal Control function ensures that the regulations related to CDC IXIS Capital Markets' status as a credit institution and its obligations as a provider of investment services are respected.
To this end, a team of capital markets specialists undertakes periodic local controls of complex engineering products and activities.

The Internal Control function reports directly to the Chairman of the Executive Board and its remit covers three objectives, namely to:
- ensure that risk management, control and compliance processes are reliable;
- ensure new products are developed in a secure manner;
- verify on a regular basis the state of progress as regards the implementation of issued recommendations and their concrete translation in working practices.

In recognition of the importance of the risks entailed, this remit is fulfilled via a number of methods, some of which focus on reacting to changes in businesses, systems and regulations, while others rely on more fundamental analysis. Methods include:
- audit assignments, more often than not involving a front-to-back-process;
- snap controls, triggered by internal indicators and reports from support functions, and which notably ensure that the permanent controls exercised within each business line are functioning effectively;
- preventative action, which may involve members of the Internal Control team attending certain internal committee meetings and providing the impetus needed to establish rules and reinforce control points in cross-disciplinary procedures.

Priorities in 2002

During 2002, Internal Control focused its efforts on preventing operational risks, containing market risks within business lines and branches (especially for recent or fast-changing activities), and specifically analysing certain complex cross-departmental processes (e.g. the calculation agent function for structured issues, forex positions).

Preventing operational risks:
The Internal Control team was heavily involved in drawing up the cartography of capital markets operational risk, as part of the process initiated by CDC IXIS's Risk Department for the different investment banking businesses.
Detailed analysis was also undertaken on several processes, such as Tri-Party Repos and confirmation of derivative product trades. Once sources of risk are identified, action plans are then adopted. The results are then used both to develop the incident database and to install monitoring indicators, including for anti-money laundering purposes.

Containing market risks:
As in previous years, existing risk-containment mechanisms, such as procedures for setting and monitoring limits, and measuring and controlling risks, were reviewed for several activities including option/currency hybrids, equity/swap hybrids. More specifically for the foreign branches, the team verified that global business lines were functioning effectively and that these activities were effectively being controlled by headquarters in Paris.

Targeted controls were also undertaken in the area of relations with counterparties and intermediaries (third-party database, master agreements, broking fees).

During assignments, systematic checks were made to ensure all applicable compliance rules were being respected.

Co-ordination with the Group audit network

With the aim of standardising tools, Internal Control participated in the development of the risk assessment and cartography procedure drawn up by CDC IXIS's General Internal Audit Department.

Internal Control continued to take part in CDC IXIS Group's working parties (audit database, audit methodology).

The main conclusions from audits and controls carried out during the year were periodically presented to the Financial and Internal Control Committee, the body responsible for supervising the quality of the internal control system and all of its components, and for reporting its findings to the Supervisory Board.

In 2003, Internal Control activities will notably focus on:

- back-office organisation and the degree to which this is suitable for handling growing volumes and complexity,
- independent validation of front-office models.

New activities and products will continue to be monitored on a regular basis.

Compliance

Team reinforced

The Compliance team was expanded from five to seven during 2002. The two additional posts were necessitated by the growth in structured interest-rate products, with one of these new Compliance Officers located in the fixed-income trading room.

The Compliance unit continued to increase its role in the decision-making process in 2002, with the team taking an active role at a very early stage in the preparation of complex transactions.

Fighting money-laundering

The unit continued efforts to fight money laundering, notably by:

- training over 250 trading room and back office personnel;
- launching a computerised automatic transaction monitoring project;
- extending the new-client referencing procedure established by a special unit in 2001 to the three branches in London, Frankfurt and Tokyo. This procedure is now also in force at CDC IXIS Securities and has been extended to CDC IXIS Capital Markets' partners and contractors.

Other assignments

The Compliance unit continued to oversee the separation of activities liable to create conflicts of interest and advocated organisational changes where necessary.

In order to increase staff awareness of compliance rules still further, the main regulatory documents, such as the Company's Compliance Code and notably documents concerning the fight against money laundering, are now available online on the Company's intranet.

Alongside these specific projects, the Compliance unit continued with its recurrent assignments, notably those concerning co-ordinating with branches, monitoring personnel declarations and taking part in market-wide projects. ■

Over 250 staff trained in the fight against money laundering in 2002

7 compliance officers at CDC IXIS Capital Markets

Human Resources

High degree of expertise maintained

As at 31 December 2002, CDC IXIS Capital Markets and its subsidiary, CDC IXIS Securities, employed 933 staff on permanent contracts, versus 829 a year earlier. IT and back-office staff employed on permanent contracts by structures not included in the scope of consolidation amounted to 267 at the end of 2002, versus 254 a year earlier.

Most of this increase stemmed from the transfer of CNCEP's capital markets personnel to CDC IXIS Capital Markets, i.e. 70 employees, 42 in the front office and 28 in the back office.

933 personnel
versus 829 in 2001

During the course of the year, the Paris-based consolidated workforce rose 13.3%, from 692 to 777. On a same-structure basis, the workforce in the branches was unchanged. Note, however, that the reorganisation of CDC IXIS and CDC IXIS Capital Markets' Frankfurt operations led to a 16-person increase in staff at CDC IXIS Capital Market's Frankfurt branch (primarily through the integration of accounting and risk control teams).

In order to facilitate the integration of new personnel, CDC IXIS Capital Markets strove to maintain an extensive training programme, notably in the English language and on specific and detailed themes, concerning amongst others, securitisation, IT systems implementation (Summit) and compliance (the fight against money laundering). All in all, CDC IXIS Capital Markets' personnel benefited from 8,400 hours of training during 2002.

70 capital markets personnel incorporated from CNCEP

Two significant agreements were signed in 2002, one concerning contractual profit sharing and the other regulatory profit sharing signed for the whole of the CDC IXIS Group. ■

Breakdown of workforce by socio-professional category

Executives	704
Superior-level technicians	28
Employees	45
Total workforce France	**777**
Workforce outside France	156
Total workforce	**933**

IT Systems and the Back Office

Security and reliability

Efforts in 2002 focused on improving the reliability and efficiency of our technical infrastructure. To this end, numerous upgrades were undertaken on 1/ servers, by rationalising architecture and increasing calculating power; 2/ on the network, by installing a high-speed link between our operations in London, Paris and Frankfurt; 3/ on work stations, by migrating to XP® and implementing Kobra® real-time architecture; 4/ on applications, notably by migrating all SUMMIT® applications to version 3.

At the same time, we continued to put the finishing touches to the Disaster Recovery Plan in 2002. These involved signing a new contract with the service provider and developing crisis management procedures.

Changes in IT systems and prospects

E-business developments (website, electronic markets), particularly those tuned towards the Caisses d'Epargne group, continued last year and are scheduled to enter a stabilisation and maintenance phase in 2003.

The work undertaken in 2002 also ensured that CNCEP's capital markets personnel were incorporated smoothly and that CDC IXIS Capital Markets' IT systems were able to take on the transactions transferred from CNCEP, especially at the back office level.

Securities processing underwent the first stage of an extensive modernisation programme, which began with the launch of the second phase of the middle office platform (SUMMIT Bonds M/O), the start-up of the first phase of the back-office platform (SUMMIT Bonds B/O for short-to-medium term loan processing). These two tools increase the efficiency of transaction processing via STP techniques (straight-through-processing), and led to changes in processes and work organisation. They are fully integrated with CDC IXIS Capital Markets' overall IT system and improve consistency between business-line strategies and IT systems.

Work will start in 2003 on overhauling the equity back-office IT channel and will begin with OTC trades and securities lending/borrowing. These extensive projects will draw heavily on front office and back-office IT personnel resources. ■

The Outlook for 2003

CDC IXIS Capital Markets will continue to expand its specialist activities in a number of high value-added businesses and will strive to strengthen international alliances.

CDC IXIS Capital Markets underlined its ability to resist tough market conditions in 2001 and 2002, and these are liable to last for a good part of 2003 as well.

CDC IXIS Capital Markets will continue to expand its specialist activities, primarily in Europe, in specific client segments and in a range of high value-added businesses.

Following the heavy investments in manpower and IT undertaken over the last two years, efforts will now focus on earning a return on these investments. To this end, the two prime goals in 2003 will be to develop our commercial activities to external clients, especially in international markets, and innovate in terms of products and services.

As in 2002, cost containment will be of major importance.

Furthering the efforts made in 2002, CDC IXIS Capital Markets will strive to develop further services for the Caisses d'Epargne Group. We will continue to unlock synergies between the different elements of CDC IXIS's Capital Markets and Financing Division, via close collaboration between personnel, especially as regards large corporates and local government financing.

We will also pursue efforts to strengthen our international alliances, especially those with BCEEL and IMI Bank.

The rising volume and complexity of transactions will both represent challenges for the back office and support functions. Our IT personnel will continue to work on the overhaul of the back-office securities processing channel, especially for equities. Like all banks, CDC IXIS Capital Markets will be working to prepare for the introduction of Basle 2 rules and the future switch to IAS reporting.

Lastly, support functions will also be busy with the last phase of the move to our new offices in the Austerlitz buiding, which will culminate with the transfer and installation of CDC IXIS Capital Markets' personnel in the new premises during the course of the year. ■

Information concerning share capital

Amount of capital, shares issued:
The parent company has total capital of €457,500,000, divided into 30,000,000 shares each with a nominal value of €15.25, all of the same category.
The shares are registered and all transfers to third parties require approval by the company.

- Authorised capital not yet issued: nil
- Stock option programme: nil
- Other securities providing access to capital: nil
- Capital used as security or guarantee: nil

Changes in capital since creation of company:

YEAR	NATURE OF OPERATION	INCREASE IN CAPITAL Capital	INCREASE IN CAPITAL Premium	TOTAL CAPITAL	TOTAL NUMBER OF SHARES	NOMINAL VALUE
Creation	Initial cash issue	5,000,000 francs	–	5,000,000 francs	50,000	100 francs
29/6/90	Asset transfer	8,000,000 francs	–	13,000,000 francs	130,000	100 francs
28/5/96	Cash issue	2,987,000,000 francs	–	3,000,000,000 francs	30,000,000	100 francs
1/9/01	Conversion of capital into euros and incorporation of reserve	152,948,30 euros	–	457,500,000 euros	30,000,000	15.25 euros

Ownership of capital and voting rights over the last three years

SHAREHOLDERS	SITUATION AS AT 31/12/2002			SITUATION AS AT 31/12/2001			SITUATION AS AT 31/12/2000		
	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS
CDC IXIS*	30,000,000	100	100	29,999,993	> 99.99	> 99.99	24,029,991	< 80.1	< 80.1
CNCEP	–	–	–	–	–	–	5,970,000	19.9	19.9
Other**	–	–	–	7	% n.s.	% n.s.	9	% n.s.	% n.s.
Total	30,000,000	100	100	30,000,000	100	100	30,000,000	100	100

* CDC IXIS is the trading name of CDC Finance-CDC IXIS
** members of Supervisory Board

- Double voting rights: nil
- As far as the Company is aware, no shareholding pacts have been signed.

Information concerning Senior Executives

Members of the Executive Board

2002 **MR ANTHONY ORSATELLI**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CDC FINANCE-CDC IXIS	SA	F	Member of Executive Board (since 29 May 2002); Head of Capital Markets and Financing
SOGEPOSTE	SA	F	Member of Supervisory Board
FINANCIAL GUARANTY			
CDC IXIS FINANCIAL GUARANTY	SA	F	Censor since 18 October 2002; previously Chairman of Supervisory Board (resigned 25 September 2002)
CDC IXIS FINANCIAL GUARANTY EUROPE	SA	F	Censor since 18 October 2002; previously Chairman of Supervisory Board (resigned 25 September 2002)
CDC IXIS FINANCIAL GUARANTY HOLDING	SA	F	Censor since 18 October 2002; previously Member of Supervisory Board (resigned 25 September 2002)
CIFG NORTH AMERICA INC.		USA	Member of Board of Directors
CIFG SERVICES INC.		USA	Member of Board of Directors
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Chairman of Executive Board; Director of Central Functions
CDC IXIS LCF ROTHSCHILD MIDCAPS	SA	F	Vice-Chairman of Supervisory Board
CDC IXIS SECURITIES	SA	F	Chairman of Supervisory Board
FILINKS	SAS	F	Member of Supervisory Committee (resigned 19 December 2002)
CDC COMMERCIAL PAPER CORP.		USA	Chairman
CDC DERIVATIVES INC.		USA	Chairman
CDC FINANCIAL PRODUCTS INC.		USA	Chairman
CDC FUNDING CORP.		USA	Chairman
CDC INVESTMENT MANAGEMENT CORP.		USA	Member of Board of Directors (resigned May 2002)
CDC IXIS CAPITAL MARKETS NORTH AMERICA		USA	Chairman
CDC IXIS NORTH AMERICA		USA	Member of Board of Directors
CDC MORTGAGE CAPITAL INC		USA	Chairman
CDC MUNICIPAL PRODUCTS INC.		USA	Chairman
CDC SECURITIES INC.		USA	Member of Board of Directors
CDC SERVICING INC.		USA	Chairman
NEXGEN FINANCIAL HOLDING LIMITED		IRL	Chairman of Board of Directors (since 11 December 2002)
NEXGEN RE LIMITED		IRL	Chairman of Board of Directors (since 11 December 2002)

ASSET MANAGEMENT			
CDC IXIS ASSET MANAGEMENT	SA	F	Member of Supervisory Board
CDC IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	Member of Supervisory Board
PART'COM	SA	F	Member of Board of Directors (resigned 12 February 2002)
BANKING AND SECURITIES SERVICES			
CDC IXIS GMBH		GER	Member of Supervisory Board (resigned 1 July 2002)
Responsibilities and functions within the CDC Group			
SOLSTICE	SICAV	F	Member of Board of Directors (resigned 21 February 2002)
CDC SP	SICAV	LUX	Chairman of Board of Directors
Other responsibilities and functions			
CIF EUROMORTGAGE	SA	F	Member of Supervisory Board
GIMAR FINANCE	SCA	F	Permanent representative of CDC IXIS Capital Markets on the Supervisory Board
ECUREUIL INVESTISSEMENTS	SICAV	F	Member of Board of Directors (resigned 21 February 2002)
EMERGENCE EURO POSTE	SICAV	F	Permanent representative of CDC on the Board of Directors (mandate ended on 25 February 2002)
THESORA	SICAV	F	Member of Board of Directors (resigned 21 February 2002)
TRESOR REAL	SICAV	F	Chairman of Board of Directors (resigned 21 February 2002)

Remuneration and benefits received in 2002 in exchange for responsibilities and functions exercised within CDC IXIS Capital Markets: €637,194.29

2002 **MR ALAIN PREVOT**

Company	**Form***	**Country**	**Responsibilities/Functions**
Responsibilities and functions within the CDC IXIS Group			
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Member of Executive Board; Chief Executive Officer; General Secretary
FILINKS	SAS	F	Vice-Chairman of Supervisory Committee (resigned 19 December 2002)
LILLEREAU	SA	F	Liquidator
ARAMIS MANAGEMENT COMPANY		LUX	Member of Board of Directors
CDC IXIS CAPITAL MARKETS NORTH AMERICA		USA	Member of Board of Directors
BANKING AND SECURITIES SERVICES			
CDC IXIS GMBH		GER	Member of Supervisory Board (resigned 1 July 2002)
Responsibilities and functions within the CDC Group			
CDC SP	SICAV	LUX	Member of Board of Directors
Other responsibilities and functions: nil			

Remuneration and benefits received in 2002 in exchange for responsibilities and functions exercised within CDC IXIS Capital Markets: €183,918.10

2002 **MR NICOLAS FOURT**

Company	**Form***	**Country**	**Responsibilities/Functions**
Responsibilities and functions within the CDC IXIS Group			
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Member of Executive Board; Joint Head of Front Office
CDC IXIS SECURITIES	SA	F	Permanent representative of CDC IXIS Capital Markets on the Supervisory Board
CDC IXIS LCF ROTHSCHILD MIDCAPS	SA	F	Member of Supervisory Board
FILINKS	SAS	F	Chairman of Supervisory Committee (resigned 19 December 2002)
MARTIGNAC FINANCE	SA	F	Member of Supervisory Board
CDC FINANCIAL PRODUCTS INC.		USA	Member of Board of Directors
CDC IXIS CAPITAL MARKETS NORTH AMERICA		USA	Member of Board of Directors
CDC MORTGAGE CAPITAL INC.		USA	Member of Board of Directors
CDC SECURITIES INC.		USA	Member of Board of Directors
ICMOS IRELAND LTD		IRL	Director
ICMOS PANGAEA GLOBAL HEDGE FUND PLC			Director
NEXGEN FINANCIAL HOLDING LIMITED		IRL	Alternate Director
NEXGEN RE LIMITED		IRL	Alternate Director
Responsibilities and functions within the CDC Group			
CDC SP	SICAV	LUX	Member of Board of Directors
Other responsibilities and functions: nil			

Remuneration and benefits received in 2002 in exchange for responsibilities and functions exercised within CDC IXIS Capital Markets: €777,587.68

2002 **MR BERNARD MIGUS**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Member of Executive Board; Joint Head of Front Office
CDC IXIS SECURITIES	SA	F	Chairman of Executive Board
CDC IXIS LCF ROTHSCHILD MIDCAPS	SA	F	Permanent representative of CDC IXIS Securities on the Supervisory Board
FILINKS	SAS	F	Member of Supervisory Committee (resigned 19 December 2002)
Other responsibilities and functions: nil			

Remuneration and benefits received in 2002 in exchange for responsibilities and functions exercised within CDC IXIS Capital Markets and CDC IXIS Securities: €777,893.28

Members of the Supervisory Board

2002 **MS ISABELLE BOUILLOT**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CDC FINANCE-CDC IXIS	SA	F	Chairman of Executive Board; Director of Central Functions
SOGEPOSTE	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Supervisory Board (mandate ended on 24 September 2002)
FINANCIAL GUARANTY			
CDC IXIS FINANCIAL GUARANTY HOLDING	SA	F	Chairman of Supervisory Board
CDC IXIS FINANCIAL GUARANTY NORTH AMERICA INC.		USA	Chairman
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Chairman of Supervisory Board
CDC IXIS SECURITIES	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Supervisory Board
CDC IXIS NORTH AMERICA		USA	Chairman
ASSET MANAGEMENT			
ANATOL INVEST	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Board of Directors (mandate ended on 17 October 2002)
CDC IXIS ASSET MANAGEMENT	SA	F	Vice-Chairman of Supervisory Board and permanent representative of CDC Finance-CDC IXIS on the Supervisory Board
IXIS AEW EUROPE (EX-CDC IXIS IMMO)	SA	F	Member of Board of Directors (since 25 November 2002; previously permanent representative of CDC Finance-CDC IXIS on the Supervisory Board)
CDC IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Supervisory Board
CDC IXIS PRIVATE EQUITY	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Board of Directors
FONCIERE DES PIMONTS (listed)	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Board of Directors (mandate ended on 27 September 2002)
SPID	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Board of Directors (mandate ended on 3 February 2003 following dissolution of the company)
CDC IXIS AM US CORPORATION		USA	Member of Board of Directors
Other responsibilities and functions within the CDC Group			
CAISSE DES DEPOTS DEVELOPPEMENT C3D	SA	F	Member of Board of Directors (resigned 24 September 2002)
CDC IXIS ITALIA HOLDING	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Supervisory Board
CNP ASSURANCES (listed)	SA	F	Member of Supervisory Board
COMPAGNIE FINANCIERE EULIA	SA	F	Member of Board of Directors (since January 2002)
SOLSTICE	SICAV	F	Permanent representative of CDC on the Board of Directors (mandate ended 6 March 2002)
SOCIETE DE GESTION DE CDC EURO OBLIGATIONS		LUX	Chairman of Board of Directors, Permanent representative of CDC
Other responsibilities and functions			
ACCOR (listed)	SA	F	Member of Supervisory Board
CNCEP	SA	F	Permanent representative of CDC on the Supervisory Board
COMPAGNIE DE SAINT-GOBAIN (listed)	SA	F	Member of Board of Directors
SAN PAOLO IMI (listed)		ITA	Member of Board of Directors (since March 2002)

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: nil

2002 **MR GERARD BARBOT**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CDC FINANCE-CDC IXIS	SA	F	Member of Executive Board; Chief Executive Officer; Director of Support Functions and Steering
SOGEPOSTE	SA	F	Member of Supervisory Board
FINANCIAL GUARANTY			
CDC IXIS FINANCIAL GUARANTY HOLDING	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Supervisory Board
CDC IXIS FINANCIAL GUARANTY	SA	F	Permanent representative of CDC IXIS Financial Guaranty Holding on the Supervisory Board
CDC IXIS FINANCIAL GUARANTY EUROPE	SA	F	Permanent representative of CDC IXIS Financial Guaranty on the Supervisory Board
CDC IXIS FINANCIAL GUARANTY SERVICES INC.		USA	Member of Board of Directors
CDC IXIS FINANCIAL GUARANTY NORTH AMERICA INC.		USA	Vice-Chairman
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Vice-Chairman of Supervisory Board
CDC IXIS NORTH AMERICA		USA	Member of Board of Directors
ASSET MANAGEMENT			
CDC IXIS ASSET MANAGEMENT	SA	F	Chairman of Supervisory Board
IXIS AEW EUROPE (EX-CDC IXIS IMMO)	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Board of Directors (since 25 November 2002; previously Member of the Supervisory Board)
CDC IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	Vice-Chairman of Supervisory Board
CDC TRESOR	SA	F	Chairman of Board of Directors
VEGA FINANCE	SA	F	Chairman of Supervisory Board
CDC IXIS AM DEUTSCHLAND		GER	Member of Board of Directors (resigned 30 January 2002)
CDC IXIS AM US CORPORATION		USA	Member of Board of Directors
CDC IXIS AM US LLC		USA	Member of Board of Directors
Other responsibilities and functions within the CDC Group			
CDC HOLDING FINANCE (EX-SODEVE)	SA	F	Member of Board of Directors (resigned 21 January 2002)
CDC IXIS ITALIA HOLDING	SA	F	Vice-Chairman of Supervisory Board (resigned 17 September 2002)
CNP ASSURANCES (listed)	SA	F	Member of Supervisory Board
CDC INVESTMENT FUND		LUX	Member of Board of Directors
CDC ARBITRAGE FUND		LUX	Member of Board of Directors
Other responsibilities and functions			
CNCEP	SA	F	Member of Supervisory Board
ECUREUIL GESTION	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Supervisory Board

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: nil

2002 **MR RAYMOND KIRSCH**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Permanent representative of BCEEL on the Supervisory Board
Other responsibilities and functions			
BCEEL		LUX	Chief Executive Officer; Chairman of Management Committee
CARGOLUX		LUX	Member of Board of Directors
COMPAGNIE LUXEMBOURGEOISE DE TELEDIFFUSION		LUX	Member of Board of Directors
LUXAIR		LUX	Member of Board of Directors
SES GLOBAL		LUX	Member of Board of Directors
SOCIETE DE LA BOURSE DE LUXEMBOURG		LUX	Member of Board of Directors

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: €3,200

2002 **MR DANIEL LEBEGUE**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CDC FINANCE-CDC IXIS	SA	F	Chairman of Supervisory Board
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Supervisory Board (resigned 17 February 2003)
ASSET MANAGEMENT			
CDC IXIS PRIVATE EQUITY	SA	F	Member of Board of Directors (resigned 16 December 2002)

Other responsibilities and functions within the CDC Group			
CAISSE DES DEPOTS DEVELOPPEMENT C3D	SA	F	Permanent representative of CDC on the Board of Directors (mandate ended 16 January 2003)
DC HOLDING FINANCE (EX-SODEVE)	SA	F	Member of Board of Directors (from 26 August to date of resignation on 16 December 2002); previously Chairman of Board of Directors (until 26 August 2002)
CNP ASSURANCES (listed)	SA	F	Permanent representative of CDC on the Supervisory Board (mandate ended 16 January 2003)
COMPAGNIE FINANCIERE EULIA	SA	F	Chairman of Board of Directors (resigned 16 December 2002)
Other responsibilities and functions			
AREVA (listed)	SA	F	Member of Supervisory Board
CLUB MED (listed)	SA	F	Member of Supervisory Board (resigned 29 March 2002)
CNCEP	SA	F	Member of Supervisory Board (resigned 16 December 2002)
DEXIA (listed)	SA	F	Member of Supervisory Board (resigned 4 July 2002)
THALES (listed)	SA	F	Member of Board of Directors

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: nil

2002 **MR ANTOINE LISSOWSKI**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CDC FINANCE-CDC IXIS	SA	F	Member of Executive Board (since 29 May 2002), Chief Financial Officer
FINANCIAL GUARANTY			
CDC IXIS FINANCIAL GUARANTY HOLDING	SA	F	Member of Supervisory Board
CDC IXIS FINANCIAL GUARANTY	SA	F	Chairman of Supervisory Board (since 25 September 2002)
CDC IXIS FINANCIAL GUARANTY EUROPE	SA	F	Chairman of Supervisory Board (since 25 September 2002)
CDC IXIS FINANCIAL GUARANTY SERVICES INC.		USA	Member of Board of Directors (since November 2002)
CDC IXIS FINANCIAL GUARANTY NORTH AMERICA INC.		USA	Member of Board of Directors (since November 2002)
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Member of Supervisory Board
MARTIGNAC FINANCE	SA	F	Chairman of Supervisory Board
CDC IXIS NORTH AMERICA		USA	Member of Board of Directors
ASSET MANAGEMENT			
ANATOL INVEST	SA	F	Member of Board of Directors
IXIS AEW EUROPE (EX-CDC IXIS IMMO)	SA	F	Member of Supervisory Board (resigned 25 November 2002)
CDC IXIS PRIVATE EQUITY	SA	F	Member of Board of Directors
MAGNANT	SA	F	Permanent representative of CDC Finance-CDC IXIS on the Board of Directors
PART'COM	SA	F	Member of Board of Directors
SPID	SA	F	Member of Board of Directors (resigned 12 July 2002)
CDC IXIS AM US CORPORATION		USA	Member of Board of Directors
Other responsibilities and functions within the CDC Group			
CDC HOLDING FINANCE (EX-SODEVE)	SA	F	Member of Board of Directors (resigned 21 January 2002)
CDC IXIS ITALIA HOLDING	SA	F	Chairman of Executive Board (resigned 11 July 2002)
SOCIÉTÉ FONCIÈRE MOGADOR	SA	F	Permanent representative of CDC on the Board of Directors
Other responsibilities and functions			
CNCEP	SA	F	Member of Supervisory Board
ECUREUIL ACTIONS FUTUR	SICAV	F	Permanent representative of CDC Finance-CDC IXIS on the Board of Directors (mandate ended on 6 June 2002)
ECUREUIL CAPITALISATION	SICAV	F	Member of Board of Directors (resigned 22 May 2002)
ELANCIEL EURO	SICAV	F	Member of Board of Directors (resigned 22 May 2002)
ELANCIEL FRANCE	SICAV	F	Member of Board of Directors (resigned 22 May 2002)

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: nil

2002 **MR NICOLAS MERINDOL**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CDC FINANCE – CDC IXIS	SA	F	Member of Supervisory Board (since 28 February 2002)
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Member of Supervisory Board (since March 2002)
MARTIGNAC FINANCE	SA	F	Vice-Chairman of Supervisory Board
ASSET MANAGEMENT			
CDC IXIS ASSET MANAGEMENT	SA	F	Member of Supervisory Board
Other responsibilities and functions within the CDC Group			
A3C	SAS	F	Representative of CNCEP on the Board of Directors
ARESE	SA	F	Member of Board of Directors
COMPAGNIE FINANCIERE EULIA	SA	F	Member of Board of Directors
INGEPAR	SA	F	Permanent representative of CNCEP on the Board of Directors
Other responsibilities and functions			
CNCEP	SA	F	Member of Executive Board
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of Supervisory Board
ECUREUIL MONETAIRE	SICAV	F	Permanent representative of CNCEP on the Board of Directors
GROUPEMENT D'ACHATS DES CE OD@CIA	SA	F	Permanent representative of CNCEP on the Board of Directors
HOLGEST	SA	F	Chairman of Board of Directors
LES EDITIONS DE L'EPARGNE	SA	F	Member of Board of Directors
REVENUS TRIMESTRIELS	SICAV	F	Permanent representative of CNCEP on the Board of Directors

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: nil

2002 **MR JEAN SEBEYRAN**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Member of Supervisory Board (resigned 1 January 2002)
ASSET MANAGEMENT			
CDC IXIS ASSET MANAGEMENT	SA	F	Member of Supervisory Board (resigned 1 January 2002)
Other responsibilities and functions			
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of Supervisory Board (resigned 28 January 2002)
GROUPE GERER	SA	F	Permanent representative of CNCEP on the Board of Directors (resigned 1 January 2002)
INGEPAR	SA	F	Chairman of Board of Directors
SOCFIM	SA	F	Permanent representative of CNCEP on the Supervisory Board

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: €16,000

2002 — **MR PIERRE SERVANT**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CDC FINANCE-CDC IXIS	SA	F	Permanent representative of Compagnie financière EULIA on the Supervisory Board (since 28 February 2002; previously Vice-Chairman of Supervisory Board)
FINANCIAL GUARANTY			
CDC IXIS FINANCIAL GUARANTY HOLDING	SA	F	Permanent representative of CDC on the Supervisory Board
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Member of Supervisory Board
ASSET MANAGEMENT			
CDC IXIS ASSET MANAGEMENT	SA	F	Member of Supervisory Board
CDC IXIS PRIVATE EQUITY	SA	F	Member of Board of Directors
Other responsibilities and functions within the CDC Group			
CAISSE DES DEPOTS DEVELOPPEMENT C3D	SA	F	Member of Board of Directors
CDC IXIS ITALIA HOLDING	SA	F	Chairman of Supervisory Board
CNP ASSURANCES (listed)	SA	F	Member of Supervisory Board
COMPAGNIE FINANCIERE EULIA	SA	F	Deputy Chief Executive Officer, in charge of finance (since January 2002)
EGIS	SA	F	Member of Board of Directors (resigned 11 January 2002)
SCIC	SA	F	Member of Board of Directors (resigned 7 February 2002)
SOCIETE DU GRAND THEATRE DES CHAMPS ELYSEES	SA	F	Member of Board of Directors (resigned 11 January 2002)
TRANSDEV	SA	F	Member of Board of Directors (resigned 11 January 2002)
CDC DI GMBH		GER	Chairman (resigned 31 May 2002)
Other responsibilities and functions			
CNCEP	SA	F	Member of Supervisory Board
CREDIT LOGEMENT	SA	F	Permanent representative of CDC on the Board of Directors (mandate ended 19 September 2002)

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: nil

2002 — **MR PHILIPPE WAHL**

Company	Form*	Country	Responsibilities/Functions
Responsibilities and functions within the CDC IXIS Group			
CDC FINANCE-CDC IXIS	SA	F	Member of Supervisory Board (since 28 February 2002)
CAPITAL MARKETS AND FINANCING			
CDC IXIS CAPITAL MARKETS	SA	F	Permanent representative of CNCEP on the Supervisory Board
ASSET MANAGEMENT			
CDC IXIS ASSET MANAGEMENT	SA	F	Permanent representative of CNCEP on the Supervisory Board
CDC IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	Permanent representative of CNCEP on the Supervisory Board
Other responsibilities and functions within the CDC Group			
ALLIANCE ENTREPRENDRE	SA	F	Permanent representative of Ecureuil Participations on the Board of Directors
CNP ASSURANCES (listed)	SA	F	Member of Supervisory Board
COMPAGNIE FINANCIERE EULIA	SA	F	Member of Board of Directors (since January 2002)
Other responsibilities and functions			
CAISSE D'EPARGNE FINANCEMENT	SA	F	Member of Board of Directors
CNCEP	SA	F	Member of Executive Board; Chief Executive Officer
CREDIT FONCIER DE FRANCE (listed)	SA	F	Vice-Chairman of Supervisory Board
ECUREUIL ASSURANCE IARD	SA	F	Chairman of Board of Directors (until October 2002)
ECUREUIL GESTION	SA	F	Chairman of Supervisory Board (until August 2002)
ECUREUIL VIE	SA	F	Chairman of Board of Directors (until October 2002)
HOLASSURE	SA	F	Chairman and Chief Executive Officer
LA MUTUELLE DU MANS ASSURANCES IARD (MMA IARD)	MUT	F	Permanent representative of CNCEP on the Board of Directors
LA MUTUELLE DU MANS ASSURANCES VIE	MUT	F	Permanent representative of CNCEP on the Board of Directors
SOPASSURE	SA	F	Chairman and Chief Executive Officer

Director's fees received in 2002 in exchange for responsibilities exercised within CDC IXIS Capital Markets: €9,600

** Key to form of Company*
SA (Société Anonyme) = French limited company
SAS (Société Anonyme Simplifiée) = Simplified French limited company
SICAV = Mutual fund
SCA (Société en Commandite par Actions) = Limited partnership with shares
EPIC = Publicly-owned company
MUT = Mutual insurer

Resolutions submitted to the Annual General Meeting of Shareholders of CDC IXIS Capital Markets on 14 May 2003

The Executive Board requests that shareholders present at the Annual General Meeting of Shareholders:

- approve the parent company and consolidated accounts for the 2002 financial year, these having been certified without qualification by the Auditors;
- approve the regulated agreement concluded during the course of 2002, which has previously been authorised by the Supervisory Board and which is presented in the Auditors' special report;
- approve the proposed allocation of earnings, which after taking into account the 5% to be assigned to the legal reserve, provides for distributable profit of €105,592,068.40 to be allocated in full to retained earnings;
- allocate total director's fees of €20,800 to the members of the Supervisory Board in respect of the 2002 financial year.

Text of resolutions

First resolution

Having heard the reports of the Executive Board, the Supervisory Board and the Auditors, the Shareholders' Meeting approves the parent company financial statements for the year ended 31 December 2002, as presented.

Second resolution

Having heard the reports of the Executive Board, the Supervisory Board and the Auditors, the Shareholders' Meeting approves the consolidated financial statements for the year ended 31 December 2002, as presented.

Third resolution

Having heard the Auditors' special report on agreements governed by article L.225-86 of the French Companies Act, and after ensuring that the quorum is greater than a quarter of the shares with voting rights for the agreement submitted for approval, the Shareholders' Meeting approves the said agreement in accordance with the conditions of article L.225-88 of the French Companies Act.

Fourth resolution

The Shareholders' Meeting decides not to pay a dividend, but to allocate the total amount of profit for the year to retained earnings after assigning the appropriate sum to the legal reserve:

Calculation of distributable profit:	
Net profit for 2002	€90,614,206.31
5% to the legal reserve	(€4,530,710.32)
Retained earnings from previous year	€19,508,572.41
Distributable profit	**€105,592,068.40**
Allocation of distributable profit:	
Retained earnings	€105,592,068.40

During the last three years, the following dividends have been paid:

- 2000: a dividend of FF247,800,000, plus a tax credit of FF123,900,000 (approved by the Shareholders' Meeting of 19 May 2000, convened to vote on the financial statements for the year ended 31 December 1999).
- 2001 :
  – a dividend of FF364,800,000, plus a tax credit of FF182,400,000 (approved by the Shareholders' Meeting of 23 May 2001, convened to vote on the financial statements for the year ended 31 December 2000);
  – an interim dividend of €94,000,000, plus a tax credit of €47,000,000 (recommended by the Executive Board meeting of 18 December 2001).
- 2002 : a dividend of €27,200,000, plus a tax credit of €13,600,000 (approved by the Shareholders' Meeting of 17 May 2002, convened to vote on the financial statements for the year ended 31 December 2001)

Fifth resolution

The Shareholders' Meeting sets the total fees allocated to the members of the Supervisory Board at €20,800 for financial year 2002.

Sixth resolution

The Shareholders' Meeting confirms the Supervisory Board's decision relative to the transfer of the company's head office within the same administrative subdivision of the French territory (*département*) from 51, rue de Lille 75007 Paris to 47, quai d'Austerlitz 75648 Paris Cedex 13.

Seventh resolution

The Shareholders' Meeting gives all powers to the bearer of a copy or extract of the minutes of the Meeting to carry out all filing and publication formalities, as required by law. ■

FINANCIAL ELEMENTS

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CONSOLIDATED BALANCE SHEET

Assets

	NOTES	31/12/2002 (€m)	31/12/2001 (€m)	31/12/2000 (€m)
INTERBANK AND EQUIVALENT TRANSACTIONS				
Cash, central banks, giro accounts		10	-	2
Public securities and equivalents	4	8,262	7,087	6,436
Loans to credit institutions	2	55,562	53,836	41,929
CUSTOMER TRANSACTIONS				
Other loans to customers	3	7,065	5,294	3,387
Current account overdrafts				
BONDS, EQUITIES, OTHER FIXED AND VARIABLE-INCOME SECURITIES				
Bonds and other fixed-income securities	4	44,203	34,321	36,452
Equities and other variable-income securities	4	3,956	3,801	3,269
INVESTMENTS IN SUBSIDIARIES, OTHER LONG-TERM INVESTMENTS				
Long-term investments and portfolio activities	6	4	11	5
TANGIBLE AND INTANGIBLE FIXED ASSETS	7	50	39	33
ACCRUALS AND OTHER ASSETS	5	11,423	6,372	6,057
TOTAL ASSETS		**130,536**	**110,761**	**97,570**

Liabilities

	NOTES	31/12/2002 (€m)	31/12/2001 (€m)	31/12/2000 (€m)
INTERBANK AND EQUIVALENT TRANSACTIONS				
Central banks, giro accounts		13	-	33
Amounts due to credit institutions	8	80,788	71,985	66,375
CUSTOMER TRANSACTIONS				
Current account deposits		-	-	-
Other amounts due to customers	9	4,203	4,776	2,894
DEBTS REPRESENTED BY SECURITIES				
Interest-bearing notes		-	-	-
Interbank market securities and negotiable debt instruments	10	12,392	10,737	8,016
Loan stock	10	1,231	18	32
Other debt represented by securities		-	-	-
ACCRUALS AND OTHER LIABILITIES	11	30,498	21,928	18,821
PROVISIONS	12	47	5	27
SUBORDINATED DEBT	13	729	731	726
FUND FOR GENERAL BANKING RISKS (FGBR)		-	14	14
MINORITY INTERESTS (EXCLUDING FGBR)		-	-	-
SHAREHOLDERS' EQUITY (EXCLUDING FGBR)	14	**635**	**567**	**632**
Subscribed capital		458	458	457
Share premium accounts		10	10	10
Consolidated reserves and others		71	15	53
Profit for the year (+/-)		96	84	111
TOTAL LIABILITIES		**130,536**	**110,761**	**97,570**

	NOTES	31/12/2002 (€m)	31/12/2001 (€m)	31/12/2000 (€m)
INTEREST AND EQUIVALENT INCOME				
+ Interest and equivalent income on transactions with credit institutions	15	1,626	1,951	1,880
of which accrued interest on current account		*13*	-	-
+ Interest and equivalent income on customer transactions	16	160	214	156
+ Interest and equivalent income on bonds and other fixed-income securities	17	542	485	484
+ Other interest and equivalent income		1,488	1,524	1,095
INTEREST AND EQUIVALENT EXPENSES				
- Interest and equivalent expenses on transactions with credit institutions	15	(2,571)	(3,178)	(3,267)
- Interest and equivalent expenses on customer transactions	16	(76)	(100)	(44)
- Interest and equivalent expenses on bonds and other fixed-income securities	18	(324)	(412)	(235)
- Other interest and equivalent expenses		(2,544)	(2,315)	(806)
INCOME FROM VARIABLE-INCOME SECURITIES	**19**	**16**	**17**	**7**
COMMISSION INCOME	**20**	**84**	**92**	**119**
COMMISSION EXPENSES	**20**	**(67)**	**(61)**	**(65)**
GAIN OR LOSS ON TRADING PORTFOLIO TRANSACTIONS	**21**	**1,218**	**1,463**	**1,172**
GAIN OR LOSS ON MARKETABLE SECURITIES AND EQUIVALENT PORTFOLIOS	**22**	**951**	**722**	**(17)**
OTHER BANKING OPERATING INCOME AND EXPENSES	**23**	**(4)**	**16**	**8**
+ Other income		20	25	20
- Other expenses		(24)	(10)	(12)
NET BANKING INCOME		**500**	**416**	**487**
GENERAL OPERATING EXPENSES		**(348)**	**(317)**	**(282)**
- Personnel expenses	24	(191)	(168)	(154)
- Other administrative expenses		(184)	(168)	(143)
- Intra-group transactions		26	18	15
DEPRECIATION, AMORTISATION AND PROVISIONS ON TANGIBLE AND INTANGIBLE FIXED ASSETS		**(17)**	**(16)**	**(17)**
GROSS OPERATING PROFIT		**136**	**83**	**188**
OPERATING PROVISIONS	**25**	**0**	**6**	**(5)**
OPERATING PROFIT		**136**	**89**	**183**
GAIN OR LOSS ON FIXED ASSETS	**26**	**0**	**3**	**3**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**136**	**92**	**186**
EXCEPTIONAL ITEMS	**27b**	**(13)**	**8**	**-**
CORPORATE TAX	**27a**	**(40)**	**(17)**	**(70)**
VARIATION IN FGBR AND REGULATED PROVISIONS	**27b**	**14**	**-**	**(5)**
MINORITY INTERESTS		**(0)**	**-**	**-**
NET PROFIT		**96**	**84**	**111**
EARNINGS PER SHARE (€)		**3.20**	**2.79**	**3.70**

CONSOLIDATED OFF-BALANCE SHEET ITEMS

	31/12/2002 (€m)	31/12/2001 (€m)	31/12/2000 (€m)
COMMITMENTS GRANTED			
FINANCING COMMITMENTS			
Commitments granted to credit institutions	6,191	-	125
Commitments to customers			
GUARANTEE COMMITMENTS			
Commitments to credit institutions	11,616	11,204	10,869
Commitments to customers			
COMMITMENTS ON SECURITIES			
Securities acquired with a repurchase or transfer option			
Other commitments granted	752	837	1,004
COMMITMENTS RECEIVED			
FINANCING COMMITMENTS			
Commitments received from credit institutions	13,035	9,000	9,053
GUARANTEE COMMITMENTS			
Commitments received from credit institutions	1, 982	1,982	457
COMMITMENTS ON SECURITIES			
Securities sold with a repurchase of transfer option			
Other commitments received	1,789	1,833	1,916
OTHER COMMITMENTS			
Other commitments granted	555	893	904
Other commitments received	2,773	2,184	3,126

Note 1
Consolidated financial statements accounting and consolidation principles

1 - Introduction

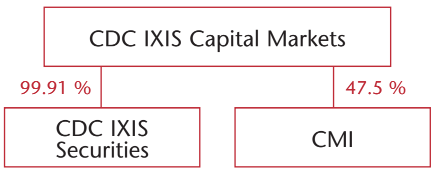
The consolidated financial statements have been drawn up in accordance with French accounting principles applicable to the consolidated statements of credit institutions, as specified in regulation No. 99-07 of the French Accounting Regulation Committee *(Comité de la Réglementation Comptable - CRC).*

The consolidated financial statements have been prepared in accordance with the provisions of CRC regulation 2000-04.

2 - Consolidation scope and methods

There has been no change in the scope of consolidation of CDC IXIS Capital Markets Group relative to the previous year.

CDC IXIS Capital Markets is organised as follows:



The subsidiary CDC IXIS Securities and the CMI information technology economic-interest group are consolidated using the full-consolidation method.

In accordance with the measures relative to special purpose vehicles defined in regulation CRC 99-07, the Clea 2 and Pangaea entities were fully consolidated in CDC IXIS Capital Markets' consolidated accounts for the first time on 31 December 2002. The consolidation of these two entities had no significant impact on the consolidated accounts.

In addition, in accordance with paragraph 101 of regulation 99-07, two special purpose vehicles set up in 2002 were excluded from CDC IXIS Capital Markets' scope of consolidation, in view of the fact that shares or securities issued by these identities were still in the process of being marketed:

- FINALTAÏR (€20m still to be placed out of a total of €127.5m) ;
- GLASS Funding (€80.7m still to be placed out of a total of €130.7m).

3 - Accounting and valuation principles

3.1 Foreign-exchange transactions

In accordance with CRB regulation 89-01 on foreign-exchange accounting, assets, liabilities and off-balance sheet commitments are translated at the spot rate on the last day of the accounting period.

Forward currency transactions undertaken for purposes other than hedging are valued at the forward rate corresponding to the residual term.

The premium and discount elements of forward currency transactions undertaken as hedging operations are recorded in the profit & loss statement on a straight-line basis over the residual term of the transaction.

Gains and losses on currency transactions are based on the exchange rate at the transaction date.

3.2 Bank receivables and debts

Receivables and debts include current accounts, loans, borrowings and securities purchased and sold under resale or repurchase agreements.

Loans and borrowings

Loans and borrowings are stated at their nominal value. Corresponding interest amounts are recorded in the profit & loss statement on a *pro-rata temporis* basis.

Securities purchased or sold under resale or repurchase agreements

Securities purchased under resale agreements are included under other loans to credit institutions or loans to customers in accordance with regulation 89-07 of the French Banking Regulation Committee. Securities sold under repurchase agreements are booked as debt.

At the end of each period, the securities sold under repurchase agreements are valued in accordance with the rules applicable to the type of securities portfolio in which they were originally held.

The revenues and expenses on repurchase and resale agreements are recorded on a *pro-rata temporis* basis in the profit & loss statement.

3.3 Securities transactions

Securities are valued in accordance with the rules defined in regulation 90-01 of the French Banking Regulation Committee, as amended by regulation 2000-02 of the CRC.

Trading securities
Trading securities, as defined by regulation 90-01, correspond to variable and fixed-income securities that are purchased or sold with the intention of being resold or repurchased in the short term. At the time of acquisition, the securities are recorded at acquisition price.

Securities are subsequently marked to market. Marked-to-market gains and losses are recorded in the profit & loss statement.

Whenever CDC IXIS Capital Markets acts as market-maker and the security is traded in sufficient volumes, these securities may be held in the portfolio for longer than the six-month maximum period as stipulated by the regulations. This also applies to securities held as specialised hedges of instruments that are marked-to-market.

Marketable securities
The portfolio of marketable securities includes fixed and variable-income securities acquired with the intention of being held long term as a source of revenue or capital gain. Trading securities that are held for over six months and are subsequently reclassified also fall within this category. In this case, restatement is performed at the market price on the transfer date.

Fixed-income securities
Fixed-income securities are stated at cost, excluding accrued interest. The difference between the cost and redemption value is amortised using the straight-line method over the residual life of the security. At period-end, the securities are valued at their closing price. A provision for depreciation is booked in the event that the market value of a group of securities sharing similar characteristics is lower than the purchase price adjusted by the apportionment of premiums or discounts.

Variable-income securities
Variable income securities are stated at cost, excluding accrued interest. At period-end, the securities are valued at their closing price. Provision is made for unrealised losses, on a line-by-line basis.

Negotiable loan notes and other interbank instruments
These securities and other instruments are recorded at nominal value. The difference between the nominal value and the purchase price is recorded in the profit & loss statement over the residual life of the securities, based on the yield-to-maturity method. Provision is made for any unrealised losses on a line-by-line basis.

Investment securities
The investment securities portfolio includes bonds and other fixed-income securities which have been acquired with the intention of being held long-term, in principle until their maturity. The valuation method varies depending on whether or not the securities are transferable.

Transferable securities
Securities are valued at cost, excluding accrued interest. At period-end, the difference between the cost and redemption value of the securities is amortised using the straight-line method over the residual life of the security.

Negotiable loan notes and other interbank instruments
These securities and other stocks are recorded at nominal value and the difference between the purchase price and the nominal value is amortised based on the yield-to-maturity method over the residual life of the security.

At period-end, any unrealised losses do not automatically trigger a provision for depreciation, unless the issuer of the security is at risk of default.

Loaned and borrowed securities
Loaned securities are valued according to the same method as that of the portfolio in which they were first recorded.

Borrowed securities are recorded as an asset in the trading securities category at their market price on the date on which they are borrowed and as a liability in recognition of the securities debt to the lender. These securities are marked to market at the end of the period.

Security loans and borrowings secured by cash deposits are treated for accounting purposes in the same way as repurchase and resale agreements.

Interest on loaned and borrowed securities is recorded in the profit & loss statement on a *pro-rata temporis* basis.

3.4 Futures and options

CDC IXIS Capital Markets performs transactions using the entire spectrum of financial futures instruments on fixed income, foreign exchange and equity markets, in order to:

- hedge transactions,
- or employ specialised trading portfolio management techniques.

Futures and options are recorded off-balance sheet at their nominal value.

The accounting entries for the gains and losses on these instruments depend on their intended use.

Fixed-income and currency swaps

In accordance with regulation No. 90-15 (as amended by No. 92-04) of the French Banking Regulation Committee, fixed-income or currency swaps are classified as follows:

- micro-hedging: the gain or loss is recorded on a symmetric basis to the gain or loss on the hedged item;
- specialised management of a trading portfolio: these contracts are marked to market. In accordance with regulations, the value is adjusted to take into account counterparty risks and the discounted present value of future management costs. The adjusted marked-to-market gain or loss is recorded in the profit & loss statement.

Other transactions

Other transactions relate mainly to futures and options contracts regulated by CRB 88-02.

Transactions that are not performed as hedges are marked to market. Any resulting unrealised gains or losses on unwound positions at the end of the period are recorded in the profit & loss statement.

Gains or losses on hedging operations are recorded in the profit & loss statement on a symmetric basis with gains or losses on the hedged item.

In order to reflect more accurately each transaction's true economic impact, non-liquid instruments are also marked to market on a hypothetical basis (see paragraph 3.5).

3.5 Market value

Where market prices of instruments or valuation parameters are not officially listed, alternative valuation methods are used.

These apply one or more of the following methods: price confirmation from brokers or external counterparties, comparison with real transactions and detailed examination of issuer or instrument category.

Wherever instruments are valued on the basis of financial models, such models incorporate parameters that affect the valuation of these instruments, in particular the low liquidity of the markets in question, and also take into account the relevant risk assessment.

3.6 Securities issued

Accrued interest expenses are credited to an accrued debt account and debited to the profit & loss statement.

Issue and redemption premiums are amortised on either a straight-line or a financial basis over the life of the securities in question.

3.7 Complex transactions

Complex transactions involve combinations of instruments (of identical or different types, nature and valuation methods), that are recorded in a single batch or as a transaction whose accounting treatment is not subject to specific regulations.

Each component of the transaction is recorded in accordance with the legal status of the underlying products.

Gains or losses are considered globally so as to reflect the economic nature of the transactions. Management intentions will dictate treatment of the overall result:

- Results of transactions carried out for hedging purposes are apportioned on a straight-line basis over the relevant period. In the case of an overall negative market value of a complex transaction with its hedging component, a provision is booked;
- Results of transactions carried out for trading portfolio management purposes or whose results are deemed to be equivalent to a financial engineering commission are recorded at the origin. A discount is applied to take into account the future management expenses and any possible counterparty risks.

3.8 Credit derivatives

Credit derivatives are instruments designed to transfer the existing credit risk on assets from one coun-

terparty to another, generally in exchange for the payment of a premium settled at the origin or time-apportioned. In the event of a default (i.e. "a credit event") that is predefined in the credit derivative contract, the seller of the protection is called upon to pay the cost of the default as defined in the contract.

There are three categories of credit derivatives: Credit Default Swaps, Total Rate of Return Swaps and Credit Linked Notes which are deemed equivalent to options, swaps and securities.

In the absence of a specific accounting text, credit derivatives have been accounted for by analogy with the transactions with which they share similar risk characteristics (options, swaps and securities) and based on management intention:

- Transactions carried out for hedging purposes are valued in the same way as the hedged item;
- The results of isolated open position transactions which are executed in the context of a long-term holding, are valued *pro-rata temporis* with provision for possible unrealised losses. In the case of operations deemed equivalent to options, possible provisions for unrealised losses are determined with respect to the non-apportioned premium amount.
- Transactions executed for trading purposes are marked to market taking into consideration future management and counterparty risk costs wherever the liquidity of the derivatives market is guaranteed. Otherwise, valuation is carried out by applying the appropriate methodology to transactions involving credit derivatives:
  - at historic cost;
  - applying a provision for depreciation where appropriate.

3.9 Treatment of income and expenses

Interest and related commissions are recorded *pro-rata temporis*.
Commissions that are not deemed to be equivalent to interest and which relate to services are recorded on the service provision date.

3.10 Long-term equity investments and subsidiaries

Long-term equity investments are recorded at book value. At the end of the period, they are valued individually at book value or going concern, whichever is lower. Provision for depreciation is made in the event of a permanent impairment of value.

3.11 Foreign branches

The accounts of foreign offices are integrated into the head office accounts in local currency. The profit & loss statement is converted at the month-end spot exchange rate.

3.12 Fixed assets

Fixed assets are recorded in the balance sheet at acquisition cost.

Research and development on identified, technically feasible IT projects is booked under intangible assets.

Depreciation is calculated over the estimated life of the tangible asset using the straight-line or diminishing-balance method.

3.13 Subordinated debts

This section includes all debt materialised by perpetual loans, whose redemption in the event of liquidation of the debtor is only possible after the other creditors' claims have been settled.

Accrued interest expenses are credited to an accrued debt account and debited to the profit & loss statement.

3.14 Pension commitments

Pension commitments are estimated using the actuarial method and give rise to provisions; details are provided in the notes.

3.15 Corporate tax

This line item includes current tax for the fiscal year after deduction of any tax credits which may be offset against the amount due, together with deferred tax.

Timing differences between the accounting profit and the profit for taxation purposes lead to the calculation of deferred taxation, according to the variable carry-forward method. This corrects the deferred tax assets calculated in prior years for changes in tax rates.

By applying the new methodology to the consolidated accounts, all timing differences can be identified. The corresponding deferred tax assets are released to the profit & loss statement when recuperation appears probable based on the principle of prudence.

As part of an ongoing tax inspection, a demand for back-tax received in 2002 and relating to the first financial year inspected gave rise to a provision. Taking into account the reasons underlying the demand for back-tax, an estimate has also been made of potential liability for the following financial years and a provision has been made for the appropriate sum.

The non-contested part of the demand for back-tax received in 2002 is booked as tax expense, whereas all the other related provisions are recorded as exceptional items.

3.16 Special purpose vehicles

Special purpose vehicles are structures that have been created specifically to manage one or more transactions on behalf of a company.

In accordance with the principles defined in CRC regulation 99-07, special purpose vehicles are included within the consolidation scope of CDC IXIS Capital Markets when CDC IXIS Capital Markets exercises *de facto* control of the vehicle.

Control is deemed to exist when the controlling company (i.e. CDC IXIS Capital Markets):

- can make decisions or exercises managerial control;
- enjoys the majority of the profit or shoulders the majority of the loss made by the Company;
- is exposed to the majority of the risks incurred by the Company.

Note 2

Loans to credit institutions

	31/12/2002 (€m)	31/12/2001 (€m)
Overdrafts on current accounts	9,176.61	7,140.17
Overnight accounts and loans	5,943.20	2,281.54
Accrued interest	0.24	0.53
Sight loans to credit institutions	**15,120.05**	**9,422.24**
Loans	5,214.88	6,442.05
Securities received under repurchase agreements (1)	35 013.57	37,814.24
Accrued interest	213.20	157.80
Term loans to credit institutions	**40,441.65**	**44,414.09**
TOTAL (1)(2)	**55,561.70**	**53,836.33**

Including as at 31/12/2002 :
(1) €12.588bn of public securities and equivalents.
(2) €27.679bn of loans to CDC IXIS Group companies.

Note 3

Other loans to customers

	31/12/2002 (€m)	31/12/2001 (€m)
Overnight accounts and loans	737.83	1,761.71
Accrued interest	0.08	0.04
SIGHT LOANS TO CUSTOMERS	**737.91**	**1,761.75**
Term loans	3,326.30	855.02
Securities received under repurchase agreements (1)	2,993.60	2,676.18
Accrued interest	7.34	1.12
TERM LOANS TO CUSTOMERS	**6,327.24**	**3,532.32**
TOTAL (2)	**7,065.15**	**5,294.07**

Including as at 31/12/2002:
(1) €665m of public securities and equivalents.
(2) €12.651bn of loans to CDC IXIS Group companies.

Note 4

Securities transactions

	31/12/2002 (€m)				31/12/2001 (€m)			
	Trading securities	Marketable securities	Investment securities	Total	Trading securities	Marketable securities	Investment securities	Total
Public securities	3,613.41	2.74	174.55	3,790.70	3,680.82	2.74	262.36	3,945.92
Treasury notes	4,166.49			4,166.49	3,094.49	6.52	39.58	3,140.59
Loaned securities	305.05			305.05				
Provisions								
PUBLIC SECURITIES AND EQUIVALENTS	**8,084.95**	**2.74**	**174.55**	**8,262.24**	**6,775.31**	**9.26**	**301.94**	**7,086.51**
Bonds	23,301.79	7,769.50	4,194.40	35,265.69	15,361.45	4,667.55	2,009.86	22,038.86
Mutual bond funds	155.62	943.08		1,098.70	612.68	774.48		1,387.16
Negotiable loan notes (1)	4,037.85	25.31		4,063.16	9,763.71	27.28	15.02	9,806.01
Loaned securities	3,709.41		94.39	3,803.80	1,096.57		3.09	1,099.66
Provisions	-	(26.43)	(1.74)	(28.17)		(10.93)		(10.93)
BONDS AND OTHER FIXED-INCOME SECURITIES	**31,204.67**	**8,711.46**	**4,287.05**	**44,203.18**	**26,834.41**	**5,458.38**	**2,027.97**	**34,320.76**
o/w unlisted securities	*11,497.17*	*27.53*		*11,524.70*	*9,763.73*	*27.28*	*15.02*	*9,806.03*
o/w securities issued by public bodies	*4,674.80*	*147.34*	*995.03*	*5,817.17*	*2 132.87*	*123.60*	*558.38*	*2,814.85*
Equities	1,627.38	511.32		2,138.70	1,371.65	527.42		1,899.07
Other variable-income securities	1,351.13	335.89		1,687.02	1,537.49	303.93		1,841.42
Loaned securities	132.66			132.66	62.48			62.48
Provisions		(2.26)		(2.26)		(2.35)		(2.35)
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**3,111.17**	**844.95**		**3,956.12**	**2,971.62**	**829.00**		**3,800.62**
o/w non-French mutual funds	*1,229.25*	*137.44*		*1 366.69*	*1 303.73*	*150.54*		*1,454.27*
TOTAL BY PORTFOLIO TYPE	**42,400.79**	**9,559.15 (1) (4)**	**4,461.60 (2) (3) (4)**	**56,421.54**	**36,581.34**	**6,296.64**	**2,329.91**	**45,207.89**

(1) Market value of €9.339bn as at 31/12/2002; marketable securities are included in portfolios when they are associated with fixed-income instruments and provisions are calculated in accordance with the principles set out in note 1 section 3.3

(2) Redemption value of €4.139bn as at 31/12/2002

(3) Including €127.20m of investment securities which were sold before maturity date or on which the issuer exercised a redemption option,

(4) Including €239.49m of trading securities reclassified as marketable securities and €84.33m of marketable securities reclassified as investment securities

Note 5

Accruals and other assets

	31/12/2002 (€m)	31/12/2001 (€m)
Prepaid expenses	13.61	36.14
Currency adjustments	746.77	10.72
Accrued income and marked-to-market adjustments of futures and options	3,864.39	2,257.38
Other accruals	1,302.25	998.14
ACCRUALS AND ACCRUED INCOME	**5,927.02**	**3,302.38**
Options purchased (option premiums)	609.83	938.34
Other accruals (1)	4,886.26	1,949.28
Settlement accounts on securities transactions	0.12	181.99
OTHER ASSETS	**5,496.21**	**3,069.61**
TOTAL	**11,423.23**	**6,371.99**

(1) This item notably includes margin calls and guarantee deposits paid to market counterparties or clearing houses.

Note 6

Long-term investment securities

€m	Book value of securities	Advances	Provisions	Total
Lillereau	1.27		(1.18)	0.09
Swapswire	0.43			0.43
C.M.I				
Divers	4.82		(1.04)	3.78
	6.52		(2.22)	4.30
TOTAL 31/12/2002	**6.52**		**(2.22)**	**4.30**
TOTAL 31/12/2001	**12.83**	**0.37**	**(2.14)**	**11.06**

Note 7

Fixed assets

€m	31/12/2002			31/12/2001		
	Gross value	Accumulated depreciation and provisions	Net value group	Gross value	Accumulated depreciation and provisions	Net value
TANGIBLE FIXED ASSETS	73.48	(39.66)	33.81	38.99	(23.13)	15.86
INTANGIBLE FIXED ASSETS	53.56	(37.40)	16.16	61.43	(37.82)	23.61
TOTAL	**127.04**	**(77.06)**	**49.97**	**100.42**	**(60.95)**	**39.47**

Note 8

Amounts due to credit institutions

	31/12/2002 (€m)	31/12/2001 (€m)
Current accounts in credit	1,716.88	855.54
Overnight loans	6,130.04	2,175.72
Accrued interest	0.50	2.19
SIGHT DEBTS TO CREDIT INSTITUTIONS	**7,847.42**	**3,033.45**
Borrowings	46,003.25	46,739.65
Securities sold under repurchase agreements (1)	26,640.13	21,970.41
Accrued interest	297.37	241.74
TERM DEBTS TO CREDIT INSTITUTIONS	**72,940.75**	**68,951.80**
TOTAL (2)	**80,788.17**	**71,985.25**

Including as at 31/12/2002:
(1) €11.009bn of public securities and equivalents.
(2) €64.685bn of borrowings from CDC IXIS Group companies.

Note 9

Amounts due to customers

	31/12/2002 (€m)	31/12/2001 (€m)
Term:		
Borrowing from financial institutions	0.22	-
Securities sold under repurchase agreements (1)	4,177.01	4,769.06
Accrued interest	25.29	6.05
TOTAL	**4,202.52**	**4,775.11**

(1) Including €3.168bn of public securities and equivalents as at 31/12/2002.

Note 10

Debts represented by securities

	31/12/2002 (€m)	31/12/2001 (€m)
Negotiable loan notes, including accrued interest	**12,392.09**	**10,737.46**
- Euro	3,217.95	1,589.12
- Non-euro currencies	9,174.14	9,148.34
Bonds, including accrued interest	**1,230.48**	**18.02**
- Euro	965.33	6.69
- Non-euro currencies	265.15	11.33
TOTAL	**13,622.57**	**10,755.48**

Note 11

Accruals and other liabilities

	31/12/2002 (€m)	31/12/2001 (€m)
Unearned income	2.66	61.61
Currency adjustments	10.06	121.44
Accrued expenses and marked-to-market adjustments of futures and options	2,745.31	2,197.63
Other accruals	3 965.12	695.42
ACCRUALS	**6,723.15**	**3,076.10**
Options sold	2,455.25	1,817.69
Sundry payables (1)	4,939.20	1,685.65
Settlement accounts on securities transactions	28.55	8.20
Debts on borrowed securities	5,915.80	3,907.34
Other debts on securities (2)	10,436.51	11,433.52
OTHER LIABILITIES	**23,775.31**	**18,852.40**
TOTAL	**30,498.46**	**21,928.50**

(1) This item notably includes margin calls and guarantee deposits received from market counterparties.
(2) Other debts on securities notably include securities received under a repurchase agreement then subsequently sold.

Note 12

Provisions

	31/12/2002 (€m)	Net variation (€m)	31/12/2001 (€m)
Personnel expenses	2.86	0.72	2.14
Depreciation of fixtures and fittings	-	-	-
Other administrative expenses	-	-	-
Risks on long-term investments	-	-	-
Risks on complex transactions	-	-	-
Other risks and charges (1)	43.81	40.92	2.89
TOTAL	**46.67**	**41.64**	**5.03**

(1) As at 31/12/2002, other risks and charges notably included provisions for risks (see note 27b) and transfers of provisions linked to the consolidation of SPV CLEA2 (goodwill and provision for value impairment of stake).

Note 13

Subordinated debt

	31/12/2002 (€m)	31/12/2001 (€m)
Perpetual subordinated loan (1)	457.35	457.35
Fixed-term subordinated securities (2)	250.00	250.00
Accrued interest	22.04	23.65
TOTAL	**729.39**	**731.00**

(1) The perpetual subordinated loan was granted to CDC IXIS Capital Markets by Caisse des dépôts et consignations on 1/9/1996 (CDC IXIS then replaced CDC retroactively on 1 January 2000). CDC IXIS Capital Markets has the option to reimburse all or part of the loan, providing that prior agreement is received from the general secretary of France's Commission Bancaire. In the event that CDC IXIS Capital Markets is liquidated, the outstanding principal and interest on the loan will only be reimbursed after amounts due to all creditors, whether preferred or unsecured, have been settled in full.

(2) The redemption date of fixed-term subordinated securities is 2/8/2010. CDC IXIS Capital Markets classifies these issues as "other equity capital", in accordance with French banking regulation 90-02.

Note 14

Shareholders' equity

€m	Fund for general banking risks	Reserves attributable to minority interests (excl. FGBR)	Profit attributable to minority interests	Equity attributable to minority interests (excl. FGBR)	Capital (1)	Share premium account	Consolidated reserves (excl. FGBR)	Profit attributable to group	Equity attributable to group (excl. FGBR)	Total consolidated equity (incl. FGBR)
Consolidated shareholders' equity 31/12/2000	**13.72**	**0.02**	**0.01**	**0.03**	**457.35**	**10.49**	**53.41**	**111.33**	**632.58**	**646.33**
Allocation of 2000 profit			(0.01)	(0.01)			111.33	(111.33)		
2001 dividend in respect of 2000 profit							(55.61)			
Other variations					0.15		(94.15)			
2001 profit								83.62		
Consolidated shareholders' equity 31/12/2001	**13.72**	**0.02**	**-**	**0.02**	**457.50**	**10.49**	**14.98**	**83.62**	**566.59**	**580.33**
Allocation of 2001 profit							83.62	(83.62)		
2002 dividend in respect of 2001 profit										
Other variations	(13.72)						(27.38)			
2002 profit								95.90		
Consolidated shareholders' equity 31/12/2002	**-**	**0.02**	**-**	**0.02**	**457.50**	**10.49**	**71.220**	**95.90**	**635.13**	**635.13**

(1) CDC IXIS Capital Markets' registered share capital totals €457,500,000, It comprises 30,000 shares with a nominal value of €15.25 all of the same category, and 100%-owned by CDC IXIS as at 31/12/2002.

Note 15

Income and expenses on transactions with credit institutions

	31/12/2002 (€m)	31/12/2001 (€m)
Interest on current account overdrafts	2	0
Interest on loans	497	798
Interest on securities received under repurchase agreements	859	1 047
Income from premiums/discounts	27	44
Other interest and equivalent income	241	62
TOTAL INCOME	**1,626**	**1,951**
Interest on current account deposits	(215)	(56)
Interest on term borrowing	(1,596)	(2,327)
Interest on securities sold under repurchase agreements	(668)	(702)
Expenses on premiums/discounts	(12)	(35)
Other interest and equivalent expenses (1)	(80)	(58)
TOTAL EXPENSES	**(2,571)**	**(3,178)**

(1) Including €35.28m of subordinated securities as at 31/12/02.

Note 16

Income and expenses on customer transactions

	31/12/2002 (€m)	31/12/2001 (€m)
Interest on term loans to customers	86.20	112.07
Interest on repurchase agreements	73.34	101.81
TOTAL INCOME	**159.54**	**213.88**
Interest on borrowing from customers		
Interest on repurchase agreements	(75.99)	(100.09)
TOTAL EXPENSES	**(75.99)**	**(100.09)**

Note 17

Income from bonds and other fixed-income securities

	31/12/2002 (€m)	31/12/2001 (€m)
Marketable securities	449.81	355.34
Investment securities	92.27	129.23
TOTAL	**542.08**	**484.57**

Note 18

Interest and equivalent expenses on bonds and other fixed-income securities

	31/12/2002 (€m)	31/12/2001 (€m)
Interest expenses on medium-term notes	(252.00)	(272.11)
Other interest expenses	(71.91)	(140.37)
TOTAL	**(323.91)**	**(412.48)**

Note 19

Income on variable-income securities

	31/12/2002 (€m)	31/12/2001 (€m)
Marketable securities	16.02	16.21
Long-term equity investment securities	0.27	0.48
TOTAL	**16.29**	**16.69**

Note 20

Commission income and expenses

	31/12/2002		31/12/2001	
	Income (€m)	Expenses (€m)	Income (€m)	Expenses (€m)
Treasury and interbank transactions	-	-	2.03	-
Customer transactions	-	(2.68)	-	(1.46)
Securities transactions	34.36	(5.09)	40.16	(7.85)
Futures and options transactions	0.11	(9.50)	0.01	(7.83)
Financial services	37.79	(23.19)	29.71	(16.59)
Currency transactions	0.19	(1.42)	0.24	(1.50)
Other commissions	11.78	(25.08)	19.58	(25.69)
TOTAL	**84.22**	**(66.96)**	**91.73**	**(60.91)**

Note 21

Gain or loss on trading portfolio transactions

	31/12/2002 (€m)	31/12/2001 (€m)
Gain on trading securities	932.37	664.39
Gain on currency instruments	254.08	120.39
Gain on financial instruments	31.48	678.11
TOTAL	**1,217.93**	**1,462.89**

Note 22

Gain or loss on marketable securities and equivalent portfolios

	31/12/2002 (€m)	31/12/2001 (€m)
Gain or loss on divestment of marketable securities	969.19	719.81
Allocations to and releases from provisions	(17.76)	2.48
TOTAL	**951.44**	**722.29**

Note 23

Other banking income and expenses

	31/12/2002		31/12/2001	
	Income (€m)	Expenses (€m)	Income (€m)	Expenses (€m)
Rebilled expenses, retroceded income and reallocated expenses	0.05		0.71	
Other operating income and expenses	19.89	(23.64)	24.61	(9.67)
TOTAL	**19.94**	**(23.64)**	**25.32**	**(9.67)**
NET TOTAL	**(3.70)**		**15.65**	

Note 24

Personnel expenses

	31/12/2002 (€m)	31/12/2001 (€m)
Salaries (1)	(130.03)	(114.99)
Pension expenses	(7.56)	(5.70)
Other social security expenses	(31.47)	(30.74)
Contractual and regulatory profit sharing	(7.14)	(7.20)
Taxes and equivalent payroll expenses	(14.66)	(10.48)
Allocations to and releases from pension provisions	(0.10)	1.22
PERSONNEL EXPENSES	**(190.76)**	**(167.88)**
Average number of employees	962	812

(1) The members of the Executive Board received compensation of €2,047,000 during 2002 in exchange for the responsibilities and functions carried out within CDC IXIS Capital Markets.
The members of the Supervisory Board received compensation of €29,000 during 2002 in exchange for the responsibilities and functions carried out within CDC IXIS Capital Markets.

Note 25

Provisions

	31/12/2002 (€m)	31/12/2001 (€m)
Allocations to provisions for:		
Risks on complex transactions	-	-
Other risk provisions	-	-
Sub-total	**-**	**-**
Releases on provisions for:		
Risks on complex transactions	-	5.75
Other risk provisions	0.10	-
Sub-total	**0.10**	**5.75**
NET TOTAL	**0.10**	**5.75**

Note 26

Gain or loss on fixed assets

	31/12/2002 (€m)	31/12/2001 (€m)
Gain or loss on divestment of tangible and intangible fixed assets	1.50	(0.03)
Net provisions on equity investments or advances	(0.08)	(0.79)
Provisions for risk on equity investments	-	0.35
Gain or loss on divestment of investment securities	(1.40)	3.94
GAIN OR LOSS ON FIXED ASSETS	**0.02**	**3.48**

Note 27a

Corporate tax

	31/12/2002 (€m)	31/12/2001 (€m)
Tax due	(47.96)	(9.82)
Deferred tax	7.59	(7.24)
TOTAL (1)	**(40.37)**	**(17.06)**

(1) Calculation of tax

Pre-tax profit:	*136.17*
Theoretical tax liability (136.17 x 35.44 %)	*(48.26)*
Tax credits deducted	*4.79*
Other differences	*3.10*
Actual tax liability	***(40.37)***

Note 27b

Exceptional items and FGBR

	31/12/2002 (€m)	31/12/2001 (€m)
+/- Exceptional items (1)	(13.33)	7.93
+/- Provisions/releases on FRBG and regulated provisions	13.72	-
TOTAL	**0.39**	**7.93**

(1) €12.2m of the 2002 figure concerns provisions for identified risks and charges, including a demand for €5.2m of back-tax notified in 2002 and a retroactive demand for €1.6m of additional social security charges in 2002, both of which are contested.

Note 28-1

Commitments on futures and options contracts

€m	31/12/2002					31/12/2001
	≤3 months	>3 months and ≤1 year	>1 year and ≤5 years	>5 years	Total	
TRADING PORTFOLIO						
Futures						
Organised markets						
Interest-rate contracts	58,441	53,944	9,562	-	121,947	408,301
Other contracts	284	-	-	-	284	352
Over-the-counter markets						
Interest-rate swaps	373,943	248,781	315,898	298,578	1,237,200	800,099
FRAs	5,919	26,685	1,378	-	33,982	17,922
Other contracts	2,049	-	-	-	2,049	1,356
Options						
Organised markets						
Interest-rate options	28,420	32,399	1,200	-	62,019	43,217
Other options	8,539	27,830	15,404	-	51,773	67,228
Over-the-counter markets						
Interest-rate options	417	-	-	-	417	935
Caps/Floors	15,672	17,075	71,445	38,531	142,723	89,135
Swaptions	5,973	13,058	18,527	8,346	45,904	29,557
Currency options	4,210	-	-	-	4,210	649
Other options	2,053	3,560	18,805	3,315	27,733	22,301
HEDGING PORTFOLIO						
Futures						
Organised markets						
Interest-rate contracts	862	2,730	-	-	3,592	12,309
Over-the-counter markets						
Interest-rate swaps	-	6,837	22,974	3,781	33,592	45,517
FRA	-	-	-	-	-	-
Options						
Organised markets						
Interest-rate options	750	-	-	-	750	-
Over-the-counter markets						
Interest-rate options	102	-	-	-	102	126
Caps/Floors	-	-	1,016	-	1,016	915
Swaptions	-	-	-	49	49	37
Other options	66	4	304	-	374	877

Note 28-2

Commitments on foreign-exchange transactions

	31/12/2002 (€m)	31/12/2001 (€m)
Spot foreign-exchange transactions		
Euros purchased not yet received	2,326	2,510
Non-euro currencies purchased not yet received	7,341	6,726
Euros sold not yet delivered	2,310	3,659
Non-euro currencies sold not yet delivered	7,690	7,437
Lending/borrowing		
Non-euro currencies lent not yet delivered	21	366
Non-euro currencies borrowed not yet received	1,675	5,181
Forward currency transactions		
Euros to be received against non-euro currencies to be delivered		
- euros to be received	57,789	51,045
- non-euro currencies to be delivered	55,195	52,688
Non-euro currencies to be received against euros to be delivered		
- non-euro currencies to be received	58,310	59,336
- euros to be delivered	61,091	56,239
Non-euro currencies to be received against non-euro currencies to be delivered		
- non-euro currencies to be received	50,725	43,492
- non-euro currencies to be delivered	50,841	45,491
Premium/discount on forward		
- to be received	445	1,323
- to be delivered	478	1,322

Note 29

Information on market risk

CDC IXIS Capital Markets' risk management function reports directly to the Chairman of the Executive Board and independently defines the principles of risk measurement and develops the tools required to carry out its remit.

Risk measurement is performed on a daily basis using indicators that calculate the potential losses for each activity with a high degree of confidence (Value at Risk analysis). These indicators cover a wide range of risks: interest rates, foreign exchange, equity and volatility etc.

Risks are controlled by comparing them to market limits which must be respected at all times. Daily and monthly reports are then produced for the Executive Board of CDC IXIS Capital Markets and the Chairman of the Supervisory Board.

The Supervisory Board has set up a Market Risk Committee chaired by Isabelle Bouillot. This Commitee is in charge of recommending regulations on market-risk monitoring and supervision, and ensuring that the regulations are in line with those established at Group level. It also ensures that the regulations are adhered to and advises the board on matters relating to market risk.

Systematic information is provided to both the Financial and Internal Control Committee and the Supervisory Board. These bodies meet four times per year.

Banking regulations require CDC IXIS Capital Markets to submit its overall risk cover ratio to France's Commission Bancaire and in June 1997 it was granted approval to use its own internal model, *Scénarisk*, to calculate the market-risk component of this ratio.

Information on derivatives counterparty risk

Counterparty risk measurement consists of analysing the probable loss that CDC IXIS Capital Markets would suffer in the event of counterparty default.

Off-balance sheet transactions carried out on organised markets are obviously excluded from this measurement of counterparty risk.

Counterparty risk on financial instruments, either interest rate or currency futures and options contracts, is analysed in accordance with the regulations governing credit-risk equivalent calculations in regulatory model 4801C (information on derivative instruments traded on assimilated and over the-counter markets, as provided for under order 96-06 of the French Banking Commision).

In accordance with these regulations, total counterparty risk is calculated by adding the following items:

- the positive replacement value of the instruments caculated on the basis of their market value;
- potential credit risk, this being measured based on add-ons according to the nature and residual life of the instrument, as defined by the French Banking Commission.

This equivalent gross credit risk is then reduced to reflect:

- netting agreements entered into in accordance with market conventions allowing netting of positive and negative replacement values at counterparty level;
- collateralisation guarantees received in the form of cash.

The resulting net credit risk is then weighted by category depending on the regulatory clas of counterparty (governments, financial institutions, or other and using weightings of 0%, 20% or 50%, respectively), as set forth in regulation N°91-05 of the French Banking Regulation Committee and Appendix III of regulation N°96-06 governing solvency ratio requirements.

Note 29 (continued)

Credit risk equivalent

€m	Counterparties weighted at 0% (OECD governments and central banks)	Counterparties weighted at 20% (OECD financial institutions)	Other counterparties weighted at 50%	Total 31/12/2002	Total 31/12/2001
Gross credit risk equivalent					
Gross positive replacement cost (market value)	2,256	24,441	3,009	29,706	13,488
Gross add-ons	454	9,469	2,474	12,397	8,634
Sub-total (1)	**2,710**	**33,910**	**5,483**	**42,103**	**21,122**
Effect of netting agreements					
On replacement cost	(1,245)	(17,137)	(742)	(19,124)	(9,505)
On gross add-ons	(159)	(5,233)	(844)	(6,236)	(4,524)
Sub-total (2)	**(1,404)**	**(22,370)**	**(1,586)**	**(25,360)**	**(14,029)**
Effect of collateralisation agreements (3)		**(2,447)**	**(74)**	**(2,521)**	**(235)**
Net credit risk equivalent before weighting (4) = (1) + (2) + (3)	**1,306**	**9,093**	**3,823**	**14,222**	**7,858**
Net credit risk equivalent after weighting (4) x weighting		**1,819**	**1,912**	**3,730**	**2,039**

As at 31/12/2002, the equivalent weighted risk on forward financial instruments amounted to €3.730bn.
The breakdown of risk before weighting was as follows:

Type of counterparty	
OECD governments and central banks	*9.18 %*
OECD financial institutions	*63.93 %*
Other counterparties	*26.89 %*
Geographic breakdown of counterparties	
USA and Canada	*16.20 %*
France	*34.94 %*
Other euro-zone countries	*28.49 %*
Other countries	*20.37 %*
Credit rating (S&P)	
AAA	*16.05 %*
AA	*29.09 %*
A	*13.44 %*
Other ratings	*3.00 %*
Non rated	*38.42 %*

CDC IXIS Capital Markets' commitments do not include proven credit risk on identified counterparties. No specific provisions have been allocated in this respect. There have been no instances of defaults involving credit derivatives counterparties calling for specific provisions.

Note 30

Breakdown of balance sheet items by residual term

€m	≤3 months	>3 months and ≤1 year	31/12/2002 >1 year and ≤5 years	>5 years	Total
ASSETS					
Loans to credit institutions	**44,201**	**5,228**	**2,647**	**3,486**	**55,562**
Loans to customers	**6,911**	**31**	**35**	**88**	**7,065**
Trading securities	**12,846**	**9,137**	**9,420**	**7,887**	**39,290**
Public securities and equivalents	870	2,684	2,023	2,508	8,085
Bonds and other fixed-income securities	11,976	6,453	7,397	5,379	31,205
Marketable securities	**6**	**456**	**2,900**	**5,352**	**8,714**
Public securities and equivalents	-	-	-	3	3
Bonds and other fixed-income securities	6	456	2,900	5,349	8,711
Investment securities	**937**	**36**	**774**	**2,685**	**4,432**
Public securities and equivalents	33	-	109	3	145
Bonds and other fixed-income securities	904	36	665	2,682	4,287
LIABILITIES					
Debts to credit institutions	**72,222**	**3,908**	**1,492**	**3,166**	**80,788**
Debts to customers	**2,503**	**321**	**483**	**896**	**4,203**
Debts represented by securities	**4,245**	**494**	**2,310**	**6,574**	**13,623**
Bonds	275	36	399	521	1,231
Other fixed-income securities	3,970	458	1,911	6,053	12,392

Note 31

Breakdown of consolidated profit & loss statement by branch of activity

The breakdown aims to reflect the performance of the main branches of capital markets activity, in the most relevant manner possible.

The branches are distinguished as follows:

- Fixed-income and foreign-exchange business, covering the traditional activities in these areas;
- Equity business, covering all equity-related activities, as well as the group's equity-broking arm.

The assumptions underlying the breakdown of the main profit & loss line items are as follows:

- Net banking income represents the direct contribution from each business, including the proceeds from investing that portion of the equity allocated to the business;
- General expenses include the direct expenses of each branch of activity including analytical rebilling of support functions;
- The tax charge allocated to each branch of activity is calculated by applying a normative rate on the basis of taxation territoriality; the differences between normative and real tax, including the balance of deferred taxes, are broken down by branch of activity.

Breakdown by branch of activity

	31/12/2002 (€m)			31/12/2001 (€m)		
	Fixed-income Forex	**Equities**	**Group Total**	**Fixed-income Forex**	**Equities**	**Group Total**
Net banking income	342	158	500	259	157	416
General expenses and depreciation/amortisation	(242)	(122)	(364)	(218)	(115)	(333)
Gross operating profit	**100**	**36**	**136**	**41**	**42**	**83**
Non-operating income and expenses	(3)	(10)	(13)	14	4	18
Normative tax	(29)	(12)	(41)	(17)	-	(17)
Net profit excluding provisions to FGBR	**68**	**14**	**82**	**38**	**46**	**84**
Release of FGBR			14			
Parent company net profit			**96**			**84**

The geographic breakdown distinguishes profit from activity carried out in France from that generated by the three foreign branches.

Geographic breakdown

	31/12/2002 (€m)			31/12/2001 (€m)		
	France	International	Group Total	France	International	Group Total
Net banking income	420	80	500	345	71	416
General expenses and depreciation/amortisation	(296)	(68)	(364)	(276)	(57)	(333)
Gross operating profit	**124**	**12**	**136**	**69**	**14**	**83**
Non-operating income and expenses	(13)		(13)	18		18
Normative tax	(38)	(3)	(41)	(10)	(7)	(17)
Net profit excluding provisions to FGBR	**73**	**9**	**82**	**77**	**7**	**84**
Release of FGBR			14			
Parent company net profit			**96**			**84**

Note 32

Results from the main transactions with the parent company

	31/12/2002 (€m)	31/12/2001 (€m)
Current accounts	(24.30)	(54.38)
Guarantee	2.03	0.70
Other commissions	–	–
Regulatory reserves	–	–
Subordinated perpetual securities	(19.67)	(25.01)
General expenses	(29.69)	(35.00)

The transactions summarised in the table above represent CDC IXIS Capital Markets' main relations with its parent company.

Derivatives transactions concluded with the parent company primarily result from the mirror operations undertaken when CDC IXIS Capital Markets was created, bearing in mind that CDC continues to act as an interface with the original clients. Insofar as similar relations are being gradually established with CDC IXIS, the above figures also take into account the profit from transactions with CDC IXIS as from 2000 (private-sector activities transfered into a separate subsidiary).

To the Shareholders,

In accordance with the assignment entrusted to us by the Annual General Meeting of Shareholders, we hereby present our report for the financial year ended 31 December 2002, concerning our audit of the consolidated financial statements of CDC IXIS Capital Markets prepared in euros and as attached to this report.

The consolidated financial statements were prepared by the Executive Board. It is our responsibility to express an opinion on these financial statements, based on our audit.

We have conducted our audit in accordance with auditing standards applicable in France. These standards require that we perform such tests and procedures so as to obtain reasonable assurance that the consolidated financial statements are free from material mis-statement. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and the significant estimates made in preparing the financial statements, together with an evaluation of the overall adequacy of the presentation of these statements. We believe that our audit provides a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements have been prepared in accordance with French generally accepted accounting principles. In our opinion they give a true and fair view of the assets, liabilities, financial position and results of the Company as at 31 December 2002.

We have also verified the information provided in the Group Management Report, in accordance with prevailing professional standards in France. We have no comment to make on the truth and fairness of the information contained in the report or its consistency with the consolidated financial statements.

Paris, 27 March 2003

The Auditors

PRICEWATERHOUSECOOPERS – AUDIT
Étienne Boris

MAZARS & GUERARD
Guillaume Potel

PARENT COMPANY FIGURES (EXTRACTS)

This chapter contains the most significant extracts from CDC IXIS Capital Markets' 2002 parent company financial statements. The full 2002 parent company financial statements have been certified without qualification by the Company's auditors and may be obtained on request from the headquarters of the Company.

PARENT COMPANY BALANCE SHEET

Assets

	NOTES	31/12/2002 (€m)	31/12/2001 (€m)	31/12/2000 (€m)
INTERBANK AND EQUIVALENT TRANSACTIONS				
Cash, central banks, giro accounts		10		2
Public securities and equivalents		8,262	7,087	6,436
Loans to credit institutions		55,543	53,811	41,724
CUSTOMER TRANSACTIONS				
Other loans to customers		7,108	5,294	3,383
BONDS, EQUITIES AND OTHER FIXED AND VARIABLE INCOME SECURITIES				
Bonds and other fixed-income securities		44,222	34,321	36,452
Equities and other variable-income securities		3,956	3,799	3,267
INVESTMENTS IN SUBSIDIARIES, OTHER LONG-TERM INVESTMENTS				
Long-term investments and portfolio activities	2	31	49	45
TANGIBLE AND INTANGIBLE FIXED ASSETS		40	29	22
ACCRUALS AND OTHER ASSETS		11,295	6,257	5,802
TOTAL ASSETS		**130,467**	**110,647**	**97,133**

Liabilities

	NOTES	31/12/2002 (€m)	31/12/2001 (€m)	31/12/2000 (€m)
INTERBANK AND EQUIVALENT TRANSACTIONS				
Central banks, giro accounts				
Amounts due to credit institutions		82,182	71,938	66,375
CUSTOMER TRANSACTIONS				
Other amounts due to customers		4,202	4,772	2,894
DEBTS REPRESENTED BY SECURITIES				
Interest-bearing notes				
Interbank market securities and negotiable debt instruments		11,041	10,737	8,016
Loan stock		1,230	18	32
Other debt represented by securities				
ACCRUALS AND OTHER LIABILITIES		30,438	21,869	18,442
PROVISIONS		18	4	24
SUBORDINATED DEBT		729	731	726
FUND FOR GENERAL BANKING RISKS (FGBR)		0	14	14
SHAREHOLDERS' EQUITY (EXCLUDING FGBR)	3	**626**	**563**	**610**
Subscribed capital		458	458	457
Share-premium account		10	11	11
Reserves		48	43	23
Revaluation reserve				
Regulated provisions and investment subsidies				
Retained earnings (+/-)		20	43	23
Interim dividends			(94)	
Profit for the year (+/-)		91	103	96
TOTAL LIABILITIES		**130,467**	**110,647**	**97,133**

	31/12/2002 (€m)	31/12/2001 (€m)	31/12/2000 (€m)
+ INTEREST AND EQUIVALENT INCOME			
+ Interest and equivalent income on transactions with credit institutions	1,624	1,951	1,880
of which accrued interest on current account	*13*		
+ Interest and equivalent income on customer transactions	160	214	156
+ Interest and equivalent income on bonds and other fixed-income securities	542	485	484
+ Other interest and equivalent income	1,488	1,524	1,094
- INTEREST AND EQUIVALENT EXPENSES			
- Interest and equivalent expenses on transactions with credit institutions	(2,514)	(3,176)	(3,266)
- Interest and equivalent expenses on customer transactions	(76)	(100)	(44)
- Interest and equivalent expenses on bonds and fixed-income securities	(378)	(412)	(235)
- Other interest and equivalent expenses	(2,544)	(2,315)	(806)
+ INCOME FROM VARIABLE-INCOME SECURITIES	19	31	9
+ COMMISSION INCOME	51	49	69
- COMMISSION EXPENSES	(53)	(46)	(51)
+/- GAIN OR LOSS ON TRADING PORTFOLIO TRANSACTIONS	1,206	1,451	1,158
+/- GAIN OR LOSS ON MARKETABLE SECURITIES AND EQUIVALENT PORTFOLIOS	950	722	(16)
+ OTHER BANKING OPERATING INCOME AND EXPENSES	**(4)**	**15**	**7**
+ Other income	19	24	19
- Other expenses	(24)	(10)	(12)
NET BANKING INCOME	**472**	**392**	**438**
GENERAL OPERATING EXPENSES	**(317)**	**(288)**	**(254)**
- Personnel expenses	(168)	(145)	(131)
- Other administrative expenses	(163)	(149)	(126)
- Intra-group transactions	13	6	3
DEPRECIATION, AMORTISATION AND PROVISIONS ON TANGIBLE AND INTANGIBLE FIXED ASSETS	(11)	(10)	(10)
GROSS OPERATING PROFIT	**143**	**94**	**174**
- OPERATING PROVISIONS	0	6	(5)
OPERATING PROFIT	**143**	**100**	**169**
+/- GAIN OR LOSS ON FIXED ASSETS	(4)	3	0
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**139**	**103**	**169**
+/- EXCEPTIONAL ITEMS	(14)	8	0
+/- CORPORATE TAX	(48)	(9)	(68)
+/- VARIATION IN FGBR AND REGULATED PROVISIONS	14	0	(5)
NET PROFIT	**91**	**103**	**96**

	31/12/2002 (€m)	31/12/2001 (€m)	31/12/2000 (€m)
COMMITMENTS GRANTED			
FINANCING COMMITMENTS			
Commitments granted to credit institutions	6,206	15	140
Commitments to customers	-	-	-
GUARANTEE COMMITMENTS			
Commitments to credit institutions	11,616	11,204	10,869
Commitments to customers	-	-	-
COMMITMENTS ON SECURITIES			
Securities purchased with a repurchase or transfer option	-	-	-
Other commitments received	745	833	984
COMMITMENTS RECEIVED			
FINANCING COMMITMENTS			
Commitments received from credit institutions	13,035	9,000	9,053
GUARANTEE COMMITMENTS			
Commitments received from credit institutions	1,982	1,982	457
COMMITMENTS ON SECURITIES			
Securities sold with a repurchase of transfer option	-	-	-
Other commitments received	1,782	1,830	1,896
OTHER COMMITMENTS			
Other commitments granted	555	893	904
Other commitments received	2,773	2,184	3,126

Note 1
Parent company financial statements accounting and consolidation principles

1 - Introduction

The parent company financial statements have been drawn up in accordance with regulation No.91-01 of the French Banking Regulation Committee (*Comité de Réglementation Bancaire* – CRB), as amended by regulation 94-04 of the French Accounting Regulation Committee (*Comité de la Réglementation Comptable* – CRC).
The parent company financial statements have been prepared in accordance with the provisions of CRC regulation 2000-03.

2 – Accounting and valuation principles

2.1 Foreign-exchange transactions

In accordance with CRB regulation 89-01 on foreign-exchange accounting, assets, liabilities and off-balance sheet commitments are translated at the spot rate on the last day of the accounting period.

Forward currency transactions undertaken for purposes other than hedging are valued at the forward rate corresponding to the residual term.

The premium and discount elements of forward currency transactions undertaken as hedging operations are recorded in the profit & loss statement on a straight-line basis over the residual term of the transaction.

Gains and losses on currency transactions are based on the exchange rate at the transaction date.

2.2 Bank receivables and debts

Receivables and debts include current accounts, loans, borrowings and securities purchased and sold under resale or repurchase agreements.

Loans and borrowings

Loans and borrowings are stated at their nominal value. Corresponding interest amounts are recorded in the profit & loss statement on a *pro-rata temporis* basis.

Securities purchased or sold under resale or repurchase agreements

Securities purchased under resale agreements are included under other loans to financial institutions or loans to customers in accordance with regulation 89-07 of the French Banking Regulation Committee. Securities sold under repurchase agreements are booked as debt.

At the end of each period, the securities sold under repurchase agreements are valued in accordance with the rules applicable to the type of securities portfolio in which they were originally held.

The revenues and expenses on repurchase and resale agreement are recorded on a *pro-rata temporis* basis in the profit & loss statement.

2.3 Securities transactions

Securities are valued in accordance with the regulations defined in regulation 90-01 of the French Banking Regulation Committee, as amended by regulation 2000-02 of the CRC.

Trading securities

Trading securities, as defined by regulation 90-01, correspond to variable and fixed-income securities that are purchased or sold with the intention of being resold or repurchased in the short term. At the time of acquisition, the securities are recorded at acquisition price.

Securities are marked to market. Marked-to-market gains and losses are recorded in the profit & loss statement.

Whenever CDC IXIS Capital Markets acts as market-maker and the security is traded in sufficient volumes, these securities may be held in the portfolio for longer than the six-month maximum period as stipulated by the regulations. This also applies to securities held as specialised hedges of instruments that are marked-to-market.

Marketable securities

The portfolio of marketable securities includes fixed and variable-income securities acquired with the intention of being held long term as a source of revenue or capital gain. Trading securities that are held for over six months and are subsequently reclassified also fall within this category. In this case, restatement is performed at the market price on the transfer date.

Fixed-income securities
Fixed-income securities are stated at cost, excluding accrued interest. The difference between the cost and redemption value is amortised using the straight-line method over the residual life of the security. At period-end, the securities are valued at their closing price. A provision for depreciation is booked in the event that the market value of a group of securities sharing similar characteristics is lower than the purchase price adjusted by the apportionment of premiums or discounts.

Variable-income securities
Variable-income securities are stated at cost, excluding accrued interest. At period-end, the securities are valued at their closing price. Provision is made for unrealised losses on a line-by- line basis.

Negotiable loan notes and other interbank instruments
These securities and other instruments are recorded at nominal value. The difference between the nominal value and the purchase price is recorded in the profit & loss statement over the residual life of the securities, based on the yield-to-maturity method. Provision is made for any unrealised losses on a line-by-line basis.

Investment securities
The investment securities portfolio includes bonds and other fixed-income securities which have been acquired with the intention of being held long term, in principle until their maturity. The valuation method varies depending on whether or not the securities are transferable.

Transferable securities
Securities are valued at cost, excluding accrued interest. At period-end, the difference between the cost and redemption value of the securities is amortised using the straight-line method over the residual life of the security.

Negotiated loan notes and other interbank instruments
These securities and other stocks are recorded at nominal value and the difference between the purchase price and the nominal value is amortised based on the yield-to-maturity method over the residual life of the security.

At period-end, any unrealised losses do not automatically trigger a provision for depreciation, unless the issuer of the security is at risk of default.

Loaned and borrowed securities
Loaned securities are valued according to the same method as that of the portfolio in which they were first recorded.

Borrowed securities are recorded as an asset in the trading securities category at their market price on the date on which they are borrowed and as a liability in recognition of the securities debt to the lender. These securities are marked to market at the end of the period.

Security loans and borrowings secured by cash deposits are treated for accounting purposes in the same way as repurchase and resale agreements.

Interest on loaned and borrowed securities is recorded in the profit & loss statement on a *pro-rata temporis* basis.

2.4 Futures and options

CDC IXIS Capital Markets performs transactions using the entire spectrum of financial futures instruments on fixed income, foreign exchange and equity markets, in order to:

- hedge transactions,
- or employ specialised trading portfolio management techniques.

Futures and options are recorded off-balance sheet at their nominal value.

The accounting entries for the gains and losses on these instruments depend on their intended use.

Fixed-income and currency swaps
In accordance with regulation No. 90-15 (as amended by No. 92-04) of the French Banking Regulation Committee, fixed-income or currency swaps are classified as follows:

- micro-hedging: the gain or loss is recorded on a symmetric basis to the gain or loss on the hedged item;
- specialised management of a trading portfolio: these contracts are marked to market. In accordance with

regulations, the value is adjusted to take into account counterparty risks and the discounted present value of future management costs. The adjusted marked-to-market gain or loss is recorded in the profit & loss statement.

Other transactions

Other transactions relate mainly to futures and options contracts regulated by CRB 88-02.

Transactions that are not performed as hedges are marked to market. Any resulting unrealised gains or losses on unwound positions at the end of the period are recorded in the profit & loss statement.

Gains or losses on hedging operations are recorded in the profit & loss statement on a symmetric basis with gains or losses on the hedged item.

In order to reflect more accurately each transaction's true economic impact, non-liquid instruments are also marked to market on a hypothetical basis (see paragraph 2.5).

2.5 Market value

Where market prices of instruments or valuation parameters are not officially listed, alternative valuation methods are used.
These apply one or more of the following methods: price confirmation from brokers or external counterparties, comparison with real transactions and detailed examination of issuer or instrument category.

Wherever instruments are valued on the basis of financial models, such models incorporate parameters that affect the valuation of these instruments, in particular the low liquidity of the markets in question, and take into account the relevant risk assessment.

2.6 Securities issued

Accrued interest expenses are credited to the accrued debt account and debited to the profit & loss statement.

Issue and redemption premiums are amortised on either a straight-line or a financial basis over the life of the securities in question.

2.7 Complex transactions

Complex transactions involve combinations of instruments (of identical or different types, nature and valuation methods), that are recorded in a single batch or as a transaction whose accounting treatment is not subject to specific regulations.

Each component of the transaction is recorded in accordance with the legal status of the underlying products.

Gains or losses are considered globally so as to reflect the economic nature of the transactions. Management intentions will dictate treatment of the overall result:

- Results of transactions carried out for hedging purposes are apportioned on a straight-line basis over the relevant period. In the case of an overall negative market value of a complex transaction with its related hedging component, a provision is booked.
- Results of transactions carried out for trading portfolio management purposes or whose results can be treated as a financial engineering commission are recorded at the origin. In this last case, the commission on an engineering service is booked at the origin if it is acquired definitively and can be estimated sufficiently accurately. A discount is applied to take into account the future management expenses and any possible counterparty risks.

2.8 Credit derivatives

Credit derivatives are instruments designed to transfer the existing credit risk on assets from one counterparty to another, generally in exchange for the payment of a premium settled at the origin or time-apportioned. In the event of a default (i.e. “a credit event”) that is predefined in the credit derivative contract, the seller of the protection is called upon to pay the cost of the default as defined in the contract.

There are three categories of credit derivatives: Credit Default Swaps, Total Rate of Return Swaps and Credit Linked Notes which are deemed equivalent to options, swaps and securities, respectively.

In the absence of a specific accounting text, credit derivatives have been accounted for by analogy with the transactions with which they share similar risk characteristics (options, swaps and securities) and based on management intention:

- Transactions carried out for hedging purposes are valued in the same way as the hedged item.

- The results of isolated open position transactions which are executed in the context of a long-term holding, are valued *pro-rata temporis* with provision for possible unrealised losses. In the case of operations deemed equivalent to options, possible provisions for unrealised losses are determined with respect to the non-apportioned premium amount.
- Transactions executed for trading purposes are marked to market taking into consideration future management and counterparty risk costs wherever the liquidity of the derivatives market is guaranteed. Otherwise, valuation is carried out by applying the appropriate methodology to transactions involving credit derivatives:
  - at historic cost;
  - applying a provision for depreciation where appropriate.

2.9 Treatment of income and expenses

Interest and related commissions are recorded *pro-rata temporis.*

Commissions that are not deemed to be equivalent to interest and which relate to services are recorded on the service provision date.

2.10 Long-term equity investments and subsidiaries

Long-term equity investments are recorded at book value. At the end of the period, they are valued individually at book value or going concern, whichever is lower. Provision for depreciation is made in the event of a permanent impairment of value.

2.11 Foreign branches

The accounts of foreign branches are integrated into the head office accounts in local currency. The profit & loss statement is converted at the month-end spot exchange rate.

2.12 Fixed assets

Fixed assets are recorded in the balance sheet at cost.

Research and development on identified, technically feasible IT projects is booked under intangible assets.

Depreciation is calculated over the estimated lives of the tangible asset using the straight-line or diminishing-balance method.

2.13 Subordinated debts

This section includes all debt materialised by perpetual loans, whose redemption in the event of liquidation of the debtor is only possible after the other creditors' claims have been settled.

Accrued interest expenses are credited to an accrued debt account and debited to the profit & loss statement.

2.14 Pension commitments

Pension commitments are estimated using the actuarial method and give rise to provisions; details are provided in the notes.

2.15 Corporate tax

This includes current tax for the fiscal year after deduction of any tax credits which may be offset against the amount due.

As part of an ongoing tax inspection, a demand for back-tax received in 2002 and relating to the first financial year inspected gave rise to a provision. Taking into account the reasons underlying the demand for back-tax, an estimate has been made of potential liability for the following financial years and a provision has also been made for the appropriate sum.

The non-contested part of the demand for back-tax received in 2002 is booked as tax expense, whereas all the other related provisions are recorded as exceptional items.

Note 2

Long-term equity investments

€m	Book value of shares	Advances	Provisions	Total	Previous year's equity capital	Previous year's profit	% share-holding
Companies in which CDC IXIS Capital Markets holds a net investment exceeding €15.24m (FF100m)							
CDC IXIS Securities SIREN : 682 039 888 56 rue de Lille, 75007 Paris	19.41			19.41	24.00	4.60	100.00
Sub-total	19.41			19.41			
Other companies							
Lillereau SIREN: 350 489 019 56 rue de Lille, 75007 Paris	1.27	-	(1.18)	0.09	NS	NS	51.00
Swapswire ID number: 4027741 35 Basinghall Street, London EC2V 5DB	0.43	-	-	0.43	NS	NS	NS
CMI SIREN: 408 635 233 56 rue de Lille, 75007 Paris	-	9.80	-	9.80	NS	NS	48.00
Miscellaneous	1.29	-	(0.14)	1.15	NS	NS	NS
Sub-total	2.99	9.80	(1.32)	11.47			
TOTAL 31/12/2002	**22.40**	**9.80**	**(1.32)**	**30.88**			
TOTAL 31/12/2001	**26.31**	**25.13**	**(2.11)**	**49.33**			

Note 3

Shareholders' equity

€m	Fund for general banking risks	Capital (1)	Share premium account	Retained earnings	Legal reserve	Other reserves	Interim dividends	Profit	Equity attributable to group (excl. FGBR)	Total consolidated equity
Consolidated shareholders' equity 31/12/2000	**13.72**	**457.35**	**10.49**	**22.63**	**7.66**	**15.45**		**96.43**	**610.01**	**623.73**
Allocation of 2000 profit				20.59	4.82	70.85		(96.43)		
2001 dividend in respect of 2000 profit						(55.60)				
Other variations		0.15					(94.00)			
2001 profit								102.62		
Consolidated shareholders' equity 31/12/2001	**13.72**	**457.50**	**10.49**	**43.22**	**12.48**	**30.70**	**(94.00)**	**102.62**	**563.01**	**576.73**
Allocation of 2001 profit				3.49	5.13		94.00	(102.62)		
2002 dividend in respect of 2001 profit				(27.20)						
Other variations	(13.72)									
2002 profit								90.61		
Consolidated shareholders' equity 31/12/2002		**457.50**	**10.49**	**19.51**	**17.61**	**30.70**		**90.61**	**626.42**	**626.42**

(1) CDC IXIS Capital Markets' registered share capital totals €457,500,000, It comprises 30.000 shares with a nominal value of €15.25, all of the same category, and 100%-owned by CDC IXIS as at 31/12/2002.

€	1998	1999	2000	2001	2002
CAPITAL AT YEAR-END					
Registered capital	457,347,052	457,347,052	457,347,052	457,500,000	457,500,000
Number of ordinary shares outstanding	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Number of preference shares outstanding (without voting rights)					
Maximum potential shares to be created in future:					
- by bond conversion					
- by exercise of equity warrants					
OPERATIONS AND RESULTS FOR THE YEAR					
Net banking income (excluding tax)	260,868,362	370,117,025	437,923,678	391,609,393	471,909,637
Profit before tax, profit sharing, depreciation/amortisation and provisions	103,847,390	165,641,746	188,507,300	105,484,611	181,929,851
Corporate tax	37,611,402	52,722,343	68,362,394	8,505,933	48,179,877
Profit after tax, profit sharing, depreciation/amortisation and provisions	48,571,725	79,618,113	96,430,121	102,621,443	90,614,206
Dividends distributed	66,040,914	37,776,866	55,613,401	121,200,000	
DATA PER SHARE					
Profit after tax and profit sharing, but before depreciation/amortisation and provisions	2.21	3.76	3.77	3.14	4.41
Profit after tax, profit sharing depreciation/amortisation and provisions	1.62	2.65	3.21	3.42	3.02
Dividend per share	2.20	1.26	1.85	4.04	
STAFF					
Average employees during the year	396	482	648	675	817
Total payroll for the year	42,962,864	63,928,004	82,676,634	99,102,638	114,389,908
Social charges (social security and social welfare projects etc.)	19,388,995	23,359,331	28,871,205	30,385,471	32,854,968

1. General information on the issuer

1.1. Corporate name and registered office:

CDC IXIS Capital Markets
Registered office:
51, rue de Lille – 75007 PARIS

1.2. Legal form

Société anonyme (French limited corporation) with Executive and Supervisory Boards in accordance with article L210-1 and subsequent articles of the French Companies Act. The Company has the status of credit institution authorised as a financial company, in accordance with book V of France's Monetary and Financial Code.

1.3. Term

The Company has a 99-year term, expiring on 31 March 2086, except in the event of extension or dissolution.

1.4. Purpose (article 2 of statutes)

The Company's purpose is to carry out for its own account and on behalf of its national and international clients:

- receipt of funds in connection with its role as a provider of investment services;
- issuance of guarantees, endorsements or independent commitments, including guarantees issued for mutual funds and securitised loan funds or for holders of units in such funds, in relation to the provision of investment or financial engineering services, together with the issuance of guarantees for placements, issues of securities or transactions on financial instruments;
- all interbank and foreign exchange transactions;
- the issuance of loans or the purchase or sale of debt in the course of its intermediation activities, notably for credit derivatives, securitisation and capital market debt transactions, including those involving clients and all operations required for its activity as clearer in forward markets;
- provision of all primary and ancillary investment services on regulated and over-the-counter markets relating to French or foreign financial instruments, and in particular:
  - receipt and transmission of orders on behalf of third parties,
  - order execution for third parties,
  - trading for its own account,
  - portfolio management for third parties and the provision of management advice concerning financial instruments,
  - underwriting or placement of issues, or in relation to financial transactions, the provision of placement guarantees and all services linked to placement and underwriting;
- custody and administration services for financial instruments;
- issuance of marketable securities, negotiable debt instruments and all other financial instruments;
- provision of advice to companies concerning their capital structure, industrial strategy and related issues, together with mergers and acquisitions services;
- compiling, distribution and marketing of all varieties of reports in all formats, covering technical considerations, research, analysis and information systems in the financial and economic sector;
- acquisition of holdings in any existing or future French or foreign company, whose activities are related directly or indirectly to the Company's purpose;
- and generally, undertaking all commercial, financial or administrative transactions which may be related directly or indirectly to the Company's purpose, in order to promote the expansion and development of the Company.

1.5. French company registration number (RCS)

RCS : Paris 340 706 407
Code APE : 671 E

1.6. Financial year

The financial year begins on 1 January and ends on 31 December.

1.7. Statutory allocation of profit

A sum equivalent to 5% of the year's net profit, less any previous losses, is deducted and assigned to the legal reserve. This practice ceases to be compulsory when the reserve reaches a level equivalent to one-tenth of the Company's registered capital; the practice is resumed when the legal reserve falls below this level.

Distributable profit is composed of net profit for the financial year, less any previous losses and sums assigned to the reserve in accordance with the law, plus any profit carried forward from previous periods.

After approving the financial statements and the distributable profit, the Shareholders' Meeting decides either to allocate this profit to one or several reserves over which it has control and use, to carry it over as retained earnings or to distribute it. The Shareholders' Meeting may decide to distribute any amounts held in reserves over which it has control, indicating the reserves from which these sums are to be levied. However, no distributions from reserves will be made unless the distributable profit during the year is distributed in full.

For all or part of the dividend, or the instalments of the dividend to be distributed, the Shareholders' Meeting may grant each shareholder the option of receiving the dividend in full or in instalments, and in the form of cash or shares.

Dividends not claimed within five years of their distribution date are rendered void.

1.8. Shareholders' Meetings
Shareholders' Meetings are convened in accordance with the law.

Meetings take place in the Company's registered office or in any other location stipulated in the documents serving notice of the meeting.

All shareholders have the right to attend meetings upon presentation of proof of identity, on the condition that his/her shares are fully paid up and have been registered in his/her name for at least five days prior to the Meeting.

Meetings are chaired by the Chairman of the Supervisory Board or by another Board member designated by the Chairman.

A register of attendance is kept as stipulated by law.

Extracts and copies of the subjects for discussion are certified and delivered by the Chairman or the secretary of the meeting.

Ordinary and Extraordinary Shareholders' Meetings, held in quorum and respecting the majority defined by law, have the powers vested in them by law.

2. Exceptional events and claims

There are currently no exceptional events or claims liable to significantly affect the business, results or the financial situation of CDC IXIS Capital Markets or of its Group.

3. Employee profit-sharing schemes

Contractual profit-sharing
During the last five years, CDC IXIS Capital Markets has concluded two contractual profit-sharing agreements:
- a first agreement signed on 25 June 1999 and covering the 1999, 2000 and 2001 financial years
- a second agreement signed on 14 June 2002 and covering the 2002, 2003 and 2004 financial years

By virtue of these agreements, the amount of contractual profit-sharing depends on two criteria, namely the net profit of the Company and the degree to which employees have participated in professional training sessions.

The amounts of profit-sharing allocated in respect of the last five financial years (and paid in the following financial years), are as follows:

- 1998: €0.64m
- 1999: €2.33m
- 2000: €2.70m
- 2001: €3.3m
- 2002: (provision) €5.5m

Regulatory profit-sharing

CDC IXIS Capital Markets concluded a voluntary fixed-term regulatory profit-sharing agreement on 20 December 2001, in respect of the 2000 financial year. This agreement provides for the application of the common law formula for calculating the special reserve for regulatory profit-sharing. The Company paid out the sum of €6.09m in 2001 in respect of regulatory profit-sharing for the 2000 financial year. In an endorsement to this agreement, CDC IXIS Capital Markets paid out the remaining €1.052m available for regulatory profit-sharing in 2002.

In addition, a Group regulatory profit-sharing agreement was signed on 30 October 2002, further to which €1.34m was paid out to CDC IXIS Capital Markets' employees in respect of financial year 2001.

4. Responsibility for the reference document and the audit of the financial statements

4.1. Person responsible for the reference document

Anthony Orsatelli,
Chairman of the Executive Board

4.2. Statement by the person responsible for the reference document

The information contained in this reference document is accurate to the best of my knowledge. It includes all the information required by investors to allow them to make their own judgements on the assets and liabilities, business, financial situation, results and outlook of the Company; there are no omissions liable to have any material bearing on the scope of the information provided.

Anthony Orsatelli

4.3. Auditors' opinion on the reference document

In our capacity of Auditors of CDC IXIS Capital Markets, pursuant to COB regulation 98-01 and in accordance with the professional standards applicable in France, we have verified the information on the financial position and the historic accounts presented in this document.

This document was prepared under the responsibility of the Chairman of the Executive Board of CDC IXIS Capital Markets. The role with which we have been assigned is to issue an opinion on the faithfulness of the information contained herein on the financial situation and the accounts.

We conducted our audit in accordance with the professional standards applicable in France. These standards require us to plan and perform the audit so as to obtain reasonable assurance that the financial statements are free from material mis-statement, and that they are consistent with the accounts on which the report has been based. We also read other information contained in the reference document to identify any material inconsistencies in the information relating to the financial position and statements and to highlight any manifestly erroneous information which we might detect based on the knowledge of the company that we acquire in the course of the audit. This reference document does not contain any isolated forecast resulting from a structured forecasting process.

We have audited the annual and consolidated financial statements for the years 2002 and 2001 as prepared by the Executive Board, according to the professional standards applying in France and have certified them without qualification.

In accordance with the professional standards applicable in France, we have audited the annual and consolidated financial statements for the financial year 2000 approved by the Executive Board, and have certified them without qualification with the following observations:

- an observation contained in our report on the consolidated financial statements relating to note 1 and which describes the changes in method resulting from the application of new rules for presenting summary consolidated documents, as defined in CRC regulation n°2000-04 of 4 July 2000,
- an observation contained in our general report relating to note 1, which describes the changes in method resulting from the application of new rules for presenting summary individual documents, as defined in CRC regulation n°2000-03 of 4 July 2000.

On the basis of the tasks performed, and taking into account the observations stated above, we have no comment to make on the good faith with which the information relating to the financial position or the financial statements as presented in this reference document has been prepared.

Paris, 22 April 2003

The Auditors

PRICEWATERHOUSECOOPERS AUDIT	**MAZARS & GUÉRARD**
Étienne Boris	Guillaume Potel

4.4. Information policy

Person responsible for information: Alain Prévot
Tel: (33-0) 1 40 49 26 01

This is a free translation of the original text for information purposes only.

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The original French version of this Annual Report was filed with the
"Commission des Opérations de Bourse" (the French Securities and Exchange Commission)
on 24/4/2003 in compliance with regulation 98-01 of the said Commission. (COB registration number : 03 0520)