

ANNUAL
REPORT
2004



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Profile

IXIS Corporate & Investment Bank is Groupe Caisse d'Epargne's corporate and investment banking arm and a leading player on capital markets.

It holds a banking license under French law and offers a combination of optimal security and excellent ratings.

IXIS Corporate & Investment Bank delivers an extensive array of high value-added broking, structured finance, financing, engineering and research services.

The Bank maintains a global presence through its Paris headquarters, branches in Frankfurt, London and Tokyo, and subsidiaries in New York and Hong Kong.

The IXIS Corporate & Investment Bank Group comprises IXIS Corporate & Investment Bank, the IXISSM Capital Markets (United States), IXIS Securities and IXIS Asia Limited (Hong Kong) subsidiaries, and the Group's holding in Nexgen.



Capital ownership

A four-staged partnership process

IXIS Corporate & Investment Bank's structure and share ownership underwent substantial changes in 2004 as a result of the Company's takeover by Groupe Caisse d'Epargne.

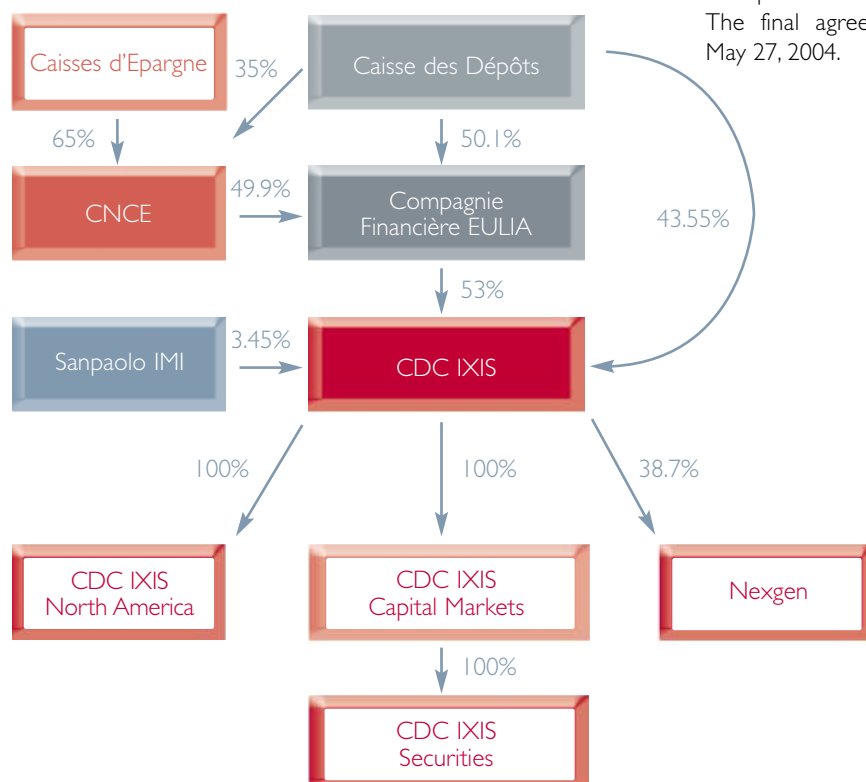
Capital ownership up until June 30, 2004

Up until June 30, 2004, IXIS Corporate & Investment Bank (CDC IXIS Capital Markets at that time) was a wholly-owned subsidiary of CDC IXIS, which was itself owned by Compagnie Financière EULIA (53%), Caisse des Dépôts (43.55%) and Banque Sanpaolo IMI (3.45%).

Compagnie Financière EULIA was a holding company owned jointly by Caisse des Dépôts (50.1%) and Groupe Caisse d'Epargne (49.9%), and which was set up on December 31, 2001 as part of the Alliance between the two Groups.

On October 1, 2003, Caisse des Dépôts and Caisse Nationale des Caisses d'Epargne (CNCE) signed an agreement geared to restructuring their relations and re-balancing their respective roles within their partnership. The agreement provided for the creation of a universal bank via the incorporation of Compagnie Financière EULIA ("EULIA") and CDC IXIS into Groupe Caisse d'Epargne.

The final agreements were signed on May 27, 2004.



History/key dates

Changes in capital ownership on June 30, 2004

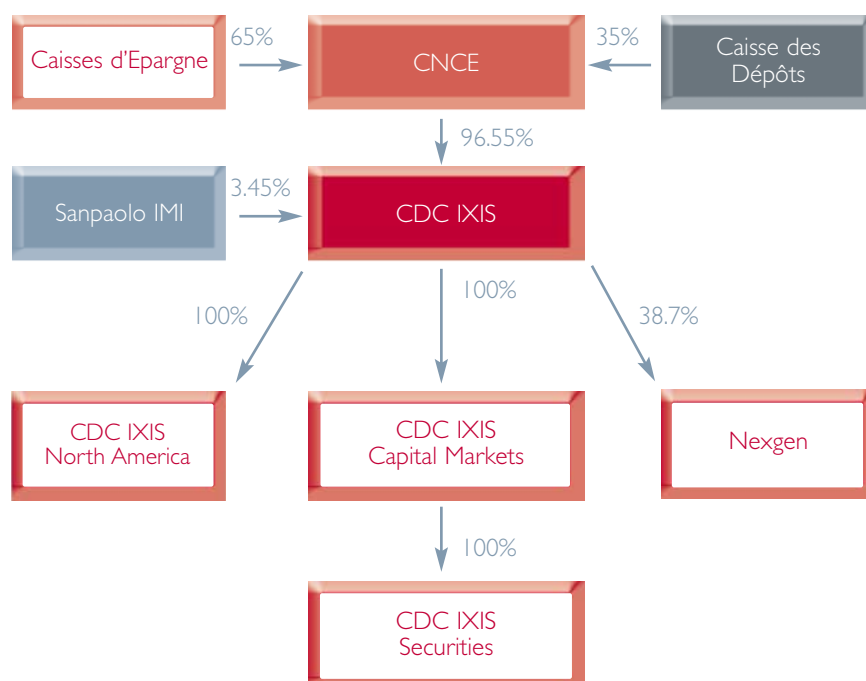
Further to the agreement of May 27, 2004, Caisse des Dépôts transferred all of its directly-owned 43.55% equity-interest in CDC IXIS to the Caisses d'Epargne on June 30, 2004. The Caisses d'Epargne then transferred all of this equity interest to EULIA on the same date, thereby raising EULIA's stake in CDC IXIS from 53% to 96.55%.

The third stage saw EULIA merged into CNCE on the same date.

After completion of these transactions, CDC IXIS was owned 96.55% by CNCE, which was itself owned 65% by the Caisses d'Epargne and 35% by Caisse des Dépôts.

Note that all of CDC IXIS Capital Markets' capital and voting rights remained controlled by CDC IXIS as at June 30, 2004.

- 1996
CDC Marchés created as a wholly- and directly-owned subsidiary of Caisse des Dépôts
- 1999
CNCE takes a 19.9% stake in CDC Marchés
- 2001
CDC Marchés becomes an 80.1% directly-owned subsidiary of CDC IXIS and is renamed CDC IXIS Capital Markets
- End-2001
CDC IXIS Capital Markets becomes a wholly-owned subsidiary of CDC IXIS
- 2004
CDC IXIS Capital Markets becomes a directly-owned subsidiary of CNCE and is renamed IXIS Corporate & Investment Bank



Capital ownership

November 1, 2004 – structuring the corporate and investment bank

■ Asset transfers:

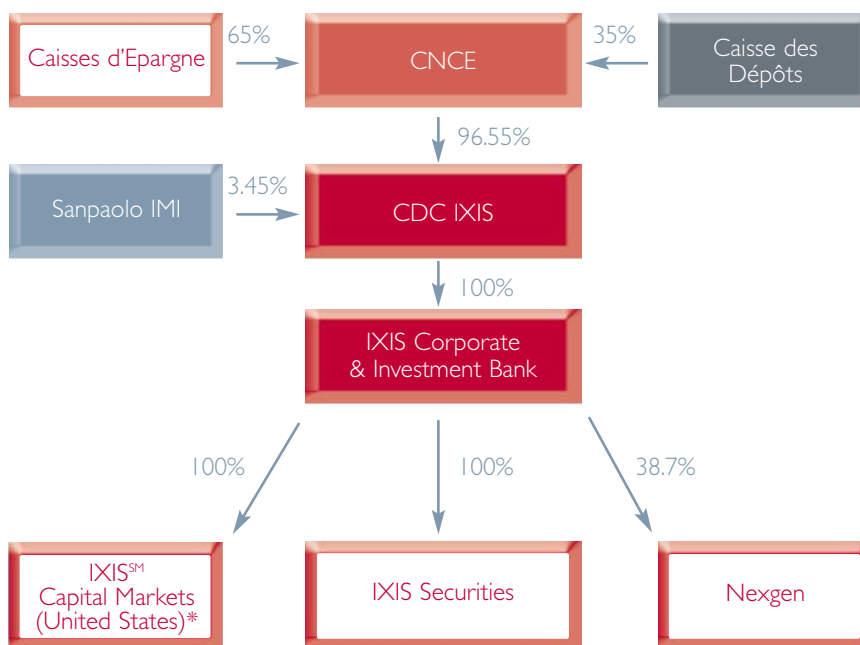
CDC IXIS undertook a partial business transfer involving a selection of primarily financial assets (financing, financial engineering) and subsidiaries (notably, CDC IXIS North America Inc.) to CDC IXIS Capital Markets, in exchange for which CDC IXIS Capital Markets issued shares for the benefit of CDC IXIS.

■ Name change:

CDC IXIS Capital Markets changed its name to **IXIS Corporate & Investment Bank**. The other CDC IXIS Group subsidiaries changed their names similarly.

■ Bank status:

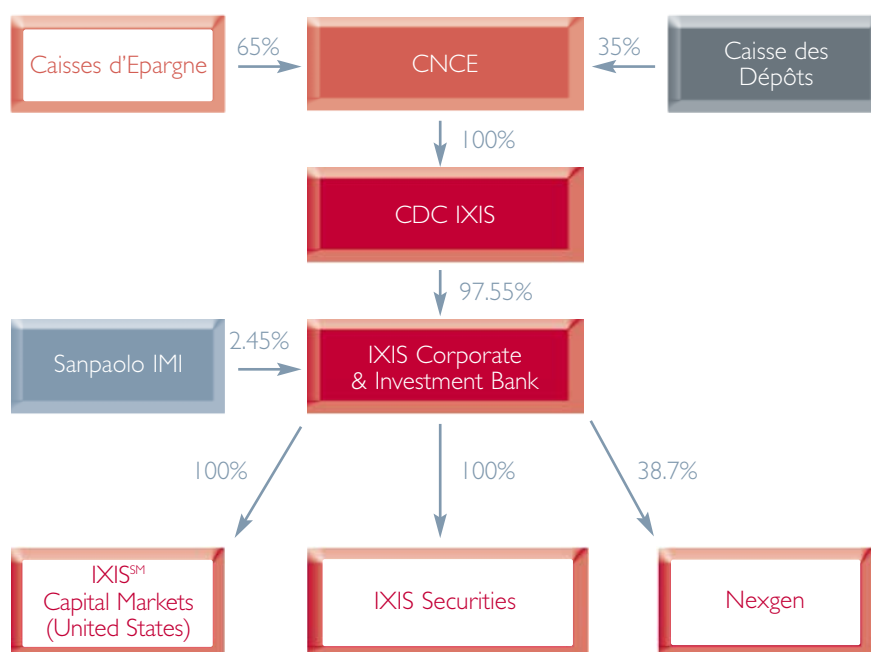
CDC IXIS' transfer of primarily financing assets to CDC IXIS Capital Markets required CDC IXIS Capital Markets to obtain a banking license from France's banking regulator; CECEI (*Comité des Etablissements de Crédit et des Entreprises d'Investissement*), whereas it had previously been licensed as a financial company (*société financière*).



* IXISSM Capital Markets is a service mark for IXIS North America Inc. and its subsidiaries.

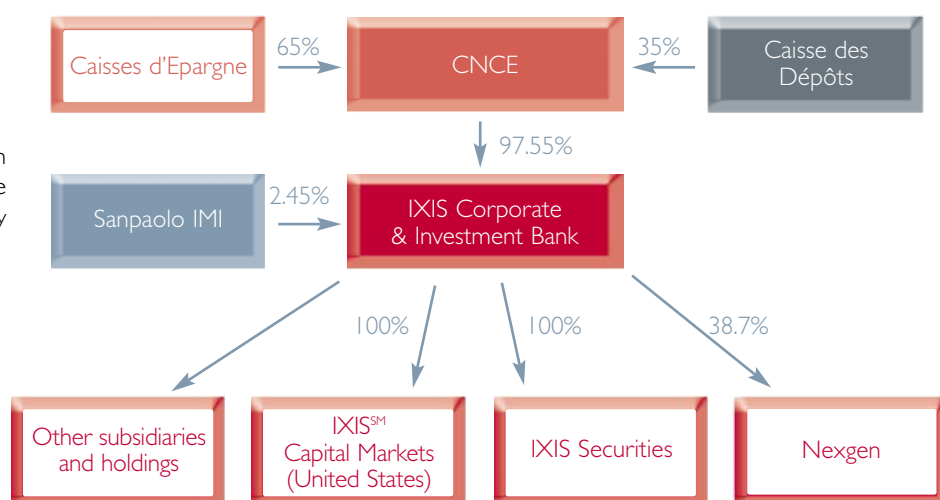
December 9, 2004 - Sanpaolo IMI swaps its stake in CDC IXIS for an interest in IXIS Corporate & Investment Bank

In an operation on December 9, 2004, Sanpaolo IMI exchanged its stake in CDC IXIS for a 2.45% equity interest in IXIS Corporate & Investment Bank.



Since January 1, 2005, IXIS CIB has been a directly-owned subsidiary of CNCE

CDC IXIS was merged into CNCE on December 31, 2004, leaving IXIS Corporate & Investment Bank 97.55%-owned by CNCE on a direct basis.



Key figures

Consolidated results⁽¹⁾

audited figures

Millions of euros	2004	2003	2002
Net banking income	790	633	500
Gross operating income	292	233	136
Consolidated net income	193	112	96
ROE	17% ⁽²⁾	16%	16%

(1) IXIS Corporate & Investment Bank Group's scope of consolidation comprises IXIS Corporate & Investment Bank, IXISSM Capital Markets (United States), IXIS Securities, the Group's equity stake in Nexgen and several special-purpose entities (the full scope of consolidation is provided in note 36 to the consolidated financial statements).

(2) Based on the pro rata book value of consolidated shareholders' equity.

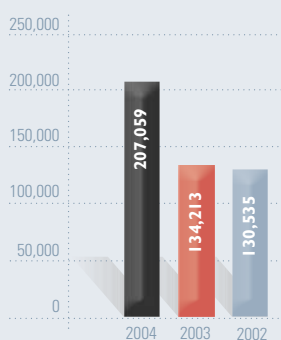
Consolidated equity

Millions of euros	31/12/04	31/12/03	31/12/02
Consolidated shareholders' equity ⁽³⁾	3,432	747	635
Regulatory capital	5,622	1,377	1,238

(3) Net of minority interests and excluding the Fund for General Banking Risks.

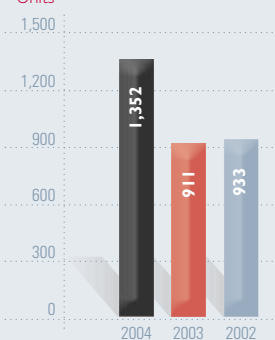
Consolidated balance sheet total as at December 31

Millions of euros



Consolidated headcount as at December 31

(permanent employees)
Units



Long-term credit ratings

Rating agencies	31/12/2004
Standard & Poor's	AAA (Debt guaranteed by Caisse des Dépôts) AA (Debt guaranteed by CNCE or not guaranteed)
Moody's	Aaa (Debt guaranteed by Caisse des Dépôts) Aa2 (Debt guaranteed by CNCE)
Fitch	AAA (Debt guaranteed by Caisse des Dépôts) AA (Debt guaranteed by CNCE)

Presentation of Groupe Caisse d'Epargne and CNCE

Groupe Caisse d'Epargne

A major universal bank

Groupe Caisse d'Epargne is one of France's largest banks and operates across the complete range of commercial and investment banking disciplines. It serves a full spectrum of clients ranging from retail, professional and corporate clients, to financial institutions, local government, social-economy organizations and real-estate professionals.

Front-ranking positions

Groupe Caisse d'Epargne boasts 26 million clients in France and ranks among the top three in a variety of markets including savings, life insurance, personal loans, real estate, local-government financing, regional venture capital, asset management and custody.

The Group is active in all the world's main financial centers and is France's largest institutional asset manager; the leading dealer of structured private placements denominated in euros, and European n°1 and world n°4 in the provision of real-estate asset management and investment advisory services.

Financially powerful

Groupe Caisse d'Epargne boasts over €18 billion in equity, a balance sheet total of €544 billion, net banking income of €9 billion and profit-earning capacity exceeding €1.9 billion, of which over 70% is derived from retail banking. These extensive resources are reflected in financial ratings on a par with the best in the French banking sector: AA/Aa2/AA.

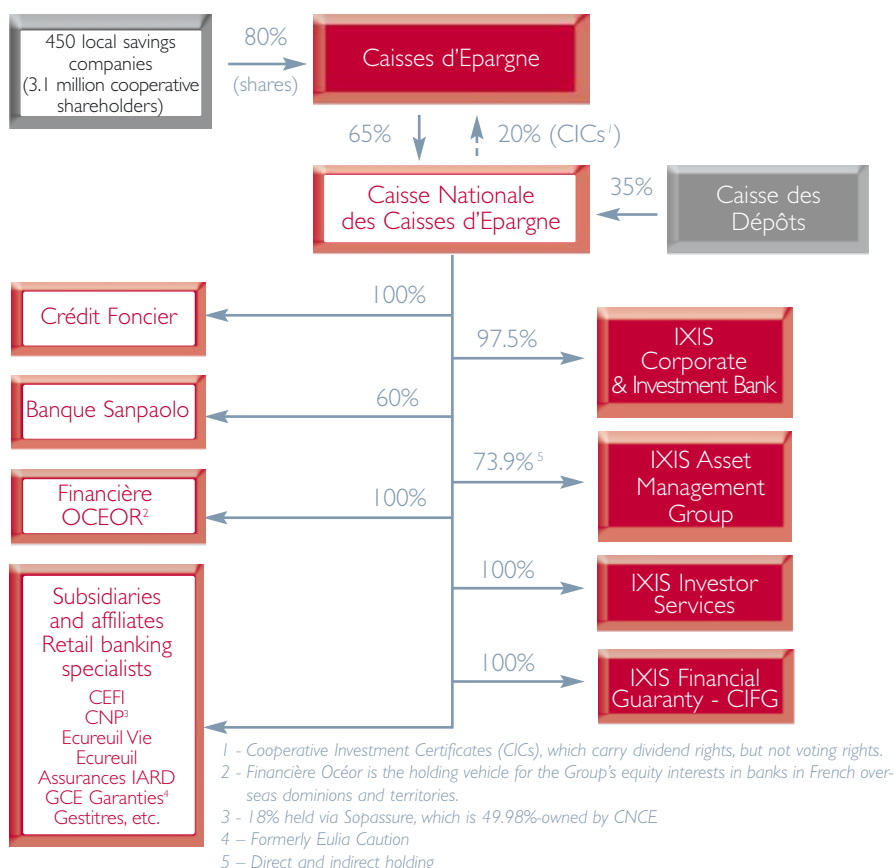
Mutual structure

The Caisses d'Epargne are mutual banks that are fully responsible for their own management within the framework of the Group. They seek to develop their business by guaranteeing total financial security to their customers.

Each Caisse d'Epargne is managed by an Executive Board comprising between two and five members, which is itself overseen by an 18-member Steering and Supervisory Board.

80% of the Caisses d'Epargne's capital is owned by Local Savings Companies (LSCs). All Caisse d'Epargne customers, be they individuals or organizations, may acquire shares in an LSC and therefore become cooperative shareholders. As at December 31, 2004, Groupe Caisse d'Epargne had 3.1 million cooperative shareholders and 450 LSCs.

SIMPLIFIED LEGAL ORGANIZATION CHART AS AT JANUARY 1, 2005



Caisse Nationale des Caisses d'Epargne

The Group's central body, Caisse Nationale des Caisses d'Epargne (CNCE), is owned 65% by the Caisses d'Epargne and 35% by Caisse des Dépôts. CNCE also holds the equivalent of 20% of the Caisses d'Epargne's capital in the form of Cooperative Investment Certificates (CICs), which carry dividend rights, but not voting rights.

CNCE fulfils four main remits as follows:

- central institution, as defined under banking law, and under which it is charged with taking all measures needed to ensure the cohesion of the network and to guarantee liquidity and solvency;
- head of the network, a role that notably gives it responsibility for establishing Group strategy; approving senior managers, defining the products and services marketed by the Caisses d'Epargne, protecting deposits and guaranteeing the financial solidarity mechanism operational within the Group, etc.;
- holding company, a task that involves it holding the Group's equity interests in national subsidiaries and deciding growth policy for the different businesses;
- Group banker, according to which it is responsible for centralizing surpluses and conducting any operations useful for the Group's development and refinancing.

Charles MILHAUD
Chairman of the Supervisory Board



Message from the Chairman of the Supervisory Board

“Moving forward in 2004”

Our combined efforts to transform Groupe Caisse d'Epargne into a major universal bank paid off in 2004 with the integration of investment bank, IXIS, into the Group.

Today, Groupe Caisse d'Epargne is not only one of the leading retail bankers in France, through its network and that of Crédit Foncier networks and through its specialized subsidiaries, it is also active in the corporate and investment banking, asset management and investor services fields. Through our 55,000 staff, we operate across the full array of business lines, serving the full spectrum of clients on all the main international financial centers.

These new dimensions were evident in the Group's sharply increased results in 2004, with net banking income advancing by 24% to €9 billion and earnings capacity climbing by 37% to €1.9 billion.

IXIS Corporate & Investment Bank (IXIS CIB) – created in November 2004 in a move that saw the former CDC IXIS Capital Markets combined with a selection of CDC IXIS' banking interests - posted an excellent set of results and emphasized its full worth to the Group.

We have set further ambitious goals through to 2007, namely to combine sustained growth with high levels of profitability, to leverage the synergies and potential harbored by our multiple business lines, trading banners and distribution channels, to achieve a high level of operational quality and efficiency, and to make our commitment to society a differentiating factor.

Message from the Chairman of the Executive Board

“An excellent year in 2004”

IXIS Corporate & Investment Bank successfully responded to a twofold challenge in 2004. The Bank continued to grow earnings, while also ensuring its transformation into Groupe Caisse d'Epargne's corporate and investment banking arm proceeded smoothly.

Results were excellent in 2004. The Bank beat its targets and posted its best-ever performance, including net income of €193 million and an ROE of 17%.

Earnings formation was fuelled by contributions from all business lines and notably from a sharp increase in commercial activity, particularly outside France.

Further momentum came from IXIS Corporate & Investment Bank's expansion in the main global financial centers, via our three branches in Frankfurt, London and Tokyo, our New York subsidiary, which also posted its best-ever performance, and our new operation in Hong Kong.

We continued to leverage our innovative talents, whilst also striving to maintain our extremely stringent risk-selection policy.

All of IXIS Corporate & Investment Bank's teams are committed to achieving further growth for the Bank in 2005 and thereby helping to fulfill the broader objectives of Groupe Caisse d'Epargne.

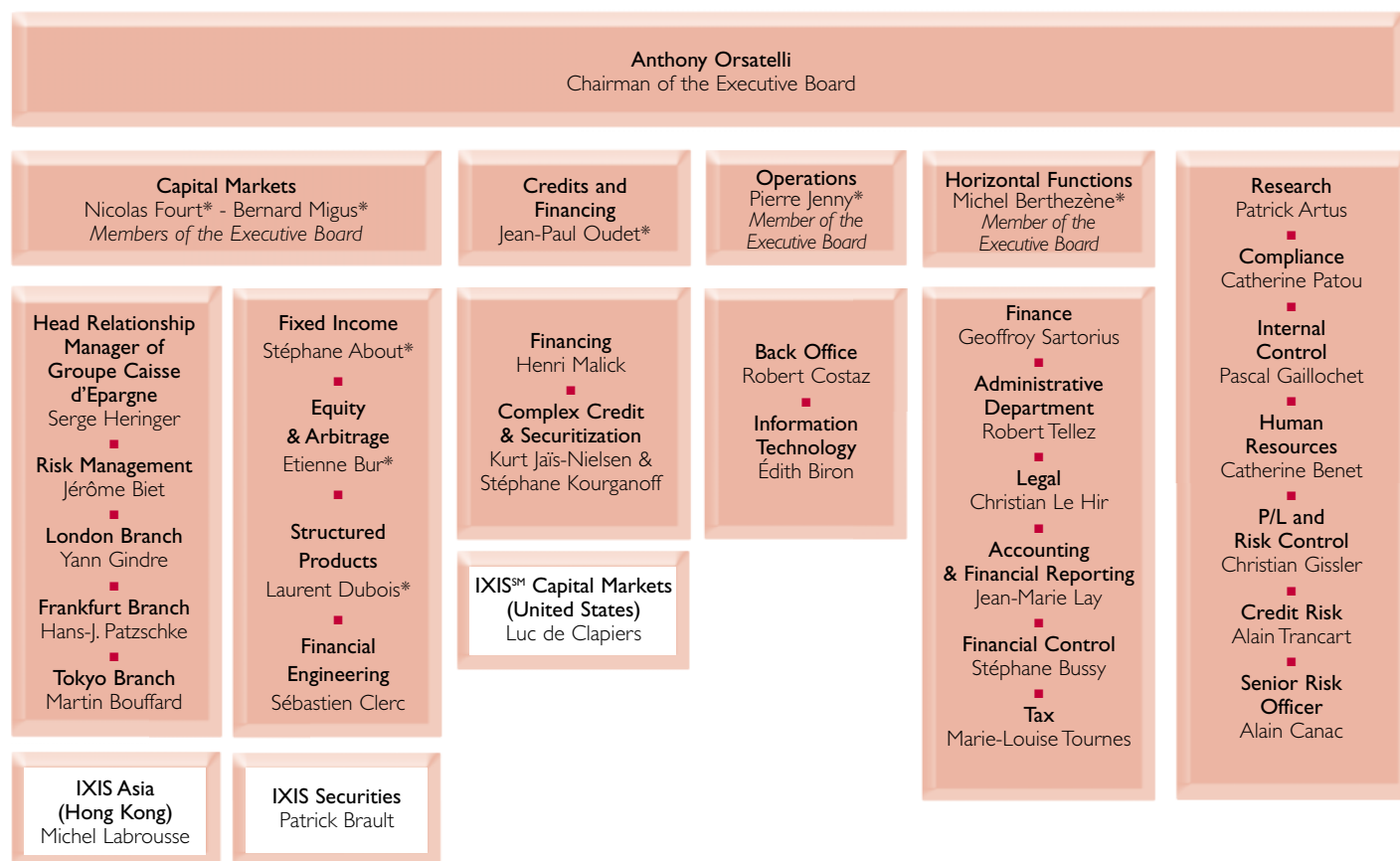


Anthony ORSATELLI

Chairman of the Executive Board

Operational organization chart

IXIS Corporate & Investment Bank (March 2005)



* Members of the Executive Committee

■ Composition of corporate governance bodies

(as at December 31, 2004)

Supervisory Board and specialized committees	Supervisory Board	Financial and Internal Control Committee	Compensation Committee
Pierre Servant , <i>Member of the Executive Board, CNCE</i> Date first appointed: November 3, 1998	Chairman	Member	Member
Antoine Lissowski , <i>Member of the Executive Board, CNP</i> Date first appointed: November 3, 1998	Vice-Chairman	Chairman	-
Caisse Nationale des Caisses d'Epargne (CNCE) Date first appointed: October 13, 1999 Permanent representative (since September 6, 2004): Charles MILHAUD, <i>Chairman of the Executive Board, CNCE</i>	Member	-	-
Banque et Caisse d'Epargne de l'Etat Luxembourg (BCEEL) Date first appointed: November 3, 1998 Permanent representative (since February 16, 2004): Jean-Claude FINCK, <i>Chairman, BCEEL</i>	Member	-	Chairman
Jean-Jacques Bonnaud , <i>Chairman, GALAXY FUND</i> Date first appointed: October 17, 2003	Member	-	-
Jean-Pierre Menanteau , <i>Director of Economics and Finance, SNCF Group</i> Date first appointed: October 17, 2003	Member	Member	-
Nicolas Merindol , <i>Member of the Executive Board, CNCE</i> Date first appointed: March 20, 2002	Member	-	Member
Laurent Vieilleigne , <i>Member of the Executive Board, CDC IXIS</i> Date first appointed: October 17, 2003	Member	-	-

Executive Board	
Anthony Orsatelli Date first appointed: November 3, 1998	Chairman
Michel Berthezène Date first appointed: January 14, 2004	Member
Nicolas Fourt Date first appointed: November 3, 1998	Member
Pierre Jenny Date first appointed: May 6, 2004	Member
Bernard Migus Date first appointed: November 3, 1998	Member

Composition of corporate governance bodies

(as at March 22, 2005)

Supervisory Board and specialized committees	Supervisory Board	Financial and Internal Control Committee	Compensation Committee
Charles Milhaud , <i>Chairman of the Executive Board, CNCE</i> Date first appointed: January 31, 2005	Chairman	-	Chairman
Francis Mayer , <i>Chief Executive Officer, CDC</i> Date first appointed: January 31, 2005	Vice-Chairman	-	-
Nicolas Mérindol , <i>Member of the Executive Board, CNCE</i> Date first appointed: March 20, 2002	Vice-Chairman	-	-
Caisse Nationale des Caisses d'Epargne (CNCE) Date first appointed: October 13, 1999 Permanent representative (since January 31, 2005): Guy Cotret, <i>Member of the Executive Board, CNCE</i>	Member	-	Member
SANPAOLO IMI Spa Date first appointed: January 31, 2005 Permanent representative (January 31, 2005): Pietro Modiano, <i>Chief Executive Officer, Sanpaolo IMI Spa</i>	Member	-	-
ECUREUIL PARTICIPATIONS Date first appointed: January 31, 2005 Permanent representative (since February 4, 2005): François Chauveau, <i>Group Finance Director, CNCE</i>	Member	Member	-
François Audibert , <i>Chairman of the Executive Board, Caisse d'Epargne Aquitaine Nord</i> Date first appointed: January 31, 2005	Member	-	Member
Marc-Antoine Autheman , Date first appointed: January 31, 2005	Member	-	-
Jean Bensaïd , <i>Deputy Director, Group Finance and Strategy, Caisse des Dépôts</i> Date first appointed: January 31, 2005	Member	Member	-
Patrick Buffet , <i>Executive Vice-President, Groupe Suez</i> Date first appointed: January 31, 2005	Member	-	-
Bernard Comolet , <i>Chairman of the Executive Board, Caisse d'Epargne Ile-de-France Paris</i> Date first appointed: January 31, 2005	Member	-	-
Eric Flamarion , <i>Group Finance Director, Caisse des Dépôts</i> Date first appointed: January 31, 2005	Member	-	-

(as at March 22, 2005)

Supervisory Board and specialized committees	Supervisory Board	Financial and Internal Control Committee	Compensation Committee
Dominique Marcel , Senior Executive Vice-President, Finance and Strategy, Caisse des Dépôts Date first appointed: January 31, 2005	Member	-	-
Benoît Mercier , Chairman of the Executive Board, Caisse d'Epargne du Val de France Orléanais Date first appointed: January 31, 2005	Member	-	-
Philippe Moneta , Chairman of the Executive Board, Caisse d'Epargne Loire, Drôme, Ardèche Date first appointed: January 31, 2005	Member	-	-
Didier Patault , Chairman of the Executive Board, Caisse d'Epargne des Pays de la Loire Date first appointed: January 31, 2005	Member	Member	-
Régis Pelen , Chairman of the Steering and Supervisory Board, Caisse d'Epargne Rhône-Alpes Lyon Date first appointed: January 31, 2005	Member	-	-
Pierre Servant , Member of the Executive Board, CNCE Date first appointed: November 3, 1998	Member	Chairman	-
Yves de Balmann , Co-Chairman, Bregal Investments Date first appointed: March 22, 2005	Non-voting member (<i>censeur</i>)	-	-
Matthieu Pigasse , Partner-manager, Lazard Date first appointed: March 22, 2005	Non-voting member (<i>censeur</i>)	-	-
Patrick de Saint-Aignan , Advisory Director, Morgan Stanley Date first appointed: March 22, 2005	Non-voting member (<i>censeur</i>)	-	-

Executive Board

Anthony Orsatelli Date first appointed: November 3, 1998	Chairman
Michel Berthezène Date first appointed: January 14, 2004	Member
Nicolas Fourt Date first appointed: November 3, 1998	Member
Pierre Jenny Date first appointed: May 6, 2004	Member
Bernard Migus Date first appointed: November 3, 1998	Member

Executive Board mandates are next subject to renewal on January 14, 2010.

■ Economic and financial environment

Global economic recovery against a backdrop of rising imbalances in 2004

Global economic growth picked up markedly in 2004, primarily fuelled by the US and Asia (China and Japan). All in all, the world economy expanded by 4.7% in 2004, its best performance for more than 10 years. China again excelled with a 9.5% growth rate, as did Japan, where GDP expanded by 2.6%. US growth amounted to 4.4%, while the euro-zone economy disappointed somewhat with a 1.8% increase.

2004 was also a period of adjustment for major financial variables like the dollar (caused by the US' current-account and budget deficits) and the oil market (where escalating demand from Asia put pressure on limited production capacity). The dollar's adjustment buoyed economic growth in the US and certain Asian countries that operate fixed dollar-exchange rates, though this was primarily at the expense of the euro zone which suffered from the sharp run-up in the euro. However, higher prices of oil and raw materials acted as a drag on global economic activity, especially in Europe.



The European economy grew at a fairly solid pace in the first half, thanks to healthy consumer spending, but then slowed in the second half under pressure from surging oil prices and the euro's appreciation against the dollar to a year-end close of 1.36. The stronger euro dampened European external trade, while the sluggish job market meant that internal demand remained anaemic.

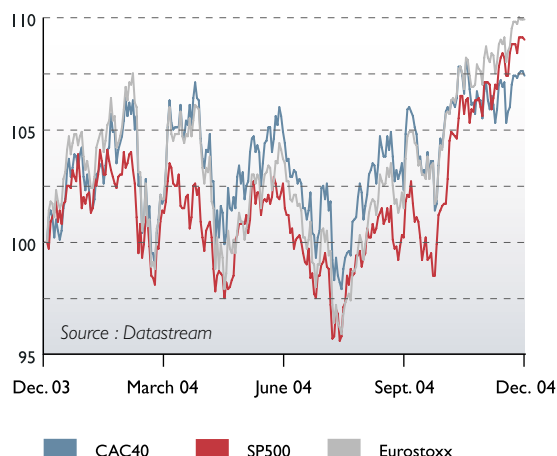
The French economy expanded by 2.3% and outperformed its major trading partners. This strength was fairly paradoxical in the sense that the momentum primarily came from consumer spending, whereas job creation was virtually zero. Consumer spending was spurred by the sizeable reduction in the savings rate, triggered by the wealth effects stemming from the rise in real-estate prices, and temporary governmental incentives designed to permit early withdrawals from employee savings plans.

The US economy grew at a highly robust pace, powered by strong internal demand and notably by fiscal and monetary stimuli. In spite of the sluggish job market – a situation that reflected US corporations' continued focus on productivity gains over employment – consumer spending was fuelled by a combination of tax cuts and low long-term rates.

Against this backdrop, surging oil prices pushed inflation higher than expected both in the US and the euro zone. High rates of unemployment in both regions nevertheless kept consumer prices generally in check. Over the short term, however, inflation is likely to rise in the US, but slow in the euro zone.

Monetary policy was consequently tightened in certain countries including the US and the UK, although it remains generally accommodating. The Fed hiked key rates by 125bps to 2.25%, while the ECB kept the repo rate intact at 2.0%.

International equity markets



Euro/dollar exchange rate



BOND MARKETS

Bond markets saw relatively little volatility, with long-term rates keeping within narrow ranges of between 3.70 and 4.80% in the US and 3.50 and 4.40% in the euro zone. US Treasuries behaved in atypical fashion, with 10-year rates declining despite the 125bp-hike in the Fed Funds to 2.25%. US 10-year rates eventually settled at around 4.20% in August. This behavior in long-term rates stemmed from a number of factors including the Fed's deft communication in favor of a "measured" monetary tightening and Asian central banks' purchases of US Treasuries in order to restrict rises in their currencies. European long-term rates behaved better in response to unchanged monetary policy. European bonds outperformed the markets, while yield curves flattened significantly, especially in the US.

Credit markets fared better than government debt markets thanks to an improvement in credit quality and the much-lower-than-average default rates that ensued. Inflation-linked bonds also outperformed government debt after reacting to the oil price-induced uptick in inflation.

EQUITY MARKETS

There was no substantial movement in equity markets overall in 2004. The markets remained in negative territory until November, but then picked up sharply to post a positive performance for the year as a whole, with the Eurostoxx rising by 10.3% (20.3% in 2003), the SP500 by 8.9% and the Nikkei by 7.2%. Equity markets were adversely affected throughout the year by short-term rate hikes in the US and the prospect of a slowdown in corporate profits (relative to record levels) linked to uncertainties over the durability of US economic recovery. Emerging markets again stood out with a 26% advance to add to the 56% gain posted in 2003.

FX MARKETS

The year's major feature in FX markets was the continued decline in the dollar, especially during the US elections. Although the dollar's slide was a response to the US' deteriorating trade and budget deficits, it primarily stemmed from Washington's policy of seeking to reduce economic imbalances by letting the dollar fall without attacking the budget deficit. As a result, the dollar adjusted down against the euro (to 1.366), as well as against the Canadian and Australian dollars, and to a lesser extent, relative to Asian currencies, in spite of the US' much higher trade deficits with these countries.





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Analysis of consolidated income

Consolidated income statement

(audited figures)

Millions of euros

	2004	2003	2002	Change 2004/2003	
				Like- for-like	
Net banking income	790	633	500	25%	9%
Operating expenses	(498)	(400)	(364)	25%	11%
Gross operating income	292	233	136	25%	6%
Consolidated net income	193	112	96	73%	55%
ROE	17%	16%	16%	-	-

Comments on the income statement

IXIS Corporate & Investment Bank marked its inception on November 1, 2004 with a highly promising first year and a sharp improvement in results relative to 2003.

Net banking income amounted to €790 million, an increase of 25% (+9% like-for-like). The momentum stemmed from efforts to reinforce the product offering and to diversify client revenues further. This growth policy was successfully applied across all of the Bank's business lines.

- The Equities business line lifted revenues by a healthy 21% on the back of robust client business. The cash equities and intermediation segments were spurred by good levels of

secondary-market activity, while the advisory segment was fuelled by the recent primary-market agreement with Lazard.

- The Fixed-Income business line also had an excellent year, fuelled by robust growth in trading and structuring revenues. With the credit market remaining firm throughout 2004, financing volume rose 17% during the year.
 - The Bank continued to expand internationally. The group's US subsidiary, IXISSM Capital Markets was consolidated over two months and posted record revenues (+15%), buoyed by securitization transactions. Development also proceeded smoothly in Asia, notably via the creation of a subsidiary in Hong Kong and the reinforcement of the Tokyo-based teams.
 - The 25% rise in operating expenses was primarily due to the Group's expanded scope of consolidation. On a like-for-like basis, the increase equated to 11% and was attributable to the recruitment drive carried out during the year.
- The cost-income ratio worked out to 63%, an 0.2-point improvement relative to 2003. The cost of the restructuring



measures that kept some 100 employees busy was offset by the pay-off from the cost-control plan initiated in 2003. Gross operating income advanced 25% to €292 million.

The increased tax charge primarily reflected higher operating income.

Consolidated net income totaled €193 million, a 73% increase on the 2003 figure which had included a substantial allowance for cost of risk.

Return on equity (ROE) made further progress to 17%.

Parent-company income statement

(audited figures)

Millions of euros

	2004	2003	2002	Change 2004/2003
Net banking income	668	601	472	11%
Operating expenses	(412)	(366)	(328)	13%
Gross operating income	256	236	143	9%
Net income	195	88	91	122%
ROE	19%	12%	15%	-

Parent-company net income was close to consolidated net income. All in all, in terms of consolidated net income, the effect of consolidating the transferred subsidiaries over only two months was partly offset by the impact of deferred taxation during the year. As a result, there was little difference in the main line items between the 2004 parent-company and consolidated income statements.

■ Fixed income and foreign exchange



20

Record levels of fixed-income trading, sales and structuring business

IXIS Corporate & Investment Bank leverages its innovative know-how to deliver a broad array of fixed-income products, from the simplest to the most complex.

Interest-rate and credit markets

OVER THE COUNTER INTEREST-RATE AND FOREIGN EXCHANGE (FX) DERIVATIVES TRADING

The year featured a marked improvement in both volumes and profitability on interest-rate derivatives. The momentum for this growth was fuelled by the ability of our personnel to react swiftly to deliver products adapted to client needs.

Capitalizing on the sizeable synergies between the trading, research, structuring and sales teams, a number of complex and innovative transactions were executed from our Paris, London, Frankfurt, New York, Tokyo and Hong Kong offices.

Growth in business in Asia primarily focused on yen and dollar-denominated complex derivatives and was underpinned by the arrival of new trading, research and structuring teams.

The Bank leveraged the strong technical expertise at its disposal to carve out a major position in inflation-linked products and securitization swaps.

We also enhanced our internet offering and thereby responded to mounting demand from clients for valuation-related aspects (IFRS).

GOVERNMENT DEBT

IXIS Corporate & Investment Bank strengthened its position in the French government debt market and was ranked 5th in Agence France Trésor's official league tables of primary dealers in French government securities (*Spécialiste en Valeurs du Trésor*, SVT).

It also took an active role in developing the Euro MTS range of bond trackers. These technical innovations confirmed its stature in the European government debt market.

PRIMARY BOND MARKET

The Bank consolidated its position in the euro primary market through 105 public issues totaling €23 billion.

It further enhanced its dominant standing in the collateralized bond segment by forcing itself into the world top five with close to €10 billion of issuance during the year.

It also played a major role in reviving the TEC10 market by lead-managing the year's five benchmark issues.

Global positions were strengthened too, with the Bank ranking as the leading dealer of structured private placements in euros with over 60 lead-managed issues, as well as the leading arranger of *cedulas hipotecarias* and the joint leader in real-estate bonds.

SECONDARY CREDIT MARKET

IXIS Corporate & Investment Bank capitalized on further attractive interest-rate and credit-spread conditions to turn in fine volume and earnings performances in corporate bonds and asset-backed securities (ABS).

Thanks to market-share gains on short-term credit securities and repo business, we became the leading dealer of asset-backed commercial paper (ABCP) in France.

We enhanced our internet offering and rounded out our existing derivatives service with a credit valuation site.

Structuring

Our Alternative Fund-Management Structuring business made fine progress in Europe and Asia in 2004. A number of innovative operations were structured to offer institutional clients the benefit of capital guarantees, leverage, or a combination of the two. IXIS Corporate & Investment Bank notably structured leveraged operations for important asset management clients and won six public offering mandates in Japan.

The Credit Structuring unit contributed to growth in the Collateralized Debt Obligation (CDO) segment by arranging a €220 million synthetic CDO comprising ABS and CDO underlyings.

The Alternative Risk Transfer team arranged the biggest-ever climate derivative indexed to snow depth and also launched a large number of weather derivatives. It also helped launch the Eolia ART mutual fund. The team broadened its initial focus on covering weather risks to include other categories of risk (motor, longevity, life insurance, civil

liability, raw materials, industrial) and balance-sheet issues (mathematical reserves).

The Real-Estate Structuring unit undertook one of Italy's biggest-ever real-estate transactions on behalf of Enel, in a €1.4 billion deal comprising close to 900 real-estate assets.

Innovative structuring in 2004:

- arrangement of snow risk insurance products
- first hybrid (credit/equity) public synthetic CDO issue

Business lines in 2004

Capital markets
and financing

■ Fixed income and foreign exchange

Securitization

2004 brought further growth in the Italian and UK Residential Mortgage-Backed Securities (RMBS) and Commercial Mortgage-Backed Securities (CMBS) markets, to add to that observed in 2003.

This growth occurred in an increasingly competitive environment that entailed narrower margins. Vendors primarily responded by offering to finance and share the risks related to the assets to be securitized, an approach that was more profitable than traditional arrangements.

IXIS Corporate & Investment Bank capitalized on this situation to carry out two substantial transactions, one to finance office property in London and the other to finance technical facilities for a major Italian telecoms operator.

Alongside these innovative transactions, the securitization team expanded its commercial receivables expertise by applying its existing know-how to the issue of deconsolidation introduced by IAS.

Complex credit

Standardization and innovation were the prime features in the credit derivatives and structured credit markets in 2004. Standardization of the simplest instruments enhanced market transparency and stoked investor interest, while innovation helped satisfy increasingly sophisticated client needs and was a logical consequence of the standardization of basic instruments.

IXIS Corporate & Investment Bank responded to this backdrop by launching the first public synthetic CDO comprising both credit instruments (credit default swaps) and equity instruments (equity default swaps) and which involved issuing instruments with several levels of risk and offering several levels of return over a five-year term.

This transaction underscored the level of technical expertise now amassed by the Bank in the complex credit field and testified to the substantial resources allocated to research, trading, structuring and marketing products in 2004.

Proprietary activities

Proprietary activities fared excellently amid still-healthy credit-market conditions in 2004.

The creation of IXIS Corporate & Investment Bank involved the merger of CDC IXIS and CDC IXIS Capital Markets' proprietary portfolios under the responsibility of a single management team. This move increased the size of proprietary portfolios to slightly over €9 billion, of which 40% was in the form of AAA-rated European asset-backed securities.

Higher rotation portfolios were leveraged by a pro-active diversified arbitrage policy, focusing particularly on corporate investment grade debt.

Frankfurt - London - Tokyo

With the twin aims of meeting client needs in foreign markets and reinforcing international distribution capacity, IXIS Corporate & Investment Bank operates three branches outside France that together employ close to 200 staff.

Frankfurt specializes in covered bonds and is highly active on fixed-income products, while also acting as the hub for the Bank's development in Eastern Europe.

London is active in derivatives sales and has progressively developed a broad array of investment banking activities such as trading, structuring and engineering.

Tokyo spearheads the Bank's expansion in Asia and specializes in fund structuring and fixed-income sales.

■ Equity markets

IXIS Corporate & Investment Bank serves the needs of major European players with personalized advice and high value-added products on both primary and derivatives markets.

The equity business line capitalized on arbitrage opportunities offered by the markets

Primary market

Equity primary-market activity picked up markedly in 2004, especially in the IPO field, which witnessed 12 transactions in France totaling €5.7 billion versus zero in 2003.

NEW PARTNERSHIP WITH LAZARD

IXIS Corporate & Investment Bank strengthened its presence in the equity primary-market through its partnership with fellow bankers, Lazard.

The partnership operates under the Lazard-IXIS banner; without involving any capital ties between the two partners, and focuses on French companies capitalizing at over €500 million. The partnership enables the two banks to leverage their respective strengths, i.e. relations with major French corporations for Lazard, and research and placement capacity via its equity-broking subsidiary, IXIS Securities, for IXIS Corporate & Investment Bank.

Lazard-IXIS capitalized on improved market conditions to take part in France's main IPOs in 2004. It acted as co-lead for the Snecma and Autoroutes Paris Rhin-Rhône transactions (both of which were initiated by the French government), and associated lead for the PagesJaunes and bioMérieux IPOs.

Lazard-IXIS also acted as co-lead for Alstom's recapitalization and lead manager/global coordinator in two transactions, namely Club Méditerranée's €150 million convertible bond (OCEANE) issue and Vivendi Universal's sale of a €1 billion block of shares in Véolia Environnement via an accelerated bookbuilding process.

IXIS Corporate & Investment Bank also successfully lead-managed two transactions on its own, e.g. Sword's €18.7 million capital increase and Accor's €278.6 million redeemable bond (ORANE) issue.



■ Equity markets

BRISK ADVISORY BUSINESS

IXIS Corporate & Investment Bank acted as advisor on a number of transactions in 2004:

- A cash bid and subsequent mandatory withdrawal offer on Consodata on the Paris New Market;
- Norcan's share buyback offer and subsequent mandatory withdrawal offer on the Paris Second Market;
- the completion of Compagnie des Alpes' privatization;
- it also acted as advisor to Caisse des Dépôts on Euro Disney's financial restructuring.

Equity structured products

Very low levels of volatility meant that conditions were hardly conducive to equity derivatives in 2004. IXIS Corporate & Investment Bank nevertheless strengthened its positions in equity structured products by diversifying its offering and pursuing proactive commercial measures.

BROADER OFFERING

The Bank notably undertook an aggressive recruitment drive geared to broadening the product offering and expanding its presence in Europe and Asia. This initiative ensures it can now offer clients exhaustive coverage of global markets and better satisfy their growing needs.

We also made efforts to position ourselves as a major player in complex derivatives, by developing innovative products that respond to clients' increasingly exact-

ing expectations. As one of the trailblazers in the equity structured product field, we developed a global offering, while continuing to apply a conservative risk policy.

Arbitrage

FURTHER DEVELOPMENT

In the convertible bond field, the year witnessed a €20 billion decline in the European convertibles compartment. Investors steered away from these hybrid products due to a combination of low interest rates for the bond part and reduced volatility for the options part.

IXIS Corporate & Investment Bank nevertheless extended its presence in the convertible bond field by setting up a new sales team to service asset managers and which accompanies its pitches to primary-market issuers.

Despite a sharp reduction in corporate actions (cash and share-swap offers), arbitrage operations in Paris and New York were managed efficiently and continued to contribute to business-line profits. At the same time, further expansion in the financing activity positioned the Bank as a major player in the lending/borrowing market. The interest-rate arbitrage team enjoyed an exceptional year by capitalizing on the sizeable movements that occurred in the absence of any marked trend.

The decision to group all the various arbitrage activities in one single department in 2004 enabled the Bank to develop more diversified strategies to better capitalize on all market situations.



IXIS Securities

IXIS Securities is Ixis Corporate & Investment Bank's equity-broking arm for European equities. It is headquartered in Paris and also has sales teams in New York and Frankfurt.

STRONG REPUTATION FOR RESEARCH

IXIS Securities climbed to second place among French equity-research operations ranked in the Agefi financial newspaper's *Grands Prix 2004 de l'Analyse Financière*. All in all, it obtained 15 nominations, including 5 first positions and 3 second positions, thereby underlining its enhanced status as a top-tier equity-research company on all major sectors of activity. This comprehensive recognition was also mirrored in the June 2004 Extel Focus France survey, which classed Ixis Securities third for sector research among French equity-research operations, with three analysts ranked top in their sectors and the Company ranked in the top five in eight sectors.

AN EFFICIENT MARKETING FUNCTION

Further significant efforts were made to reinforce and internationalize the various teams during 2004, with a particular focus on major European financial centers like London and Amsterdam. Ixis Securities

also stepped up its client coverage, by organizing some 430 marketing events, over half of which in conjunction with companies (a 14% increase on 2003). Sales teams offered several road-shows a month to clients in all of the main European markets and in the US.

RAPID GROWTH BOTH IN FRANCE AND ABROAD

In further tough stock-market conditions, Ixis Securities continued to gain market share in France, especially with French institutions. Sales to international clients also expanded, with strong headway made in "Anglo-Saxon" markets.

IXIS Securities' wholly-owned midcap subsidiary, Ixis Midcaps, continued to expand and increased revenues substantially.

FAST-EXPANDING INTRA-GROUP SYNERGIES

IXIS Securities leveraged its recognized research, marketing and placement expertise to the benefit of Lazard-IXIS in the primary market operations field in 2004.

2nd

IXIS Securities

rated 2nd in the Agefi rankings
of equity-research operations

■ Financing

Capital markets
and financing

New business up sharply

IXIS Corporate & Investment Bank provides a comprehensive array of financing solutions spanning loans to large corporations, leveraged financing, real-estate financing, and asset and major project financing.

EXPANSION IN CORPORATE FINANCING

The overall volume of loan issuance increased in 2004, primarily as a result of momentum from corporate transactions, and especially refinancing deals.

This trend was evident in banking activity, with new lending rising sharply to €5.51 billion during the year, 66% of which was in the form of corporate financing.

A total of 105 financing transactions were concluded in 2004, up from 100 in 2003 and 91 in 2002. As at December 31, 2004, the outstanding credit portfolio amounted to €13.6 billion (excluding local government financing), and showed no change on the 2003 year-end figure.

NEW MANDATES

The Company won 85 arranger or co-arranger mandates in 2004, of which 23 were as mandated lead arranger (a 55% increase on 2003). The bulk of these mandates concerned corporate, LBO or real-estate financing.

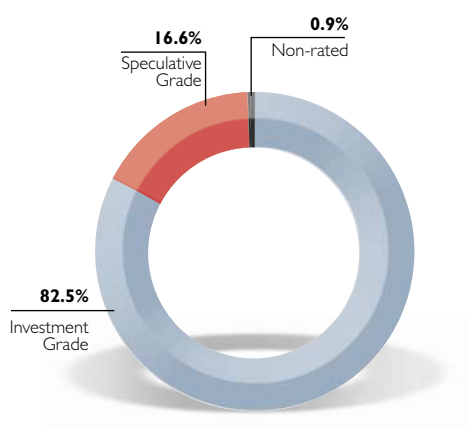
SIZEABLE TRANSACTIONS

IXIS Corporate & Investment Bank distinguished itself in a number of flagship operations in 2004:

- Sanofi-Synthelabo's acquisition of Aventis;
- Wendel Investissement's minorities buyout on Bureau Veritas;
- the arrangement of a €1.2 billion Commercial Mortgage-Backed Securities (CMBS) issue geared to refinancing technical facilities for France Telecom.

Transaction ratings

As at December 31, 2004, 99.1% of transactions were rated; 82.5% were ranked in the investment grade category (BBB- and above).



■ Financial engineering

Major provider of project-financing advisory services

IXIS Corporate & Investment Bank is one of Europe's leading advisors on infrastructure, environment and energy financing.

EXPERT FINANCIAL ADVICE

IXIS Corporate & Investment Bank expanded its corporate-finance advisory offering in 2004 and thereby complemented its traditional project-financing advisory activities. The Bank acted as financial advisor on three sizeable transactions, namely a securitization deal involving the transfer of a pension scheme on behalf of the Casablanca water and electricity concession in Morocco (Suez), a concession for the Franco-Spanish high-speed train line between Perpignan and Figueras (Eiffage and ACS-Dragados) and a container terminal concession for the new port of Tangiers in Morocco with Maersk.

PIONEER IN PUBLIC-PRIVATE PARTNERSHIPS

The Bank has firmly entrenched itself in France's emerging public-private partnership sector. It was mandated for all projects exceeding €25 million put out to tender in 2004, most of which concerned the hospital, correctional facilities and environment segments. It also provided project financing and acquisition advisory services outside France, especially in the UK's environment sector.

PROMOTER OF THE EUROPEAN CARBON FUND

IXIS Corporate & Investment Bank strengthened its already-dominant position in greenhouse gas emissions quotas, a new sector created by the Kyoto protocol. It sold a greenhouse gas register developed on behalf of Caisse des Dépôts to some 10 European countries, while also structuring and launching the European Carbon Fund, Europe's first-ever private carbon fund.

Project Finance International magazine ranked IXIS Corporate & Investment Bank fifth in its 2004 league table of project-financing advisors (in the Europe/Africa/Middle East zone), the highest ranking among European banks.



5th

IXIS Corporate & Investment Bank ranked 5th for project-financing advisory services by *Project Finance International*.

■ Financial functions

Horizontal
functions and
subsidiaries

IXIS Corporate & Investment Bank set up a finance department in 2004 in a move that considerably reinforced its financial functions. These functions are organized into three compartments, namely refinancing, asset-liability management, and subsidiaries and affiliates.

Financial functions strengthened

REFINANCING

Refinancing management responsibilities include cash management (short-term refinancing and account-balance adjustments) and monitoring of medium and long-term transactions. Bringing these two functions together enables the Bank to optimize its market interventions and standardize the terms offered on the various available instruments throughout the yield curve.

In the cash-management area, an internal liquidity provision mechanism was set up to regulate use of cash, notably via the introduction of limits. This mechanism is managed by a refinancing committee comprising representatives of user departments. The committee regularly analyzes cash consumption and the conditions of market access with a view to adjusting limits accordingly.

At the same time, tools were also developed in order to respond to the growing use of collateral held both vis-à-vis the European System of Central Banks (ESCB) and vis-à-vis the market. These developments also covered the issue of feeding settlement systems with collateral.

Medium- and long-term financing operations are conducted via the European Medium-Term Note (EMTN) general program. The terms offered are subject to permanent coordination with the cash management compartment.

Work required to prepare for the use of CLS Bank's FX transaction services was completed with a view to implementation in the first quarter of 2005. Access to CLS Bank will be provided in third-party mode, with the new services helping to secure a substantial portion of processed flows.



ASSET-LIABILITY MANAGEMENT (ALM)

Asset-liability management is geared to monitoring the balance sheet and off-balance sheet items as a whole, all with the aim of managing the various mandatory regulatory indicators (liquidity ratios, capital and long-term resource ratio, major risk monitoring, etc.) and providing operational units with the data needed to ensure suitable matching for the whole of the balance sheet (monitoring of overall market risk and liquidity risk, equity allocation, etc.).

This balance-sheet analysis is conducted with the help of a specific modelling tool (Risk Pro), which is fed by management software used directly by front office and back office teams.

The ALM team also manages the Fund Transfer Pricing (FTP) mechanism used to set internal refinancing rates for the different activities and thus calculate their effective profitability in detail. Consumption of equity capital is also analyzed in detail.

The Asset-Liability Committee (ALC) meets once a month and has the following duties:

- to provide information on the impact of changes in the Bank's balance sheet and off-balance sheet items on the parent-company and consolidated accounts;
- to measure the risks shouldered by the Bank, i.e. liquidity, interest-rate and currency risks;
- to define and monitor the allocation of equity to the business lines while respecting their business plans.

SUBSIDIARIES AND AFFILIATES

IXIS Corporate & Investment Bank's subsidiaries are monitored on a number of levels:

- financial (business refinancing, equity allocation, guaranties);
- administrative (regulatory disclosures, feeding the ALM mechanism);
- strategic, for specific projects (acquisitions, etc.).

The Bank's subsidiaries and affiliates are monitored in conjunction with the financial department of Caisse Nationale des Caisses d'Epargne (CNCE).

■ Research

Horizontal
functions and
subsidiaries

IXIS Corporate & Investment Bank considers research both a priority and an indispensable means of building a strong reputation, fostering innovation and achieving growth. Sizeable resources are devoted to the research field, so much so that on average and excluding supervisory functions, one research specialist (economic, quantitative, sell-side, analysis), is devoted full-time to each two to three front-desk staff (traders and sales persons).



Economic research: a reputation for sharp analysis

Economic research is a core component of IXIS Corporate & Investment Bank's client-driven approach. The economic research unit is headed by Patrick Artus and operates as a genuinely independent center of multi-disciplinary expertise.

CLIENT-DRIVEN EXPERTISE

The research team consolidated and diversified its role in evaluating and analyzing markets for clients and market players during the year.

The range of research publications is distributed primarily to domestic and international clients and may also be consulted on the Company's website.

The research unit also takes an active role in developing relations with clients, notably by delivering regular economic news presentations and taking part in major events organized for domestic and international clients.

A DIVERSIFIED AND EVOLVING RANGE OF PUBLICATIONS

The range of *Monthly Notes* was enhanced with three new publications in 2004, dealing with emerging Asia (ex-Japan), Central & Eastern Europe and Latin America.



These new titles complement the existing Monthly Notes providing economic commentary and forecasting for the US, Japan, the euro zone – with a focus on France, Germany, Italy and Spain – and non-euro zone European countries.

The range of publications also includes:

- *Flashes*, which provide in-depth themed analysis of economic trends: the department published a total of 390 *Flashes* in 2004;
- *Markets Weekly*, which assesses the week's macroeconomic data and analyzes potential market reactions; *Markets Weekly* was enhanced with new technical analysis and primary markets pages during the year;
- *Special Reports*, which provide rapid updates on current economic and market issues;
- *Economic indicators*, and notably the *Leading indicator of French economic activity* and the *Risk-perception index*.

The team continued its collaboration with the credit research unit in 2004, notably by contributing to the monthly *Spreads and Credits* report.

STRINGENT QUANTITATIVE ANALYSIS

Quantitative analysis techniques are used to analyze and forecast trends in fixed-income and equity markets.

Studies of interest-rate markets were primarily focused on interest-rate term structures. Specific attention was paid to the factors determining yield spreads between sovereign bonds and public- or private-sector bonds (agency, corporate, Pfandbriefe, etc.). Yield spreads between sovereign bonds and swap rates were also monitored carefully, along with break-even inflation.

DEVISING INVESTMENT STRATEGIES

The research department also provides advice and analysis on investment and arbitrage strategy in interest-rate markets. To do this, the department employs a blend of economic and financial scenarios established by country specialists, and relative-value analysis. The results primarily concern money markets, government debt, swaps and foreign exchange, but also extend to derivatives.

LIVE RESEARCH

Our economists provide daily analysis and comment on market conditions and economic indicators on Bloomberg TV France.

Trading-room research: geared to innovation and business development

QUANTITATIVE RESEARCH

Quantitative research is geared to devising and maintaining product-valuation models for use by traders and structurers. Most research personnel work in conjunction with desks handling complex or innovative products.

SELL-SIDE RESEARCH AND ANALYSTS

Sell-side research or analysis is aimed at assessing and monitoring the value of listed companies and the creditworthiness of debt issuers, then issuing investment appropriate recommendations. Sell-side analysts work in conjunction with sales desks.

IXISSM Capital Markets (United States)

An excellent year

IXISSM Capital Markets provides innovative and made-to-measure financial solutions for institutional investors, large issuers, corporations and high net-worth individuals.

It specializes in financing and securitization transactions, structured products, equities, equity derivatives and interest-rate derivatives, and finances itself through short and medium-term borrowing.

The 362-person workforce is predominantly located in New York, with select activities being operated out of Los Angeles and Chicago.

Its main subsidiaries are IXIS Commercial Paper Corp., IXIS Derivatives Inc., IXIS Financial Products Inc., IXIS Funding Corp., IXIS Municipal Products Inc., IXIS Real Estate Capital Inc. and IXIS Securities North America Inc.

BOOM IN SECURITIZATION

IXISSM Capital Markets had an excellent year in 2004 and recorded its best-ever financial performance, with revenues advancing 14% to \$476 million and income before taxes rising 9% to \$194 million.

The securitization business continued to grow, both in terms of volume and revenues. Within the commercial real-estate arena, the expansion of the Company's lending program affirmed its position as a global player in the market. The amount of fixed- or floating-rate commercial mort-

gages hit a record \$2.6 billion in 2004 and thus lifted overall lending volume since June 1999 to \$10 billion.

The Company also closed its largest loan to date - a \$900 million floating-rate mortgage for a full-service, luxury hotel portfolio. It also sold and securitized over \$1.3 billion in mortgage assets to five securitizations totaling \$5.6 billion, advancing its position in the industry league tables. It ranked among the top 10 floating-rate loan contributors to commercial mortgage-backed securities (CMBS) deals in the US⁽¹⁾.

IXISSM Capital Markets continued to be an active issuer in the home equity securitization market, by purchasing over \$2.9 billion of loans and by securitizing and selling \$3 billion of sub-prime, home equity whole loans.

6TH IN CDOs IN THE US

IXISSM Capital Markets structured and placed \$6 billion of collateralized debt obligations (CDOs), ranking 6th in the US market for CDO issuance, moving up from 9th position⁽²⁾.

Among the 15 transactions closed in 2004, there were two particularly significant deals, namely 1/ the structuring and placement of a collateralized loan obligation (CLO) transaction for the Drawbridge Special Opportunities Fund, an affiliate of Fortress Investment Group, together with the sale on the market of €1 billion of AAA/Aaa-rated senior secured notes, and 2/ the structuring and placement for a \$1.6 billion CLO transaction, together with the sale on the market of \$1.25 billion of AAA/Aa1-rated senior notes for Silverpoint Capital LP.

MAJOR PLAYER IN STRUCTURED PRODUCTS

Structured fund business grew substantially in 2004. The market for structured products geared to alternative investments continued to expand as hedge funds began performing well again. Despite new suppliers entering the market, IXISSM Capital Markets grew revenues from the supply of structured products for funds by 45%. The Company is now recognized as a prominent player in the market, thanks to a combination of quality risk management, structuring know-how and its ability to react fast.

The Company's benefit responsive investment contract wrap business continued to generate strong growth, by supplying structured products for US pension funds. It ended the year with \$21 billion in wrapped, placing it among the primary providers of fixed-income wrappers in the market place.



It also expanded its municipal product activities by launching a Municipal Tender Option Bond program invested in bonds AA-rated or higher. This program complements the Company's guaranteed municipal investments activity, which is geared to fulfilling the reinvestment needs of US issuers, states and municipalities.

EQUITIES KNOW-HOW

The European equity sales business, which offers French and Pan-European equity research and stock order execution to the US market, had an excellent year. Trading volume jumped 27% over the prior year's results. The European equity sales team provides US investors with access to local know-how in the French market and quality equity research produced by our Paris-based sister company, IXIS Securities. Some 30 meetings were arranged for asset managers during the year. These meetings were led by directors of SBF 120 companies and IXIS Securities' sector analysts.

The Company reinforced its coverage of major US and Canadian investors by delivering quality responses to their information requests. This unwavering commitment to providing a high level of service ensured IXISSM Capital Markets maintained its commercial presence with clients and enhanced its ranking with institutional investors.

The equity derivatives business, which provides high-net-worth retail and institutional clients with customized OTC derivatives, also continued to build momentum. It has now become a key customer business for IXISSM Capital Markets in US equity markets, approximately doubling its level of business from the preceding year.

⁽¹⁾ Source: Commercial Mortgage Alert, January 14, 2005

⁽²⁾ Source: MCM Structured Finance Watch (Bloomberg screen MCM9955)

2004: IXIS Asia Limited opens for business in Hong Kong

Hong Kong-based IXIS Asia Limited was founded in September 2004 as a wholly-owned subsidiary of IXIS Corporate & Investment Bank.

It works in conjunction with IXIS Corporate & Investment Bank's Tokyo branch to expand sales in Asia ex-Japan, and especially in Hong Kong, continental China and Taiwan.

A particular focus is placed on fixed-income, equity and structured products.

The Asian market for these asset classes was robust in 2004 and looks set to remain so in 2005.

\$900 million

IXISSM Capital Markets closed a \$900 million loan for a full-service, luxury hotel portfolio.

Financial structure and regulatory ratios

Balance sheet, off-balance sheet items, and regulatory ratios

Analysis of consolidated balance sheet and off-balance sheet items

(audited figures)

(billions of euros)

Consolidated balance sheet	2004	2003	Year-on-year change	
			amount	%
ASSETS				
Loans and money market	34.7	18.1	16.6	91.7%
Non-financial customer receivables	4.9		4.9	
Securities received under repo	70.2	43.7	26.5	60.6%
Trading securities	54.5	45.1	9.4	20.8%
Available-for-sale securities	17.2	8.9	8.3	93.3%
Held-to-maturity securities	3.2	3.8	(0.6)	-15.8%
Other assets	22.4	14.6	7.8	53.4%
TOTAL ASSETS	207.1	134.2	72.9	54.3%
LIABILITIES & SHAREHOLDERS' EQUITY				
Borrowings and money market	63.7	61.3	2.4	3.9%
Securities sold under repo	37.5	22.8	14.7	64.5%
Securities issued	47.1	10.0	37.1	371.0%
Debt securities	29.4	22.0	7.4	33.6%
Other liabilities	23.5	16.6	6.9	41.6%
Shareholders' equity and subordinated debt	5.9	1.5	4.4	293.3%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	207.1	134.2	72.9	54.3%

Balance sheet and off-balance sheet items as at December 31, 2004 correspond to the new company's asset base as of that date. Items re-presented from the 2003 consolidated balance sheet correspond to the figures published on that date by the former CDC IXIS Capital Markets.



Comments on the consolidated balance sheet

The restructuring of Groupe Caisse d'Epargne and Caisse des Dépôts' partnership relations notably entailed CDC IXIS' reorganization and the creation of a corporate and investment banking subsidiary within Groupe Caisse d'Epargne. This restructuring was sealed by the transfer in early November 2004 of a portion of CDC IXIS' assets, liabilities and off-balance-sheet commitments to CDC IXIS Capital Markets, which then became IXIS Corporate & Investment Bank.

The transfers from CDC IXIS to CDC IXIS Capital Markets involved five main activities and interests:

- corporate financing and related equity holdings;
- securities issuance: CDC IXIS previously acted as a significant borrower of debt or securities on behalf of CDC IXIS Capital Markets (now IXIS Corporate & Investment Bank). The funds raised by CDC IXIS were then made available to CDC IXIS Capital Markets in the form of interbank loans;
- financial engineering;
- the spread-book;
- equity interests in capital-market subsidiaries and affiliates (IXISSM Capital Markets and Nexgen).

As at December 31, 2004, the balance sheet total amounted to €207.1 billion, an increase of €72.9 billion or 54% compared with 2003.

On both the asset and liability side, the rise was mainly the result of the November 2004 transfers (+€17.4 billion) and the initial consolidation of IXISSM Capital Markets (US, +€31.5 billion). The remainder was attributable to IXIS Corporate & Investment Bank's capital-market activities in Paris and to its foreign branches (+€24 billion).

The activities and equity interests transferred by CDC IXIS mainly affected the following balance sheet items:

- Amounts due from customers (corporate financing): +€5.7 billion;
- Securities portfolio (spread-book): +€6.2 billion;
- Affiliates and other long-term equity securities (Nexgen and IXISSM Capital Markets): +€0.5 billion;
- Interbank debt: -€15.3 billion arising from sums initially borrowed by IXIS Corporate & Investment Bank via CDC IXIS and then eliminated as part of the latter's transfer to the former (retrocession of proceeds from debt and securities issuance);
- Debt securities (CDC IXIS' issuance business): +€26.3 billion;
- Shareholders' equity: €2.5 billion corresponding to a €1.4 billion capital increase accompanied by a €1.1 billion premium to remunerate CDC IXIS for its transfers.

Financial structure and regulatory ratios

Balance sheet, off-balance sheet items, and regulatory ratios

Several debt and subordinated security issues were made in order to reinforce the Bank's regulatory capital.

The initial consolidation of IXISSM Capital Markets (US) boosted balance-sheet assets by €30 billion, and notably the securities portfolio and securities purchased under resale agreements (reverse repos). This initial consolidation also led to an increase on the liability side and which notably affected securities sold under repurchase agreements, borrowings from customers (mainly US municipal bonds), interbank borrowings, and securities issued primarily in the form of commercial paper. There was also an increase in accrued expenses and other liabilities, which notably comprise the contra accounts for unrealized gains or losses on futures contracts, margin calls and deposits on organized markets, and debt securities.

Lastly, the €24 billion increase in IXIS Corporate & Investment Bank's balance-sheet assets (Paris and branch offices), excluding transfers, primarily affected securities purchased under resale agreements from financial customers and loans/ advances to financial institutions. On the liability side, the increases in these lines were financed by rises in security issues, interbank borrowing, securities sold under repurchase agreements to financial customers and debt securities.

As for balance-sheet term structure, items under one year represented 85.2% of assets and 82.5% of liabilities.

Off-balance sheet items

The notional amount of instruments traded on **organized markets** amounted to €592 billion as at December 31, 2004 compared with €485 billion at end-2003. This growth stemmed mainly from the interest-rate futures transferred by IXISSM Capital Markets (US) as part of its derivatives trading activities.

The notional amount of **OTC-traded** instruments rose by €1,079 billion. The consolidation of IXIS Capital Markets (NY) boosted derivatives volumes by over €240 billion, mainly in the form of interest-rate derivatives trading.

Note that the nominal amounts of the contracts listed in these tables are only an indication of the volumes that the Company trades on the markets for these financial instruments and do not reflect the market risks pertaining to them.

The equivalent weighted credit risk of derivatives amounted to €5.6 billion as at December 31, 2004 against €5.3 billion at end-2003 (+6%).

Regulatory ratios

Regulatory ratios underwent significant changes in 2004, primarily as a result of efforts to reinforce the Bank's regulatory capital. It now totals more than €5.6 billion compared with €1.4 billion at end-2003.

More specifically, this growth concerned:

- core capital (tier 1), via a capital increase carried out along with the transfers, plus two non-cumulative super-subordinated security issues of €418 million and \$200 million, respectively. Following approval by the French Banking Commission (*Commission Bancaire*), these issues were eligible for classification as consolidated core capital up to a limit of 15% of consolidated core capital;
- supplementary capital (tier 2), via the transfer by CDC IXIS of several lines of subordinated bonds, plus two subordinated bond issues in November 2004 of €480 million and €476 million, respectively.

The assets transferred by CDC IXIS as part of the transactions described above also had a significant impact on regulatory ratio calculations.

Note that changes in ratios calculated on a consolidated basis (capital adequacy ratio and major risks) need to be analyzed in light of the initial consolidation of IXISSM Capital Markets (US).

All regulatory ratios comply with statutory requirements.

Capital adequacy ratio

The capital adequacy ratio worked out to 203% compared with 118% at end-2003.

Regulatory liquidity ratio

The regulatory liquidity ratio stood at 237% at year-end 2004 versus 154% a year earlier. It remained above the regulatory minimum of 100% throughout 2004.

Major risks

As at December 31, 2004, no risk exceeded 10% of shareholders' equity, which stood at €5.6 billion.

Equity and investment capital ratio

This ratio is subject to a minimum requirement of 60% and stood at 153% at year-end 2004 versus 285% a year earlier.



Risk management

Overview



38

IXIS Corporate & Investment Bank's overall risk policy remained unchanged in 2004: the Bank constantly strives to maintain its high credit ratings and thereby meet its target for return on equity. This goal translates into the credit and market risk limits approved by the Executive Board.

There were no major changes in IXIS Corporate & Investment Bank's risk management procedures in 2004.

The Risk department is ultimately responsible for all risk management and supervision, which it does in a second-tier capacity. Strictly independent of operational reporting lines, the Risk department answers directly to the Chairman of the Executive Board. It is responsible for implementing the risk policies approved by the Executive Board and for regular and ongoing monitoring of all risks to which IXIS Corporate & Investment Bank and its operational subsidiaries are exposed. It ensures that consistent methods and controls are applied across all of IXIS Corporate & Investment Bank's activities with respect to market risk, counterparty credit risk and operational risk.

This department has functional authority over the first-tier Risk Management departments of the Company's divisions and subsidiaries.

Since November 1, 2004, monitoring of the Bank's risks has been delegated to two main bodies:

- the "Credit Risk" department, which is responsible for analyzing and rating counterparties and for consolidated monitoring of credit/counterparty limit usage.
- the "P/L and Risk Control" department, which controls market risk.

IXIS Corporate & Investment Bank also has an operational risk team that works within the "P/L and Risk Control" department and is responsible for overseeing operational risk.

Risk supervision was both expanded and fine-tuned in 2004. Changes included:

- the creation of a new internal rating system compliant with international standards;
- an overhaul of credit committees in order to make them more responsive and increase their decision-making capacity while maintaining high levels of control;
- further development of the internal market risk model;
- expansion and fine-tuning of proprietary transaction controls;
- implementation of the Banking Commission's recommendations for the Bank's procedures and systems for credit derivatives following the Commission's 2002 audit;
- continued work on the Basle II project, which the Risk department is steering.

Moreover, regular meetings of special-purpose New Product Committees are held within IXIS Corporate & Investment Bank and at the US subsidiary, IXISSM Capital Markets. Committee members are selected according to the specific issues of the case in question and undertake an exhaustive examination of all risks and procedures whenever a new type of product or service is developed.

■ Market risks

Systems in operation

IXIS Corporate & Investment Bank's P/L and Risk Control function is totally independent from operational units. It is responsible for establishing the principles for measuring market and counterparty risk in accordance with group standards, and develops its own tools for monitoring such risk (e.g. *Scénarisk* software for market risks and *Amerisc* for counterparty risks). It also informs the various departments of their specific market-risk limits. The department reports directly to the Chairman of the Executive Board.

Variations in the main market parameters, such as interest rates, exchange rates, share prices and issuer spreads, as well as the implied volatility of each of these items (and potentially all other market data), may have either a direct positive or negative impact on the valuation of the stock of transactions in the Bank's books. The potential loss arising from these variations represents the market risk harbored by the whole of Ixis Corporate & Investment Bank, including internationally (New York, Tokyo, Frankfurt and London).

Measuring market risks

Different techniques are used to measure market risks:

- synthetic measures of **Value at Risk** (or VaR) are used to identify the potential losses that each activity may engender, based on pre-determined confidence intervals (e.g. 99%) and assumptions as to the length of time positions are held (e.g. 1 day). These measures are compiled and monitored on a daily basis for all the group's trading activities. To this end, a model is built based on a statistical analysis of the behavior of all the market parameters affecting the value of the portfolios over a period of 365 days. Our *Scénarisk* software currently models more than 1,980 market risk factors. Since the end of November 2004, Ixis Corporate & Investment Bank has used 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.

- **stress tests** are also employed to measure the losses potentially sustained by portfolios in extreme market circumstances. These circumstances are developed from market scenarios based on historical studies (economic scenarios) and from hypothetical scenarios specific to each portfolio. All of these scenarios were reviewed in 2004.

- **operational indicators** are used to manage activity on an overall and/or by-trader basis, by focusing on more directly-observable criteria such as nominal size, sensitivity, stop-loss indicators, diversification indicators and degree of influence on the market, etc. The limits derived from these operational indicators are used to complement VaR and stress-test limits. They are also set in accordance with the latter, especially when they apply to the front office. This is particularly the case for stop-loss indicators which trigger alerts on losing strategies to a very precise level of detail (e.g. limits per trader). These stop-loss indicators are permanently monitored and in the event they are exceeded, prompt a managerial decision on the position in question (e.g. close, hedge, retain, etc.)

Market risks

Controlling market risks

Market risks are controlled by comparing these various measures with permanent risk limits that are fixed annually by the Executive Board and revised during the course of the year when necessary. When based on VaR measures, these limits represent economic equity and are established on the basis of observed or targeted return/risk pairings. They incorporate a 99% confidence level, the assumption that positions are held for 10 days and a security multiplier of 2.71 (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 Committee. The risk situation is also presented on a monthly basis to the Chairman of the Supervisory Board.

Lastly, all of these market-risk measures and limits are presented and validated by the Monthly Market Risks Committee, which is headed by the Chairman of the Executive Board.

In accordance with French banking regulation CRBF n° 95-02, IXIS Corporate & Investment Bank declares its overall risk provisioning ratio to France's Banking Commission (*Commission Bancaire*). Since 1997, it has also been authorized to monitor market risks (general interest-rate/equity/foreign exchange risk and specific equity risk) via its own internal *Scénarisk* model.

Other duties

The P/L and Risk Control function also has the following duties:

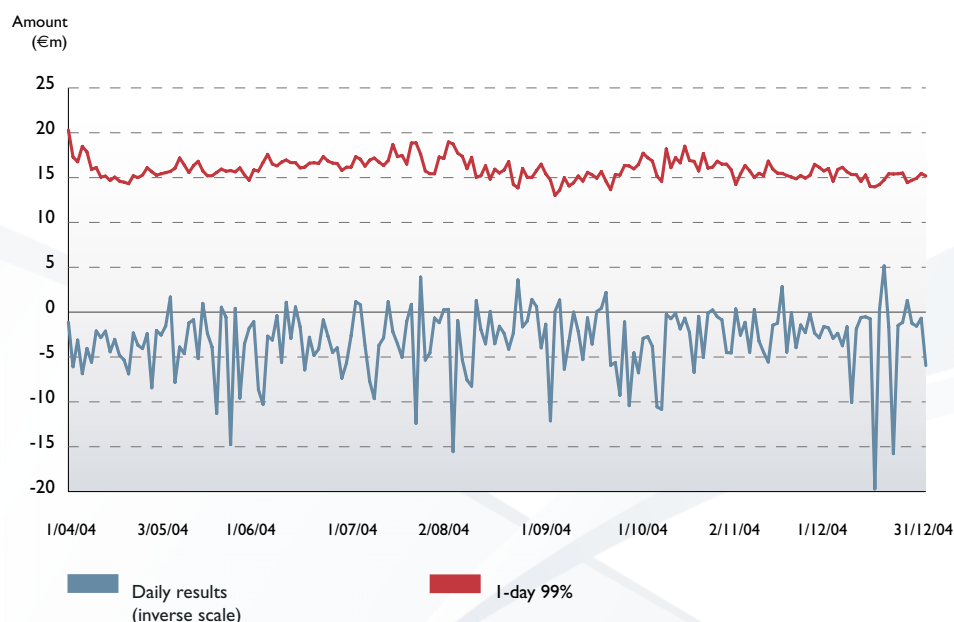
- validating management profits,
- validating valuation models (pricers),
- establishing securities fair-value adjustment policy (for liquidity risk, statistical risk, non-hedgeable parameters, modeling risks, etc.),
- responsibility for the New Product and New Activity Committees, whose remit is to validate the feasibility of new products and activities before they are effectively launched, and especially risk-measurement methods, the corresponding limits and the full spectrum of internal control procedures (risks, compliance, back-office processes, legal, fiscal, accounting, etc.),
- measuring credit/counterparty risks (note that the Credit Risk department has responsibility for controlling and validating these measures),
- measuring Capital Adequacy Directive (CAD) ratios and the Bank's major risks.

Quantitative data on market risks

Between April 1, 2004 ⁽¹⁾ and the end of the year, 1-day 99% VaR for IXIS Corporate & Investment Bank's trading portfolios averaged €15.9 million with a high of €20.3 million. These figures were within the Group's limits of €20 million for average VaR and €25 million for spot (daily) VaR.

(1) Month during which the overall VaR limit applicable to IXIS Corporate & Investment Bank was set.

IXIS Corporate & Investment Bank - Trading portfolio



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 realized.

The chart above shows the results of this exercise.

It demonstrates that the number of times daily results (shown on the inverse scale) exceeded potential losses (as defined by the VaR indicator), was kept within the number of excursions permitted by the statistical limit (in this case, no more than 4 excursions beyond this limit are permitted for 250 data items).

In addition, the main stress tests carried out on positions as at December 31, 2004 yielded the following data concerning the impact on the income statement in absolute value terms:

Variation of interest rates:

(EUR +40 bps, GBP +80 bps, USD +60 bps, other currencies +60 bps)	€78.5 million
-------------------------------------------------------------------	---------------

(Variation of interest rate volatility: (homothety of +50%):	€10.9 million
--------------------------------------------------------------	---------------

Variation of paper/swap spreads: (+35bps on AA and above; +90bps elsewhere)	€470.2 million
-----------------------------------------------------------------------------	----------------

Variation of indices/equities: (+25%)	€95.6 million
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Variation of index/equity volatility: (homothety of +20% for ST, +10% for LT)	€100.7 million
-------------------------------------------------------------------------------	----------------

Risk management

Market risks

Credit derivatives

As at December 31, 2004, the credit-derivatives portfolio represented an overall notional amount of €51.7 billion and was composed of credit-default swaps, credit-linked notes and credit-indexed loans. The portfolio included €28.2 billion of credit risk bought and €23.5 billion of credit risk sold.

These instruments generate a market risk (a spread risk on the underlyings) that is captured by the habitual Value-at-Risk calculations. Moreover, commitments involving credit risk on the issuer (i.e. default risk) are measured using the group's internal credit-risk measurement software, *Amerisc*, which authorizes netting between credit derivatives and securities with similar characteristics (i.e. similar management intention, maturity, seniority, etc.), where necessary.

The associated counterparty risk is also measured via *Amerisc* (off-balance sheet risk).

Credit-derivatives positions are subject to specific fair-value adjustments designed to correct for uncertainties affecting certain illiquid or not-easily-hedgeable parameters (notably the recovery rate). The usual fair-value adjustment measures are also applied to counterparty risk (statistical risk, e.g. anticipated losses are subject to fair-value adjustment).

Notional amounts on the credit-derivatives portfolio as at December 31, 2004 (excluding intra-group transactions)

(euros)

Position/regulatory portfolio type	Banking	Trading	Total
Credit risk bought	2,014,341,429	26,137,317,174	28,151,658,602
up to 1 year	10,691,685	2,455,634,772	2,466,326,457
1 to 5 years	43,885,413	13,306,490,484	13,350,375,897
over 5 years	1,959,764,331	10,375,191,917	12,334,956,248
Credit risk sold	194,738,737	23,345,101,447	23,539,840,184
up to 1 year	0	2,583,793,843	2,583,793,843
1 to 5 years	194,738,737	13,501,786,175	13,696,524,912
over 5 years	0	7,259,521,429	7,259,521,429
Overall position	2,209,080,165	49,482,418,621	51,691,498,786
up to 1 year	10,691,685	5,039,428,615	5,050,120,300
1 to 5 years	238,624,150	26,808,276,659	27,046,900,809
over 5 years	1,959,764,331	17,634,713,347	19,594,477,678

Credit risks

The mechanism for analyzing and managing credit risks is part of Groupe Caisse d'Epargne's overall Risk function and is the responsibility of the Group Risk department.

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 counterparty. Credit risk also incorporates the risk of deterioration in the quality of the counterparty's signature over the duration of transactions initiated by IXIS Corporate & Investment Bank 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.

Organization and operation

CDC IXIS overhauled its risk function in the third quarter of 2004. Once CDC IXIS' activities and portfolios were taken over by IXIS Corporate & Investment Bank, the teams in charge of credit risk were subsumed under a single Credit Risk department. The principle of defining fields of analytical expertise was reinforced by breaking down research activities along the lines of sector expertise. This approach aims to more closely match the needs of the various activities, i.e. banking, insurance, funds and securitization on the one hand, and corporate/specialized financing (LBO, project financing, asset management, real estate) on the other.

The opportunity was also taken at this time to reinforce risk management tools and re-respectively reaffirm the role of the risk control function. In general, the Credit Risk department, which reports to the Chairman of the Executive Board, continually selects and controls credit risk exposure throughout the investment bank. First-tier controls are carried out at the level of IXIS Corporate & Investment Bank and via supervision of the US operational units at IXISSM Capital Markets.

Decision-making process

The Credit Risk department's responsibilities include conducting analysis and setting internal ratings for the Bank's counterparties, as well as proposing limits for credit committees. The department is now also responsible for providing research and internal ratings on behalf of Groupe Caisse d'Epargne. This contribution to the group's Basle II objectives is in keeping with the approach applied by Groupe Caisse d'Epargne's Risk department and which focuses on analyzing credit risk by nature of counterparty.

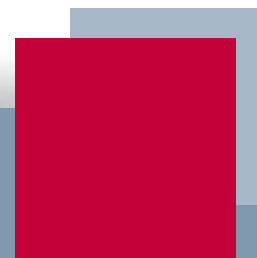
The key principles that have guided the decision-making process for several years have remained unchanged, namely:

- business lines are committed;
- decisions are made at committee meetings;
- the Risk department has the right to second-tier opinions and the possibility of appealing to a higher committee;
- credit analysis is conducted according to a standardized format and validated by the Credit Committee;
- internal ratings are developed according to approved methods that are consistent with Basle II requirements;
- commitments are reviewed annually.

The structure of the Credit Committee and other credit-risk bodies was enhanced in 2004, by involving senior bankers and taking steps to enable the Executive Board to devote itself to examining the most sensitive risks during the twice-weekly meeting of the Bank's Credit Committee.

Risk management

■ Credit risks



Internal ratings

As part of the Basle II project, the methodology for analyzing and assigning internal ratings was totally reviewed and documented in 2004. IXIS Corporate & Investment Bank's goal is to obtain the qualifications needed to apply so-called "internal rating" methods when Basle II comes into force.

Monitoring credit risks

Counterparty risks are subject to an annual review, during which business lines subject to limits are asked to update their needs. Particular attention is paid by the Credit department to improving the ratio between limits and effective usage of limits.

Detailed statistics on IXIS Corporate & Investment Bank's credit activity are presented on a monthly basis to the Executive Board in order to control the overall quality of the portfolio at risk.

In addition, the Credit Risk department keeps an updated list of financial counterparties under watch and heads the Watch List Committee organized by the Financing department. Watch lists are distributed regularly to business line managers and the Executive Board.

Managing limits

In addition to the committee process, a separate procedure for approving limits between committee meetings exists in order to ensure the decision-making process is responsive enough to keep pace with capital-market activities while also maintaining adequate risk control.

Compliance with limits is checked daily. A weekly summary report showing uses, any breaches of limits, and corrective measures taken is produced using information from business line managers and the Bank's Executive Board.

Profitability of credit transactions

Given that it is exceptional for the return to be known on ordinary market transactions at the time authorization is sought, the return element is not taken into account during the decision-making process for these transactions. A reserve is nevertheless set aside to cover the credit risk on an ex-ante basis, depending on the internal rating assigned to the counterparty. Details of the expected return on equity are mentioned for all financing transactions presented in committee.

During 2004, the calculation models developed by the Risk department made it possible to determine the amount of Basle II regulatory capital consumed for all types of transaction on an individual basis, in accordance with the approaches authorized by the regulator.



Provisioning policy

In business lines generating credit risks and particularly in specialized financing activities, quarterly Provisions Committee meetings are preceded by Watch List Committee meetings. The entire portfolio is reviewed and, in specific cases, proposals to set aside or modify provisions are made to the Provisions Committee. Recommendations may concern a specific counterparty or an industry sector.

Risk control

Credit risk control is carried out independently within the Credit Risk department. The teams assigned to this function operate downstream from the analysis and approval work done by the Credit Committee in charge of overseeing limits. This ongoing ex-post control of authorizations guarantees compliance with credit procedures.

Risk and credit-limit monitoring is facilitated by an internally-developed, dedicated software tool (*Americ*), which front-office personnel can access in real time. This tool calculates both "potential exposure" (i.e. a statistical assessment of IXIS Corporate & Investment Bank's 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).

As a complement to market activities, the financing business line has been integrated into the group's proprietary IT system (*Sféric*), which consolidates the Bank's exposure. During 2005, the group will begin using *Fermat's* expert software in order to manage credit risk limits across all business lines using a single tool shared with the shareholder, CNCE. This will facilitate comprehensive monitoring by the Group's Risk department.

Credit risks

Key exposure figures as at December 31, 2004
(IXIS Corporate & Investment Bank, proprietary business, risk equivalent
in millions of euros)

1. Summary

Item	IXIS Corporate & Investment Bank Consolidated	Breakdown		
		Paris capital markets	Financing	US subsidiary
Number of "active" counterparties	2,832	2,314	371	417
Total current exposure ⁽¹⁾	72,719	51,407	13,525	7,827
Total maximum exposure ⁽¹⁾	86,093	63,521	13,629	9,681
Very-short-term overall limit	242,653	216,581	13,525	12,547
Average time to maturity (years)	0.87	0.9	0.7	0.79

(1) Definitions:

Current exposure corresponds to risk at the initial point of the exposure profile (i.e. marked-to-market exposure).

Maximum exposure corresponds to risk at the highest point of the exposure profile (i.e. potential exposure).

2. Breakdown of total underlying exposure⁽²⁾ by internal rating

IXIS Corporate & Investment Bank Group	Number of counterparties	Current exposure	% of current exposure	Paris capital markets	Financing	US subsidiary
AAA/ AA+/ AA/ AA-	666	28,159	38.72	23,285	1,804	3,088
A+/ A/ A-	621	15,497	21.31	12,291	2,504	718
BBB+/ BBB/ BBB-	539	13,756	18.92	7,978	5,631	152
TOTAL INVESTMENT GRADE	1,826	57,412	78.95	43,554	9,939	3,958
BB+/ BB/ BB-	129	1,520	2.09	270	1,241	9
B/ B-/ B+	19	941	1.29	10	930	0
C/ CC/ CCC/ D	7	527	0.72	346	181	0
TOTAL SUB-INVESTMENT GRADE	155	2,987	4.11	626	2,351	9
Not rated	847	12,238	16.83	7,211	1,168	3,860
Other	4	83	0.11	16	67	0
TOTAL NOT RATED / OTHER	851	12,321	16.94	7,226	1,235	3,860
TOTAL	2,832	72,719	100.00	51,407	13,525	7,826

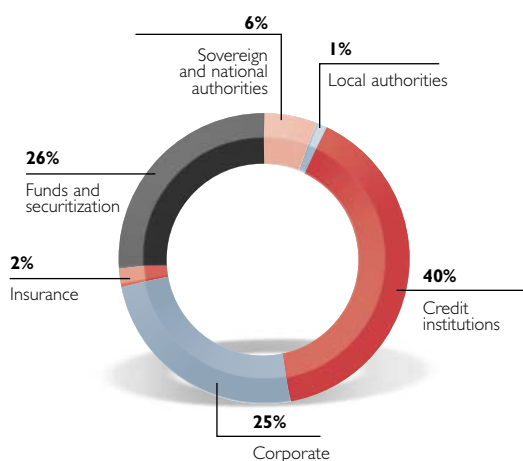
(2) Definitions:

Current exposure corresponds to risk at the initial point of the exposure profile (i.e. marked-to-market exposure).

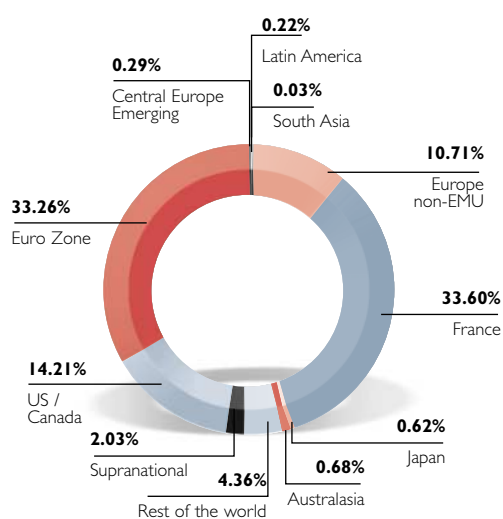
Maximum exposure corresponds to risk at the highest point of the exposure profile (i.e. potential exposure).



3. Current exposure by economic sector



4. Current exposure by geographical region



79%

As at December 31, 2004, 79% of marked-to-market exposure was investment grade.

■ Operational risks

In order to comply with the demands of the Basle reform, IXIS Corporate & Investment Bank has been setting up systems for identifying, measuring and controlling operational risks for the last three years. This work continues today in cooperation with the process underway at Groupe Caisse d'Epargne.

Definition of operational risks

The notion of operational risk applied by IXIS Corporate & Investment Bank is consistent with that defined in the Basle Committee's texts. Operational risks concern the adverse legal, regulatory or financial impacts resulting from deficiencies or breakdowns related to procedures, personnel, internal systems or external events.

Mechanism strengthened

The Bank reinforced its operational risk management mechanisms over the course of 2004. The three-person operational risk team joined the P/L and Risk Control department in autumn 2004.

The team's responsibility was extended to all of the new investment bank's activities – capital markets, research, financial engineering, corporate financing – at all of its offices and subsidiaries in France and abroad. To this end, the team relies on a network of operational risk correspondents present at all the Company's units. These correspondents now number more than 30 and supervise local use of the ORIS (Operational Risk Information System) software tool that serves as the foundation for Groupe Caisse d'Epargne's own Operational Risk Information System.

IXIS Corporate & Investment Bank's Executive Board also updated the composition of the Operational Risk Committee, which now includes representatives from the Compliance and Organization departments and is chaired by the Executive Board member in charge of Operations. This committee meets twice yearly in order to monitor progress on action plans, analyze incidents recorded in the ORIS database, and examine risk indicators.

Adapting action plans in light of preliminary results

Operational risk management ultimately translates into the implementation of preventative action plans aimed at reducing the incidence of risks as well as corrective action plans designed to reduce adverse impacts. The combination of in-depth analysis of events recorded in the Incidents Database over 18 months and regular examination of the risk indicators adopted by the Company's units six months ago make it possible to measure the effectiveness of the actions carried out by the Bank in 2003 and 2004. For example, we were able to discern a significant improvement in the process of managing the confirmation of OTC equity-derivative trades and a tangible reduction in the use of suspense accounts for derivative trades, while mechanisms were also set up to ensure strictly-controlled access to the Bank's IT resources.

The existing action plans needed to be adapted to fit the Bank's new structure. The Bank has also begun mapping operational risks on a company-wide basis. This project is expected to last until summer 2005 and will make it possible to adjust action plans and select a new set of indicators for monitoring operational risks.

This new, in-depth examination of the company's production processes and operational departments will also provide an opportunity to make sure that IXIS Corporate & Investment Bank's risk databases dovetail well with those of Groupe Caisse d'Epargne.

Continuous control

The operational risk team intends to present business line managers and Executive Board members with regular reports in the form of scorecards in 2005. These scorecards will include detailed analysis of the major risks faced during a given period, a list of indicators, and a progress report on jointly-developed action plans.

The operational risk team's status as part of the P/L and Risk Control department also makes it easier to implement a program for measuring operational risk in economic terms. This program will draw on both the data in our Incidents Database (3-year history) and information obtained from external databases.

This new organization in the operational-risk field gives operational-risk managers the ability to directly impact the way processes are organized with a view to satisfying the critical objectives highlighted by a proactive operational-risk management approach.

Covering risk through insurance

IXIS Corporate & Investment Bank used its global insurance program to maintain exhaustive risk coverage via policies with leading insurers.

As a result, the Bank renewed all of its existing insurance protection in 2004.

After analyzing risks and measures to prevent them, we subscribed to a number of insurance policies designed to remedy significant adverse potential impacts resulting from fraud, embezzlement or damage, or from cases entailing the liability of the Company or its employees.

These policies concern the following risks:

- Damage to premises and their contents, including IT and telephone equipment. These assets are insured for their replacement value.
- Professional civil liability and fraud, based on the best offers available on the market. Compensation covers financial losses sustained as a result of fraud or where our civil liability is entailed as a result of damage caused to third parties due to professional misconduct.
- Loss of activity, covering financial prejudice sustained through material loss or damage.

Forms of civil liability other than professional civil liability are also covered by insurance policies corresponding to operating needs. Examples of such types of liability concern operations (bodily, material or immaterial damage caused to third parties), company directors (the financial consequences of claims made against directors and which result from personal misconduct entailing their civil, personal or joint liability) and motor vehicles. The amount insured per operating civil liability claim exceeds €7.5 million.

A number of policies relating to activities taken over from CDC IXIS were transferred at the end of 2004.

Risk management

■ Operational risks

These policy transfers and the events that affected some of our brokers make it necessary to harmonize and optimize the different forms of insurance cover.

To this end, all of our insurance cover and guaranties will be reviewed in 2005 in the light of new possibilities available on the market.

Controlling legal risks

IXIS Corporate & Investment Bank has a Legal department which reports to the Executive Board member in charge of Horizontal Functions.

The department is responsible for the documentation and upstream legal validation of transactions executed by the Bank's trading rooms and operational departments in Paris and in the London, Tokyo and Frankfurt branches, as well as by any subsidiary which does not have its own legal department. The department also provides legal services to support functions and especially to the back office. All legal questions are handled by the Legal department (except for those involving either labor law, which are handled by the Human Resources department, or concerning the corporate affairs of the Company, its subsidiaries and affiliates, which are handled by the Administrative department), with the department making use of outside counsel as needed.

The Legal department's remit is to ensure the security of transactions. In this respect, it intervenes in the various internal committees and internal control procedures with the aim of assessing legal risk. It notably takes part in the New Product Committees, where its role is to identify the legal consequences of new products for IXIS Corporate & Investment Bank, and also chairs the "master agreements" committee, which sets the rules for negotiating market, national and international master agreements. It participates in the Credit Committee in order to give its opinion on financing transactions.

The Legal department periodically reports to the company's Financial and Internal Control Committee on the state of legal risk.

It also developed a digital system for managing and archiving all of IXIS Corporate & Investment Bank's legal commitments.

Exceptional events and lawsuits

There are currently no exceptional events or lawsuits, other than those described in the appendix to the 2004 financial statements, liable to have a significant effect on IXIS Corporate & Investment Bank's revenues, profits or financial situation, or those of its subsidiaries.

■ Permanent supervision

Sustainable development

IXIS Corporate & Investment Bank seeks to apply Groupe Caisse d'Epargne's sustainable development approach.

The concept of responsible finance is embedded in IXIS Corporate & Investment Bank's management, governance and steering functions.

Financial engineering began to offer clients the benefits of its advisory and product-structuring skills in the environmental field as early as 2002, the year in which CDC IXIS initiated its sustainable development approach. Prime examples of this are the group's specialist managed funds – FIDEME and the European Carbon Fund.

FIDEME

The FIDEME fund (*Fonds d'investissement de l'environnement et de la maîtrise de l'énergie*) was set up in 2002 by the former-CDC IXIS and Banca OPI (Sanpaolo IMI group) in conjunction with the French environmental energy agency, ADEME. The creation of the fund marked an innovation in the sustainable development field and was the first time ever that a public institution and private investors had joined forces within a fund designed to provide 25% of the funding for renewable-energy and waste-management projects.

FIDEME's target is to invest over €26 million by end-2005, thus helping to fund 230 megawatts of additional renewable-energy in France. FIDEME is managed by IXIS Environnement & Infrastructures, a licensed asset manager.

Launch of the European Carbon Fund, the first non-governmental carbon fund

IXIS Corporate & Investment Bank launched and structured the first non-governmental investment fund dedicated to financial-market instruments designed to combat the greenhouse effect.

The European Carbon Fund is registered as a mutual fund under Luxembourg law and is geared to purchasing CO² emission allowances, creating the liquidity needed for this new market and providing the coverage required by the 12,000 facilities subject to greenhouse gas regulations.

The Fund has a subscription target of €100 million. Caisse des Dépôts, the Caisses d'Epargne and several non-group investors such as AGF and Fortis Bank have declared their interest in this innovative product that provides an alternative to financial markets. The fund is managed by IXIS Environnement & Infrastructures.

Internal control and compliance

■ Permanent supervision

Periodic internal control and internal audit

52

In response to the creation of IXIS Corporate & Investment Bank and expected regulatory developments – especially in the compliance field – the Bank undertook an organizational overhaul of its internal control function within the framework of the principles established by Groupe Caisse d'Épargne.

These measures (which will start impacting in full in 2005), are primarily geared to:

- enhancing or developing the permanent control mechanism in the compliance, operational risk and IT security fields,
- separating the compliance function (2nd tier control) from the audit function (3rd tier control).

As part of the internal control mechanism, Internal Audit regularly audits the Bank's different activities using a work program approved by Group General Inspection.

Internal Audit reports directly to the Chairman of the Bank's Executive Board and enjoys strong ties with General Inspection, to which it submits all its work.

Internal Audit is carried out by a multi-disciplinary team of capital-markets and financing specialists with a remit covering three objectives:

- assess the reliability of risk management, control and compliance processes for complex activities and structured products,
- ensure the internal control mechanism is appropriate for dealing with key issues, particularly those raised by the development of new products,
- make regular checks on the state of progress concerning the implementation of issued recommendations and their concrete translation into working practices.

In recognition of the importance of the risks entailed, the department fulfils this remit via a number of methods (all of which are common to Group Audit), some of which focus on reacting to changes in businesses, systems and regulations, while others rely on more fundamental analysis. Methods include:

- full audits of business or entities, more often than not involving a front-to-back accounting process,
- partial audits, triggered by internal indicators and reports, and which analyze specific transversal processes or which are linked to regulatory requirements.

The department also fulfils a monitoring function that involves members of the Internal Control team attending certain internal committee meetings and providing the impetus needed to develop the system of internal controls and to strengthen the control culture within the Bank.

Priorities in 2004

Internal Audit concentrated on the following activities in 2004:

- monitoring the effective implementation of recommendations contained in previous reports, with a view to identifying progress made and further efforts required,
- the market-risk measurement mechanism (technical checks on the internal model),
- credit-risk monitoring mechanisms (controls on measuring tools and reports),

- the organizational and risk-management framework of activities comprising special-purpose vehicles,
- the results production/reconciliation process,
- IT systems security (especially payment channels),
- foreign branches (London, Frankfurt, Tokyo), particularly as regards the existing internal control mechanism for recent activities or those under development.

Targeted controls were also undertaken to ensure the Company's operating methods were consistent with its obligations as a provider of investment services in relation with customers and financial markets (e.g. terms under which products are commercialized, the preparation of valuations provided for clients, the transaction-price monitoring process).

The main conclusions from audits and controls 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.

Outlook for 2005

Internal Audit resources will be reinforced in Paris and New York so as to respond to the extension of the team's scope of action to include corporate and structured financing, financial engineering and the North American activities.

Links and reporting lines with the New York subsidiary were established in accordance with Group Inspection and are being reinforced in line with new assignments.

The main controls, which will be coordinated between IXIS Corporate & Investment Bank's Internal Audit and Group Inspection, concern:

- primary market, complex credit, structuring and arbitrage activities (business-line audits),
- several support functions: legal, accounting, cost control (functional audits),
- foreign branches and intermediation subsidiaries (entity audits).

Steps will also be taken to monitor the implementation of recommendations, especially in the long-term interest-rate derivatives business and in the back-office area.

■ Permanent supervision

Compliance

The Compliance department reports directly to the Chairman of the Executive Board. With a slight increase in department headcount in 2004, Compliance participated in the operations accompanying the group's change of ownership and in internal restructuring. It also continued to enhance its standards and undertake actions to sensitize employees.

The Compliance department will take on broader functions in 2005 and will henceforth be responsible for controlling the risks of non-compliance within IXIS Corporate & Investment Bank and also for its compliance network.

Change of ownership and internal restructuring

Compliance was assigned responsibility for managing the regulatory consequences of the change of shareholder.

The department also worked on the compliance rules needed for the creation of subsidiaries regulated in Hong Kong and London and the start-up of the partnership with Lazard.

Efforts to enhance standards and sensitize staff

The new *Compliance Manual* was written and distributed to all staff in June 2004 and included reinforced compliance rules for personnel. The other measures were updated to factor in recent texts and new standards were prepared, especially for financial analysis.

The manual was also fleshed out with new procedures, especially regarding the signing of confidentiality letters and the prevention of money laundering.

Apart from the customary staff-sensitization efforts (e.g. by training new recruits), the department targeted sales staff with a systematic training initiative. Sales staff is now issued professional registration cards in line with standards of best practice in the market.

The department capitalized on the personnel transfers occasioned by the group's reorganization in order to reiterate compliance rules, especially those regarding confidentiality and Chinese Walls. This process frequently involved visiting teams of personnel during their settling-in period on their new site.

In the anti-money-laundering field, an online training facility was arranged for traders and sales staff using the training tool created by the French Banking Federation.

The department also continued to implement a network for the branches and subsidiaries, notably by harmonizing rules and organizations.

Broader compliance responsibilities in 2005

The Compliance department will take on broader responsibilities in 2005. In addition to its existing duties, the department will be charged with managing the risk of non-compliance via a permanent control mechanism. An action plan has already been prepared which includes an updated map of non-compliance and alert mechanisms, together with the methods for undertaking permanent controls.

In order to reflect the group's new status as a Bank, the department is preparing the rules for good banking conduct in the project financing area and adapting anti-money-laundering rules to these new activities.



Resources

Human resources



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Growth in headcount

As at December 31, 2004, IXIS Corporate & Investment Bank, and its subsidiaries IXIS Securities and IXIS Asia, employed 990 staff on permanent contracts, versus 911 a year earlier, i.e. a 9% increase like-for-like basis.

This growth took place not only in the Paris offices, but also throughout the Company's international subsidiaries. The London and Tokyo teams were bolstered to accompany expansion in the volume of business. In Frankfurt, the number of employees increased as support staff duties were brought in-house, after previously being handled by the local branch of CDC IXIS.

The 2004 staff turnover rate totaled 11.5%. This marked a return to the levels seen in 2000 and 2001 following the slowdown to 8% in 2002 and 2003.

The consolidation of IXISSM Capital Markets in the US on November 1, 2004 added 362 employees to the consolidated workforce, of which 34 at IXIS North America Inc. and 328 at IXIS Capital Markets North America Inc.

As at December 31, 2004, IXIS Corporate & Investment Bank employed a total permanent-contract workforce of 1,352.

Breakdown of workforce by socio-professional category⁽¹⁾ as at December 31, 2004

Executives	747
Superior-level technicians	29
Employees	30
Total workforce France	806
Workforce outside France:	
Branches + IXIS Asia	184
IXIS SM Capital Markets (US)	362
Total headcount	1,352

(1) Permanent staff

2,000
people

As at January 1, 2005, IXIS Corporate & Investment Bank employed close to 2,000 people, of which around one-third outside France.

Significant resources devoted to restructuring the partnership

Like the Company's other departments, Human Resources was highly occupied in 2004 with the project to restructure Groupe Caisse d'Epargne's partnership with CDC and which involved the transfer of CDC IXIS staff to IXIS Corporate & Investment Bank.

The various personnel representative bodies were consulted throughout the year on the project's economic aspects (strategic and financial goals) and labor impacts (on headcount, collective agreements). Response to the proposals was favorable.

IXIS Corporate & Investment Bank's authorization as a bank on November 1 called into question its membership of France's collective agreement for financial companies and meant it started to apply the French banking association's collective agreement instead, starting with new hires as from November 1. As a result of this major change and the integration of more than 400 employees from CDC IXIS as of January 1, 2005, negotiations will take place during 2005 and 2006 with a view to adapting existing collective and company-wide agreements.

IXIS Corporate & Investment Bank as at January 1, 2005: 1,675 staff worldwide

As at January 1, 2005, the staff of the former-CDC IXIS (323 people working in financing and financial engineering, the back office and support services), were added to the combined workforce of IXIS Corporate & Investment Bank, the subsidiaries IXIS Securities, IXIS Asia and IXISSM Capital Markets in the US.

Permanent staff as at January 1, 2005

IXIS Corporate & Investment Bank + IXIS Securities	990
IXIS SM Capital Markets	362
Consolidated total IXIS Corporate & Investment Bank	1,352
Ex CDC IXIS	323
Total IXIS Corporate & Investment Bank	1,675

Including temporary workers and IT personnel from GIE Informatique CDC, IXIS Corporate & Investment Bank's headcount amounts to close to 2,000 people.

Resources

■ Back office



IXIS Corporate & Investment Bank took over its back-office platform from former parent company CDC IXIS as from November 1, 2004. The back-office department represents close to 330 employees.

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The back office has responsibility for recording, checking, confirming and unwinding transactions for four main product lines, i.e. three capital-market activities (OTC derivatives, securities and foreign exchange), and the financing business line which was transferred in through the transactions entailed by the new partnership.

The back office handles transactions carried out in Paris and in the London, Tokyo and Frankfurt branches (the latter since 2004). Note that Frankfurt's back-office functions were centralized in Paris during the year, thereby leading to economies of scale.

SUMMIT is used for fixed-income, foreign exchange and financing transactions while SOPHIS is currently being rolled out for equity products.

Note that SOPHIS was implemented for back-office processing of OTC equity derivatives in 2004, an advance that ensures straight-through-processing of OTC trades, and consequently optimizes procedures and reduces operational risks.

At the same time, the new SUMMIT module was put into production in 2004 for bond settlement/delivery, thus fully integrating processing from the front office to the accounting department, and allowing the processing of large trading volumes in total security.

Secure payment procedures and money-laundering controls were enhanced in 2004.

The back office is undertaking an organizational review in 2005 that involves examining procedures with the ultimate aim of better responding to the challenges posed by growing volumes and increasingly complex transactions, while also ensuring consistency with the front office.

Impact of the New Partnership Project

The partnership restructuring project involving the transfer of activities from CDC IXIS had an impact on IXIS Corporate & Investment Bank's IT systems throughout 2004. One particular effect was the integration of new IT components: the two main contributions being SUMMIT-CL, a project-financing management tool, and RISKPRO, an ALM tool.

At the same time, efforts to redesign settlement/delivery channels entailed substantial work on payment systems.

In addition to this integration work, the IT department undertook sizeable projects in the front-office, back-office and security fields. The implementation of far-reaching regulatory projects (IFRS/IAS and Basle) also had a substantial impact on IT systems.

Front office

This subset of the IT system undergoes thorough ongoing maintenance and updates in order to ensure that it effectively meets user needs.

Numerous projects geared to accompanying growth in business were carried out successfully, e.g. an automated order placing system for organized fixed-income markets (automatic hedging), a P&L and hedge calculation mechanism for complex exotic products, and continual upgrades in pricing libraries.

All these advances were coupled with a significant increase in calculating power, especially thanks to the use of GRID technologies. Overall performance improved thanks to the ramp-up of the market data distribution platform.

Back office

The work carried out in 2004 concerned equity derivatives and ensured front-to-back integration and consequently a high level of operating security.

Back-office modernization work will be completed by the "equity lending/borrowing" project in 2005.

The settlement/delivery module in 2004 put the finishing touches to the overhaul of the bonds area, most of the major work having taken place in 2003.

Security

Work in this area is carried out on a continuous basis in order to ensure identified risks are handled optimally. After the move to the new offices at Austerlitz in 2003, the focus in 2004 was on adapting the Bank's Disaster Recovery Plan.

This project involved a thorough evaluation of the Bank's security level.

Changes in IT systems and outlook

In addition to permanent efforts to improve facilities in 2005, the Bank will continue to enhance the reliability of back-office processing and gradually implement Business Activity Monitoring-type tools for critical processing.

In the client servicing field, CRM tools are being considered for the sales team.

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A sole Front-Middle-Back operating platform will provide a better consolidated vision of transactions and results, thus resulting in more efficient management control. One of the major focuses in 2005 will be on revamping SUMMIT platforms.



■ The IAS/IFRS⁽¹⁾ switchover

IAS/IFRS⁽¹⁾ project structure

As a public issuer, IXIS Corporate & Investment Bank is obliged to report consolidated accounts under IFRS from December 31, 2007. However, IXIS Corporate & Investment Bank is following the reporting schedule set by Groupe Caisse d'Epargne, which calls for initial IAS reporting for the six-month period ending June 30, 2006 accompanied by a set of pro-forma figures for the six-month period ending June 30, 2005. First-time application of IAS has been set for the preparation of the opening balance sheet as at January 1, 2005.

The scope of IXIS Corporate & Investment Bank's IAS/IFRS project was initially focused on its capital markets activities but has since been enlarged to include the activities transferred from CDC IXIS and consolidated within IXIS Corporate & Investment Bank as from November 1, 2004. The activities taken over in Paris primarily include spread books and structured financing. Analysis on these activities has already been completed and is awaiting implementation.

The subsidiaries, especially IXISSM Capital Markets in New York, have been associated with this project from the very beginnings and are applying the decisions voted by the Executive Board.

The project was organized into three phases:

- diagnosis and documentation of existing portfolios: from March to September 2003
- detailed analysis, choice of options and specifications: from November 2003
- system implementation and tests: second half of 2004 and 2005

The **diagnostic** phase took place from March to September 2003 and concentrated on gathering information on existing portfolios, identifying the main impacts of IFRS, and highlighting matters to be developed more thoroughly before the implementation of these standards.

The **detailed analysis** phase began actively in October 2003 and was wrapped up early in the second quarter of 2004 except for issues tied to valuation, financial communications and the demonstration that intra-group derivatives hedges are mirrored with external positions. The main objective of this phase was to select operational options, notably regarding methods of classifying transactions according to the new standards, defining the expression of needs in the

management systems and establishing how fair values will be calculated. This phase was organized into various sub-projects, each one addressing one or more specific IFRS application issues.

The main issues are handled by work groups coordinated by the business line liable to be most affected at the time IFRS is implemented. Each one includes a representative from the Accounting department.

The **implementation** phase is due to extend from the second half of 2004 to June 30, 2005 and will involve adapting the Bank's IT systems and organization.

IAS/IFRS project organization

The Accounting department is overseeing the capital-markets segment of the IFRS project. A participative approach is being used that ensures the involvement of business line managers in the project team.

⁽¹⁾ IAS: International Accounting Standards
IFRS: International Financial and Reporting Standards

Resources

■ The IAS/IFRS switchover

The organization includes several supervisory bodies:

- a Steering Committee, headed up by the member of the Executive Board in charge of Horizontal Functions. This Committee is made up of the key representatives from the departments concerned. Its role is to determine strategic direction and arbitrate between the proposed options and the risks reported by project management. The Steering Committee meets on a monthly basis or more frequently if necessary.
- A Project Management team within the Accounting department. It ensures coordination between the various sub-projects, tracks progress, identifies interdependencies, sticking points and associated risks, and provides a summary for the Steering Committee.
- Sub-project coordinators assign the work to be carried out, track progress within their sub-projects, make an official summary of this progress and suggest possible solutions.

Progress status

In keeping with the original plan, the Company worked in 2004 to classify all of its existing portfolios according to IFRS rules, define the consolidation treatment of special-purpose vehicles, adapt its back-office and accounting systems, and analyze the methodology that will be used to demonstrate internal contracts are mirrored.

Since January 1, 2005, IXIS Corporate & Investment Bank has been adapting its accounting architecture in order to be in a position to produce two sets of accounts: French GAAP and IFRS. The Company's consolidated accounts will be prepared using the consolidation system now being developed by Groupe Caisse d'Epargne and which will be operational some time during 2005.

The adoption of this new accounting architecture will be accompanied by a change in the accounting plan (along the lines of France's Credit Institutions' Accounting Plan, or *plan de comptes des établissements de crédits*) and the start of production of new accounting schemes designed to translate the new IAS/IFRS rules into accounting practice.

Key 2005 stages

2005 will witness a number of key stages for upstreaming IFRS financial data to Groupe Caisse d'Epargne:

- First-time application (FTA) opening balance sheet
- Demonstration that internal hedges are mirrored
- Interim accounts to June 30, 2005

The Bank's main procedures for producing, auditing and justifying operating results will also be adapted.

Main identified differences between IXIS Corporate & Investment Bank's current standards and IAS/IFRS

The accounting principles applied by IXIS Corporate & Investment Bank, in accordance with French accounting regulation CRC n°1999-07 (consolidation) and the body of valuation rules, are detailed in the notes to the consolidated accounts. In certain cases, these principles differ from those due to be applied by the Company after its introduction of IAS/IFRS on January 1, 2006.

The group examined the standards (IAS/IFRS) adopted by the European Accounting Regulatory Committee (ARC) on July 16, 2003 and November 19, 2004, in order to identify the main differences between IFRS and French standards applicable to financial institutions.

The differences identified thus far do not take into account revisions that have been adopted but not yet approved by the ARC, nor projects still in the form of exposure drafts which will be published in 2005 by the International Accounting Standards Board (IASB).

The main differences in accounting principles and rules affect the following items:

- Provisions for general banking risks: the provisions and contingent liabilities standard (IAS 37) does not recognize provisions for general banking risks as liabilities. The corresponding amounts will thus increase equity in the opening balance sheet.
- Provisions on doubtful receivables: the analysis of the rules for determining provisions on a collective base under IAS 39, which is more specific than French GAAP, could lead to a partial reclassification of these amounts as equity.
- Commissions: the methods of apportioning certain commissions on financing activities under IAS 18 will lead to expenses and income – booked under current rules at the time loans are initiated – being incorporated into the effective rate of interest for the loans concerned.
- Classification of financial assets and liabilities: the provisions of IAS 39 concerning the classification of financial assets and liabilities led to the examination of all existing portfolios with a view to classifying them in a category specified under this standard. Valuation differences stemming from this classification will affect equity.
- Fair-value calculations (financial instruments): the terms for accounting for margin under IAS 39 follow much stricter criteria than French GAAP and could require amendments to financial instrument valuation rules.

■ The outlook for 2005



In recognition of our new status as Groupe Caisse d'Epargne's corporate and investment banking arm, we will continue our strategy of specializing in a variety of selected, high value-added activities where we can best leverage our technical expertise, innovative talents and speed of reaction.

One of our major challenges is to develop our business, especially outside France, and 2005 will consequently see us expand our international operations. We are currently setting up a new branch in Milan and have plans to open one or several representative offices in Asia and the Middle East.

We will also be focusing on growing our business with corporate clients, in keeping with Groupe Caisse d'Epargne's strategy of expanding in the corporate financing and financial engineering fields. Partnerships will be sought to meet this objective.

Our joint efforts with Groupe Caisse d'Epargne will be fully evident in 2005 in the provision of financing and investment services for the local government sector through affiliated companies.

The Bank's growth strategy is underpinned by regular and sizeable investments in the research field, spanning equity research, credit analysis, quantitative research for derivatives and economic research. This strategy reflects our continuous desire to deliver customized solutions to clients by drawing on our ability to structure innovative solutions and execute in fields as varied as guaranteed funds, sale and lease back, real estate, or weather derivatives.

We will also continue to provide clients with the benefit of our balance sheet, both for market-making operations (bonds, and equity and fixed-income derivatives) and warehousing operations, especially ABS and CDO.

Alongside these initiatives, we will continue to work on implementing Basle II regulations and complete work on the IAS/IFRS switchover. Support services and back-office teams will pursue their efforts to respond to the challenges raised by continuous growth in the volume and complexity of transactions.

2005 recruitment policy will continue to stress expertise and professionalism in all areas, all with a constant concern for reorganizing and optimizing structures.

Our overall objective in 2005 is to assist Groupe Caisse d'Epargne in the achievement of its goals.

■ Legal elements (extracts)

Information concerning share capital

Amount of capital, shares issued

The parent company has total capital of €1,909,410,791.25, divided into 125,207,625 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.

Authorized capital not yet issued: nil
 Stock-option program: nil
 Other securities providing access to capital: nil
 Capital used as security or guaranty: nil

Changes in capital since creation of the company

Year	Nature of operation	Size of capital increase		Total capital	Total number of shares	Nominal value
		Capital	Premium			
Creation	Initial cash issue	5,000,000 francs	-	5,000,000 francs	50,000	100 francs
06/29/90	Asset transfer	8,000,000 francs	-	13,000,000 francs	130,000	100 francs
05/28/96	Cash issue	2,987,000,000 francs	-	3,000,000,000 francs	30,000,000	100 francs
09/01/01	Conversion of capital into euros and incorporation of reserve	152,948.30 euros	-	457,500,000 euros	30,000,000	15.25 euros
11/01/04	Partial business transfer	1,405,115,175 euros	1,109,303,895 euros	1,862,615,175 euros	122,138,700	15.25 euros
12/09/04	Asset transfer	46,795,616.25 euros	34,080,402.67 euros	1,909,410,791.25 euros	125,207,265	15.25 euros

Legal elements (extracts)

Ownership of capital and voting rights over the last three years

Shareholders	Situation as at 31/12/2004			Situation as at 31/12/2003			Situation as at 31/12/2002		
	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*	-	-	-	29,999,992	> 99.99	> 99.99	30,000,000	100	100
CNCE	122,138,692	97.55	97.55	-	-	-	-	-	-
Sanpaolo IMI	3,068,565	2.45	2.45	-	-	-	-	-	-
Others**	8	% n.s.	% n.s.	8	% n.s.	% n.s.	-	-	-
TOTAL	125,207,265	100	100	30,000,000	100	100	30,000,000	100	100

* CDC IXIS is the trading name of CDC Finance-CDC IXIS. CDC IXIS was merged into CNCE on 31/12/2004

** Members of the Supervisory Board

■ Double voting rights: nil

■ As far as the Company is aware, a shareholding pact has been signed between CNCE and Sanpaolo IMI.

Information concerning Company Directors

Members of the Executive Board

2004	Mr. ANTHONY ORSATELLI		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Member of the Executive Board; in charge of the Corporate and Investment Bank
CDC FINANCE-CDC IXIS	SA	F	Chairman of the Executive Board (from January 14 to December 31, 2004)*
SOGEPSTE	SA	F	Vice-Chairman of the Supervisory Board
Financial Guaranty			
CIFG HOLDING (EX-CDC IXIS FINANCIAL GUARANTY HOLDING)	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board*
CIFG GUARANTY (EX-CDC IXIS FINANCIAL GUARANTY)	SA	F	CIFG Holding's permanent representative on the Supervisory Board
CIFG EUROPE (EX-CDC IXIS FINANCIAL GUARANTY EUROPE)	SA	F	CIFG Guaranty's permanent representative on the Supervisory Board
CIFG SERVICES INC. (EX-CDC IXIS FINANCIAL GUARANTY SERVICES INC.)		USA	Member of the Board of Directors
CIFG NA INC. (EX-CDC IXIS FINANCIAL GUARANTY NORTH AMERICA INC.)		USA	Member of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Chairman of the Executive Board; Head of Central Functions
IXIS SECURITIES (EX-CDC IXIS SECURITIES)	SA	F	Chairman of the Supervisory Board
IXIS MIDCAPS (EX-CDC IXIS MIDCAPS)	SA	F	Vice-Chairman of the Supervisory Board
NEXGEN FINANCIAL HOLDING LIMITED		IRL	Chairman of the Board of Directors
NEXGEN RE LIMITED		IRL	Chairman of the Board of Directors
IXIS NORTH AMERICA (EX-CDC IXIS NORTH AMERICA)		USA	Chairman of the Board of Directors (since April 20, 2004)
IXIS CAPITAL MARKETS NORTH AMERICA (EX-CDC IXIS CAPITAL MARKETS NORTH AMERICA)		USA	Chairman of the Board of Directors
IXIS COMMERCIAL PAPER CORP. (EX-CDC COMMERCIAL PAPER CORP)		USA	Chairman of the Board of Directors
IXIS FINANCIAL PRODUCTS INC. (EX-CDC FINANCIAL PRODUCTS INC.)		USA	Chairman of the Board of Directors
IXIS REAL ESTATE CAPITAL INC. (EX-CDC MORTGAGE CAPITAL INC.)		USA	Chairman of the Board of Directors
IXIS SECURITIES NORTH AMERICA INC. (EX-CDC SECURITIES INC.)		USA	Member of the Board of Directors
IXIS DERIVATIVES INC. (EX-CDC DERIVATIVES INC.)		USA	Chairman of the Board of Directors
IXIS FUNDING CORP. (EX-CDC FUNDING CORP)		USA	Chairman of the Board of Directors
IXIS MUNICIPAL PRODUCTS INC. (EX-CDC MUNICIPAL PRODUCTS INC.)		USA	Chairman of the Board of Directors

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on December 31, 2004.

Legal elements (extracts)

2004 Mr. ANTHONY ORSATELLI			
Company	Form	Country	Mandates / Functions
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Chairman of the Supervisory Board (since April 28, 2004)
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	Chairman of the Supervisory Board (since February 18, 2004; previously Member of the Supervisory Board)
IXIS ASSET MANAGEMENT US CORPORATION (EX-CDC IXIS ASSET MANAGEMENT US CORPORATION)		USA	Member of the Board of Directors
IXIS ASSET MANAGEMENT US LLC (EX-CDC IXIS ASSET MANAGEMENT US LLC)		USA	Member of the Board of Managers
IXIS PRIVATE CAPITAL MANAGEMENT (EX-CDC IXIS PRIVATE CAPITAL MANAGEMENT)	SA	F	Member of the Supervisory Board
ECUREUIL GESTION	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board*
ECUREUIL GESTION FCP	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board*
Custody			
IXIS INVESTOR SERVICES	SA	F	Chairman of the Supervisory Board (since September 10, 2004)
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CDC SP		LUX	Chairman of the Board of Directors
OTHER MANDATES AND FUNCTIONS			
GIMAR FINANCE	SCA	F	IXIS Corporate & Investment Bank's permanent representative on the Supervisory Board (mandate expired December 15, 2004)
SANPAOLO IMI S.p.A. (listed)		ITA	Member of the Board of Directors

Remuneration and benefits received in 2004 in exchange for mandates and functions exercised within IXIS Corporate & Investment Bank: €30,489.84.

2004 Mr. MICHEL BERTHEZENE			
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CDC FINANCE-CDC IXIS	SA	F	Member of the Executive Board (from January 14 to December 31, 2004)*
Financial Guaranty			
CIFG HOLDING (EX-CDC IXIS FINANCIAL GUARANTY HOLDING)	SA	F	Chairman of the Supervisory Board (since February 17, 2004)
CIFG GUARANTY (EX-CDC IXIS FINANCIAL GUARANTY)	SA	F	Chairman of the Supervisory Board (since February 23, 2004)
CIFG EUROPE (EX-CDC IXIS FINANCIAL GUARANTY EUROPE)	SA	F	Chairman of the Supervisory Board (since February 23, 2004)
CIFG SERVICES INC. (EX-CDC IXIS FINANCIAL GUARANTY SERVICES INC.)		USA	Member of the Board of Directors (since February 23, 2004)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Executive Board; in charge of Horizontal Functions (since January 14, 2004)
IXIS NORTH AMERICA (EX-CDC IXIS NORTH AMERICA)		USA	Member of the Board of Directors (since April 20, 2004)
IXIS CAPITAL MARKETS NORTH AMERICA (EX-CDC IXIS CAPITAL MARKETS NORTH AMERICA)		USA	Member of the Board of Directors (since April 16, 2004)

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on December 31, 2004.

2004	Mr. MICHEL BERTHEZENE		
Company	Form	Country	Mandates / Functions
MARTIGNAC FINANCE	SA	F	Chairman of the Supervisory Board (since February 13, 2004)
CICM INNOV	SAS	F	Chairman (since March 31, 2004)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Vice-Chairman of the Supervisory Board (since April 28, 2004)
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	Vice-Chairman of the Supervisory Board (since February 18, 2004)
IXIS ASSET MANAGEMENT US CORPORATION (EX-CDC IXIS ASSET MANAGEMENT US CORPORATION)		USA	Member of the Board of Directors (since February 18, 2004)
IXIS PRIVATE CAPITAL MANAGEMENT (EX-CDC IXIS PRIVATE CAPITAL MANAGEMENT)	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board (from January 16 to December 31, 2004)*
IXIS AEW EUROPE	SA	F	Member of the Board of Directors (since December 16, 2004); previously Chairman of the Board of Directors (from March 4 to December 16, 2004)
Custody			
IXIS INVESTOR SERVICES	SA	F	Member of the Supervisory Board (since September 10, 2004)
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CDC ENTREPRISES CAPITAL INVESTISSEMENT (EX-CDC IXIS PRIVATE EQUITY)	SA	F	Member of the Board of Directors (resigned March 3, 2004) and CDC Finance-CDC IXIS' permanent representative on the Board of Directors (from January 16 to September 14, 2004)
ICADE	SA	F	Member of the Board of Directors (resigned February 6, 2004)
SCIC HABITAT	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors (mandate expired February 6, 2004)
OTHER MANDATES AND FUNCTIONS : NIL			

Remuneration and benefits received in 2004 in exchange for mandates and functions exercised within IXIS Corporate & Investment Bank: €265,000.

2004	Mr. NICOLAS FOURT		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Executive Board; Joint Head of Front Office
IXIS SECURITIES (EX-CDC IXIS SECURITIES)	SA	F	IXIS Corporate & Investment Bank's permanent representative on the Supervisory Board
IXIS MIDCAPS (EX-CDC IXIS MIDCAPS)	SA	F	Member of the Supervisory Board (resigned May 27, 2004)
MARTIGNAC FINANCE	SA	F	Member of the Supervisory Board (resigned December 2, 2004)
IXIS FINANCIAL PRODUCTS INC. (EX-CDC FINANCIAL PRODUCTS INC.)		USA	Member of the Board of Directors
IXIS CAPITAL MARKETS NORTH AMERICA (EX-CDC IXIS CAPITAL MARKETS NORTH AMERICA)		USA	Member of the Board of Directors
IXIS REAL ESTATE CAPITAL INC. (EX-CDC MORTGAGE CAPITAL INC.)		USA	Member of the Board of Directors
IXIS SECURITIES NORTH AMERICA INC. (EX-CDC SECURITIES INC.)		USA	Member of the Board of Directors

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on December 31, 2004.

Legal elements (extracts)

2004 Mr. NICOLAS FOURT			
Company	Form	Country	Mandates / Functions
ICMOS IRELAND LTD		IRL	Member of the Board of Directors
ICMOS PANGAEA GLOBAL HEDGE FUND PLC		IRL	Member of the Board of Directors
ICMOS UK LTD		UK	Member of the Board of Directors
NEXGEN FINANCIAL HOLDING LIMITED		IRL	Alternate Director
NEXGEN RE LIMITED		IRL	Alternate Director
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CDC SP		LUX	Member of the Board of Directors
OTHER MANDATES AND FUNCTIONS: NIL			

Remuneration and benefits received in 2004 in exchange for mandates and functions exercised within Ixis Corporate & Investment Bank: €1,032,153.65.

2004 Mr. PIERRE JENNY			
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
SURASSUR		LUX	CNCE's permanent representative on the Board of Directors (mandate expired on December 7, 2004)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Executive Board, in charge of Operations (since May 6, 2004)
MARTIGNAC FINANCE	SA	F	Member of the Supervisory Board
OTHER MANDATES AND FUNCTIONS			
SAINT JACQUES GESTION SA	SA	F	Chairman of the Board of Directors
EUROTITRISATION	SA	F	CNCE's permanent representative on the Board of Directors

Remuneration and benefits received in 2004 in exchange for mandates and functions exercised within Ixis Corporate & Investment Bank: €68,710.62.

2004 Mr. BERNARD MIGUS			
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Executive Board; Joint Head of Front Office
IXIS SECURITIES (EX-CDC IXIS SECURITIES)	SA	F	Member of the Supervisory Board (since September 28, 2004; previously Member of the Executive Board)
IXIS MIDCAPS (EX-CDC IXIS MIDCAPS)	SA	F	Vice-Chairman of the Supervisory Board (since September 29, 2004; Member of the Supervisory Board since May 27, 2004)
OTHER MANDATES AND FUNCTIONS: NIL			

Remuneration and benefits received in 2004 in exchange for mandates and functions exercised within Ixis Corporate & Investment Bank: €1,108,930.26.

Members of the Supervisory Board

2004	Mr. CHARLES MILHAUD		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Chairman of the Executive Board
CDC FINANCE-CDC IXIS	SA	F	Chairman of the Supervisory Board (from September 23 to December 31, 2004; previously Vice-Chairman of the Supervisory Board)*
COMPAGNIE FINANCIERE EULIA	SA	F	Vice-Chairman and Chief Operating Officer (mandate expired June 30, 2004)**
CREDIT FONCIER DE FRANCE (listed)	SA	F	Chairman of the Supervisory Board
PEREXIA	SA	F	Vice-Chairman of the Supervisory Board
SOGIMA	SA	F	Perexia's permanent representative on the Supervisory Board
FINANCIERE OCEOR	SA	F	Chairman of the Supervisory Board
BANQUE DES ANTILLES FRANCAISES	SA	F	CNCE's permanent representative on the Board of Directors
BANQUE DES ILES SAINT-PIERRE ET MIQUELON	SA	F	CNCE's permanent representative on the Board of Directors
BANQUE DE LA REUNION	SA	F	CNCE's permanent representative on the Board of Directors
BANQUE DE NOUVELLE-CALÉDONIE	SA	F	CNCE's permanent representative on the Board of Directors
BANQUE DE TAHITI	SA	F	CNCE's permanent representative on the Board of Directors
BANQUE INTERNATIONALE DES MASCAREIGNES		MAU	Member of the Board
HOLASSURE	SA	F	CNCE's permanent representative on the Board of Directors (mandate expired December 16, 2004)
SOPASSURE	SA	F	Member of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Chairman of the Supervisory Board (since February 15, 2005- appointed Member of the Supervisory Board on January 31, 2005; previously CNCE's permanent representative on the Supervisory Board)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Member of the Supervisory Board
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	CNCE's permanent representative on the Supervisory Board (since September 9, 2004)
IXIS PRIVATE CAPITAL MANAGEMENT (EX-CDC IXIS PRIVATE CAPITAL MANAGEMENT)	SA	F	CNCE's permanent representative on the Supervisory Board (since October 6, 2004)
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CDC ENTREPRISES (EX-CDC PME)	SAS	F	Member of the Supervisory Board
OTHER MANDATES AND FUNCTIONS			
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board
CM INVESTISSEMENTS	SARL	F	Manager
ERIXEL	SAS	F	Chairman
SODEXHO ALLIANCE (listed)	SA	F	Member of the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within Ixis Corporate & Investment Bank: nil.

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Épargne et de Prévoyance on December 31, 2004.
 ** Compagnie Financière EULIA was merged into Caisse Nationale des Caisses d'Épargne et de Prévoyance on June 30, 2004.

Legal elements (extracts)

2004	Mr. FRANCIS MAYER		
Company	Form	Country	Mandates / Functions
CAISSE DES DEPOTS	PUB	F	Chief Executive Officer
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Vice-Chairman of the Supervisory Board
CDC FINANCE-CDC IXIS	SA	F	Vice-Chairman of the Supervisory Board (from September 23 to December 31, 2004; previously Chairman of the Supervisory Board)*
COMPAGNIE FINANCIERE EULIA	SA	F	Chairman and Chief Executive Officer (mandate expired June 30, 2004)**
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Vice-Chairman of the Supervisory Board (since February 15, 2005-appointed Member of the Supervisory Board on January 31, 2005; previously CDC Finance-CDC IXIS' permanent representative on the Supervisory Board until December 31, 2004)*
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CAISSE DES DEPOTS DEVELOPPEMENT C3D	SA	F	Chairman of the Board of Directors (since July 21 2004; previously Caisse des Dépôts' permanent representative on the Board of Directors)
SOCIETE NATIONALE IMMOBILIERE (SNI)	SAEM	F	Chairman of the Supervisory Board (since May 17, 2004)
CDC ENTREPRISES (EX-CDC PME)	SAS	F	Chairman of the Supervisory Board (since June 18, 2004)
CDC ENTREPRISES CAPITAL INVESTISSEMENT (EX-CDC IXIS PRIVATE EQUITY)	SA	F	Member of the Board of Directors (resigned July 20, 2004)
CDC HOLDING FINANCE	SA	F	Member of the Board of Directors
FINANCIERE LILLE	SA	F	Non-voting Board Member
OTHER MANDATES AND FUNCTIONS			
ACCOR (listed)	SA	F	Member of the Supervisory Board (since May 4, 2004)
CASINO GUICHARD PERRACHON (listed)	SA	F	Member of the Board of Directors
CNP ASSURANCES (listed)	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board
VEOLIA ENVIRONNEMENT (listed)	SA	F	Member of the Board of Directors
DEXIA (listed)		BEL	Member of the Board

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: nil.

2004	Mr. NICOLAS MERINDOL		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Member of the Executive Board
CDC FINANCE-CDC IXIS	SA	F	Member of the Supervisory Board (mandate expired December 31, 2004)*
COMPAGNIE FINANCIERE EULIA	SA	F	CNCE's permanent representative on the Board of Directors (mandate expired June 30, 2004)**
BANQUE SANPAOLO	SA	F	Chairman of the Supervisory Board
CREDIT FONCIER DE FRANCE (listed)	SA	F	Vice-Chairman of the Supervisory Board

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on December 31, 2004.
 ** Compagnie Financière EULIA was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on June 30, 2004.

2004			
Mr. NICOLAS MERINDOL			
Company	Form	Country	Mandates / Functions
A3C	SAS	F	CNCE's permanent representative on the Board of Directors (mandate expired November 5, 2004)
ECUFONCIER	SCA	F	Member of the Supervisory Board
ENTENIAL (listed)	SA	F	Member of the Board of Directors
PEREXIA	SA	F	Member of the Supervisory Board
EFIDIS	SA	F	Member of the Board of Directors
GESTRIM	SA	F	Perexia's permanent representative on the Supervisory Board
CAISSE D'EPARGNE FINANCEMENT (CEFI)	SA	F	CNCE's permanent representative on the Board of Directors
FINANCIERE OCEOR	SA	F	Vice-Chairman of the Supervisory Board
BANQUE DES ANTILLES FRANCAISES	SA	F	Member of the Board of Directors
BANQUE DE LA REUNION	SA	F	Member of the Board of Directors
ALLIANCE ENTREPRENDRE	SAS	F	Ecureuil Participations' permanent representative on the Management Board
ECUREUIL-VIE	SA	F	Chairman of the Board of Directors
HOLGEST	SA	F	Chairman and Chief Executive Officer
INGEPAR	SA	F	Chairman of the Board of Directors
LES EDITIONS DE L'EPARGNE	SA	F	Member of the Board of Directors (resigned November 5, 2004)
SOPASSURE	SA	F	Member of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Vice-Chairman of the Supervisory Board (since February 15, 2005; previously Member of the Supervisory Board)
MARTIGNAC FINANCE	SA	F	Vice-Chairman of the Supervisory Board (resigned March 10, 2004)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Member of the Supervisory Board
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	Member of the Supervisory Board
IXIS PRIVATE CAPITAL MANAGEMENT (EX-CDC IXIS PRIVATE CAPITAL MANAGEMENT)	SA	F	Chairman of the Supervisory Board
VÉGA FINANCE	SA	F	Chairman of the Supervisory Board
ECUREUIL GESTION	SA	F	Chairman of the Supervisory Board
ECUREUIL GESTION FCP	SA	F	Chairman of the Supervisory Board
GERER PARTICIPATIONS	SA	F	Chairman of the Board of Directors (resigned November 29, 2004)
ECUREUIL MONETAIRE	SICAV	F	CNCE's permanent representative on the Board of Directors (mandate expired June 25, 2004)
REVENUS TRIMESTRIELS	SICAV	F	CNCE's permanent representative on the Board of Directors (mandate expired in 2004)
Custody			
IXIS INVESTOR SERVICES	SA	F	Member of the Supervisory Board
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CDC ENTREPRISES CAPITAL INVESTISSEMENT (EX-CDC IXIS PRIVATE EQUITY)	SA	F	Member of the Board of Directors
OTHER MANDATES AND FUNCTIONS			
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board
ERIXEL	SAS	F	Chairman
LA MUTUELLE DU MANS ASSURANCES IARD (MMA IARD)	MUT	F	CNCE's permanent representative on the Board of Directors (mandate expired October 26, 2004)
LA MUTUELLE DU MANS ASSURANCES VIE	MUT	F	CNCE's permanent representative on the Board of Directors (mandate expired October 26, 2004)
VIGEO	SAS	F	Member of the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within Ixis Corporate & Investment Bank: €24,000.

Legal elements (extracts)

2004	Mr. GUY COTRET		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Member of the Executive Board
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board (since May 26, 2004; previously Member of the Executive Board; Chief Executive Officer - resigned March 30, 2004)
COMPAGNIE DE FINANCEMENT FONCIER	SA	F	Crédit Foncier de France's permanent representative on the Board of Directors (mandate expired April 6, 2004)
CREDIT FONCIER BANQUE	SA	F	Chairman of the Board of Directors (resigned July 28, 2004)
CENTRE FRANÇAIS DU PATRIMOINE	SA	F	Chairman of the Board of Directors
A3C	SAS	F	Chairman
COLOMIA	SCI	F	A3C's representative, Manager
COLOMIA 31	SCI	F	A3C's representative, Manager
FONCIERE IMMEUBLE I	SAS	F	A3C's representative, Chairman
SOCIETE CIVILE IMMOBILIERE FRANCLIA	SCI	F	A3C's representative, Manager
SCI MANTELIA	SCI	F	A3C's representative, Manager
PEREXIA	SA	F	Member of the Supervisory Board
FONCIER PARTICIPATIONS	SA	F	Member of the Board
FONCIER CONSULTANTS	SA	F	Crédit Foncier de France's permanent representative on the Board of Directors (mandate expired June 30, 2004)
FONCIER EXPERTISE (SEIEF)	SA	F	Crédit Foncier de France's permanent representative on the Board of Directors (mandate expired April 6, 2004)
FONCIER VIGNOBLES	SAS	F	Crédit Foncier de France's permanent representative on the Board of Directors (mandate expired in 2004)
GESTRIM	SA	F	Foncier Participations' permanent representative on the Supervisory Board (mandate expired 4 November 2004)
SICP	SA	F	Crédit Foncier de France's permanent representative on the Board of Directors (mandate expired in 2004)
CICOBAIL	SA	F	Chairman of the Board of Directors
SOCFIM	SA	F	CNCE's permanent representative on the Supervisory Board
GROUPEMENT D'ACHATS DES CAISSES D'EPARGNE OD@CIA	SA	F	CNCE's permanent representative on the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	CNCE's permanent representative on the Supervisory Board (since January 31, 2005)
Asset Management			
ECUREUIL INVESTISSEMENTS	SICAV	F	Member of the Board of Directors (resigned June 25, 2004)
OTHER MANDATES AND FUNCTIONS			
LANSON INTERNATIONAL (EX-MARNE ET CHAMPAGNE)	SA	F	Member of the Supervisory Board

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. PIETRO MODIANO		
Company	Form	Country	Mandates / Functions
SANPAOLO IMI S.p.A. (listed)		ITA	Chief Executive Officer
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Sanpaolo IMI S.p.A.'s permanent representative on the Supervisory Board (since January 31, 2005)
OTHER MANDATES AND FUNCTIONS			
UNICREDIT S.p.A.		ITA	Deputy Chief Executive Officer (resigned November 2004)
UNICREDIT BANCA D'IMPRESA S.p.A.		ITA	Acting Managing Director (resigned November 2004)
UNICREDIT BANCA MOBILIARE S.p.A.		ITA	Acting Managing Director (resigned November 2004)
UNICREDIT PRIVATE BANKING S.p.A.		ITA	Member of the Board (resigned November 2004)
BORSA ITALIANA		ITA	Member of the Board (resigned November 2004)
EURO CAPITAL STRUCTURES LTD.		ITA	Member of the Board (resigned November 2004)
LOCAT S.p.A.		ITA	Member of the Board (resigned November 2004)
SYNESIS S.p.A.		ITA	Member of the Board (resigned November 2004)
TELECOM S.p.A.		ITA	Member of the Board (resigned May 2004)
TRADINGLAB S.p.A.		ITA	Member of the Board (resigned November 2004)
AMERICAN CHAMBER OF COMMERCE IN ITALY		ITA	Member of the Board
FONDAZIONE ITALIA CINA		ITA	Member of the Board

Director's fees received in 2004 in exchange for the mandate exercised within Ixis Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. FRANCOIS CHAUVEAU		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Director of Financial Management
BAIL EUREUIL	SA	F	CNCE's permanent representative on the Board of Directors (since December 16, 2004)
COMPAGNIE DE FINANCEMENT FONCIER	SA	F	Member of the Board of Directors (since December 16, 2004)
ECUFONCIER	SCA	F	Member of the Supervisory Board (since December 28, 2004)
SURASSUR		LUX	CNCE's permanent representative on the Board of Directors (since December 7, 2004)

Legal elements (extracts)

2004	Mr. FRANCOIS CHAUVEAU		
Company	Form	Country	Mandates / Functions
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Ecureuil Participations' permanent representative on the (EX-Supervisory Board (since January 31, 2005)
MARTIGNAC FINANCE	SA	F	Member of the Supervisory Board (since December 2, 2004)
OTHER MANDATES AND FUNCTIONS			
ISSORIA	SA	F	CNCE's permanent representative on the Supervisory Board (since November 24, 2004)

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. FRANCOIS AUDIBERT		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE D'EPARGNE AQUITAINE NORD (CEAN)	SA	F	Chairman of the Executive Board
AQUITAINE VALLEY	SA	F	Chairman of the Supervisory Board
EXPANSO - SDR (SOCIETE DE DEVELOPPEMENT REGIONAL)	SA	F	Chairman of the Executive Board
GALJA GESTION	SAS	F	Caisse d'Epargne Aquitaine Nord's permanent representative on the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
OTHER MANDATES AND FUNCTIONS			
DOMOFRANCE	SA	F	Caisse d'Epargne Aquitaine Nord's permanent representative on the Board of Directors
SUD OUEST CAPITAL RISQUE INNOVATION (SOCRI)	SAS	F	Member of the Board of Directors
TV7 BORDEAUX SA	SA	F	Caisse d'Epargne Aquitaine Nord's permanent representative on the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. MARC-ANTOINE AUTHEMAN		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
OTHER MANDATES AND FUNCTIONS			
BANQUE DE GESTION PRIVEE INDOSUEZ	SA	F	Member of the Board of Directors (resigned January 9, 2004)
CAPE HOLDING (EX-UNION D'ETUDES ET D'INVESTISSEMENT-UI)	SA	F	Member of the Board of Directors (resigned January 30, 2004)
CREDIT AGRICOLE CHEUVREUX	SA	F	Member of the Board of Directors (resigned January 30, 2004)
IDIA PARTICIPATIONS	SA	F	Chairman of the Board of Directors (resigned January 30, 2004)

2004	Mr. MARC-ANTOINE AUTHEMAN		
Company	Form	Country	Mandates / Functions
SOFIPAR	SA	F	Chairman of the Board of Directors (resigned January 30, 2004)
UNIPAR	SAS	F	Chairman of the Board of Directors (resigned January 30, 2004)
BANCA INTESA		ITA	Member of the Board (resigned January 8, 2004)
BANQUE SAUDI FRANSI		SAU	Member of the Board (resigned February 21, 2004)
BANQUE LIBANO-FRANCAISE		LBN	Member of the Board (resigned February 23, 2004)
CREDIT AGRICOLE INDOSUEZ EGYPT		EGY	Member of the Board (resigned January 26, 2004)
CREDIT AGRICOLE INDOSUEZ LUXEMBOURG		LUX	Member of the Board (resigned January 30, 2004)
CREDIT FONCIER DE MONACO		MCO	Member of the Board (resigned January 30, 2004)

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. JEAN BENSARD		
Company	Form	Country	Mandates / Functions
CAISSE DES DEPOTS	PUB	F	Deputy Head of Finance and Strategy
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
EGIS	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors (since December 2004)
TRANSDEV	SA	F	C3D's permanent representative on the Board of Directors (since December 2004)
OTHER MANDATES AND FUNCTIONS: NIL			

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. PATRICK BUFFET		
Company	Form	Country	Mandates / Functions
SUEZ (listed)	SA	F	Chief Executive Officer
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
OTHER MANDATES AND FUNCTIONS			
AREVA (listed)	SA	F	Member of the Supervisory Board
ASTORG PARTNERS	SAS	F	Member of the Supervisory Board
CARAVELLE	SA	F	Non-voting member of the Board of Directors
ELECTRABEL		BEL	Member of the Board
FABRICOM		BEL	Member of the Board (since April 1, 2004)

Legal elements (extracts)

2004 Mr. PATRICK BUFFET			
Company	Form	Country	Mandates / Functions
NEUFTELECOM	SA	F	Member of the Board of Directors
SI FINANCE	SA	F	Non-voting member of the Board of Directors
SUEZ-TRACTEBEL		BEL	Member of the Board

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004 Mr. BERNARD COMOLET			
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Vice-Chairman of the Supervisory Board
CAISSE D'EPARGNE ILE-DE-FRANCE PARIS	SA	F	Chairman of the Executive Board
EULIA CAUTION	SA	F	Member of the Board of Directors
SOCIETE D'ASSURANCES DES CREDITS DES CAISSES D'EPARGNE DE FRANCE (SACCEF)	SA	F	Member of the Board of Directors
SOCAMAB ASSURANCES	SA	F	Member of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
OTHER MANDATES AND FUNCTIONS			
CNP ASSURANCES (listed)	SA	F	Non-voting member of the Supervisory Board
OFFICE PUBLIC D'AMENAGEMENT ET DE CONSTRUCTION DE LA VILLE DE PARIS	PUB	F	Member of the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004 Mr. ERIC FLAMARION			
Company	Form	Country	Mandates / Functions
CAISSE DES DEPOTS	PUB	F	Head of Financial Management
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
Asset Management			
IXIS AEW EUROPE	SA	F	Member of the Board of Directors
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
COMPAGNIE DES ALPES (listed)	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board
FINANCIERE LILLE	SA	F	Member of the Board of Directors
LILLE GESTION	SA	F	Chairman of the Board of Directors
CDC DI GMBH		GER	Member of the Supervisory Board

2004	Mr. ERIC FLAMARION		
Company	Form	Country	Mandates / Functions
OTHER MANDATES AND FUNCTIONS			
TOWER PARTICIPATIONS	SAS	F	Member of the Supervisory Board
TDF	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. DOMINIQUE MARCEL		
Company	Form	Country	Mandates / Functions
CAISSE DES DEPOTS	PUB	F	Head of Finance and Strategy
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board
CDC FINANCE-CDC IXIS	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board (mandate expired December 31, 2004)*
COMPAGNIE FINANCIERE EULIA	SA	F	CDC Holding Finance's permanent representative on the Board of Directors (mandate expired June 30, 2004)**
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board (since March 24, 2004)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
Asset Management			
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	Member of the Supervisory Board (resigned March 2, 2004)
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CAISSE DES DEPOTS DEVELOPPEMENT C3D	SA	F	Member of the Board of Directors (since March 2004)
CDC HOLDING FINANCE	SA	F	Chairman of the Board of Directors
CDC ENTREPRISES (EX-CDC PME)	SAS	F	Member of the Supervisory Board (since June 8, 2004)
CDC PME	SAS	F	Member of Management Board (mandate expired June 8, 2004)
ICADE	SA	F	Member of the Board of Directors
SOCIETE FORESTIERE DE LA CDC	SA	F	Member of the Board of Directors (since November 10, 2004)
SOCIETE NATIONALE IMMOBILIERE (SNI)	SAEM	F	Member of the Supervisory Board (since May 17, 2004)
CDC DI GMBH		GER	Chairman of the Supervisory Board
OTHER MANDATES AND FUNCTIONS			
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board (since March 9, 2004)

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on December 31, 2004.

** Compagnie Financière EULIA was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on June 30, 2004.

Legal elements (extracts)

2004	Mr. BENOIT MERCIER		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE D'EPARGNE DU VAL DE FRANCE-ORLEANAIS	SA	F	Chairman of the Executive Board
BANQUE SANPAOLO	SA	F	Member of the Supervisory Board
EULIA CAUTION	SA	F	Caisse d'Epargne du Val de France-Orléanais' permanent representative on the Board of Directors
COMPAGNIE EUROPEENNE DE GARANTIES IMMOBILIERES (CEGI)	SA	F	Member of the Board of Directors
FINANCIERE CEGI	SA	F	Member of the Board of Directors
SOCAMAB ASSURANCES	SA	F	Member of the Board of Directors
SOCIETE D'ASSURANCES DES CREDITS DES CAISSES D'EPARGNE DE FRANCE (SACCEF)	SA	F	Caisse d'Epargne du Val de France-Orléanais' permanent representative on the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
Asset Management			
ECUREUIL GESTION	SA	F	Caisse d'Epargne du Val de France-Orléanais' permanent representative on the Supervisory Board
ECUREUIL GESTION FCP	SA	F	Caisse d'Epargne du Val de France-Orléanais' permanent representative on the Supervisory Board
OTHER MANDATES AND FUNCTIONS			
HABITAT MONTARGIS VAL DE FRANCE (HAMOVAL)	SA	F	Caisse d'Epargne du Val de France-Orléanais' permanent representative on the Board of Directors
ORLEANS GESTION	SAEM	F	Caisse d'Epargne du Val de France-Orléanais' permanent representative on the Board of Directors
ORLEANS SPECTACLES	SA	F	Caisse d'Epargne du Val de France-Orléanais' permanent representative on the Board of Directors
SOCIETE D'ECONOMIE MIXTE POUR LE DEVELOPPEMENT ORLEANAIS (SEMDO)	SAEM	F	Caisse d'Epargne du Val de France-Orléanais' permanent representative on the Board of Directors
VIGEO	SAS	F	Member of the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. PHILIPPE MONETA		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE D'EPARGNE LOIRE DROME ARDECHE	SA	F	Chairman of the Executive Board (since November 16, 2004)
CAISSE D'EPARGNE DE FLANDRE	SA	F	Chairman of the Executive Board (resigned November 16, 2004)
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board
ECUREUIL TRIMESTRIEL	SICAV	F	Chairman of the Board of Directors (mandate expired November 16, 2004)
EULIA CAUTION	SA	F	Caisse d'Epargne Loire Drôme Ardèche's permanent representative on the Board of Directors
GROUPEMENT D'ACHATS DES CAISSES D'EPARGNE OD@CIA	SA	F	Caisse d'Epargne Loire Drôme Ardèche's permanent representative on the Board of Directors (since November 16, 2004)
SOCIETE POUR LE DEVELOPPEMENT DE L'HABITAT - SDH CONSTRUCTEUR	SA	F	Chairman and Chief Executive Officer (since November 16, 2004)

2004	Mr. PHILIPPE MONETA		
Company	Form	Country	Mandates / Functions
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
OTHER MANDATES AND FUNCTIONS			
SOCIETE ANONYME D'ECONOMIE MIXTE EURAILLE	SAEM	F	Caisse d'Epargne de Flandre's permanent representative on the Board of Directors (mandate expired November 16, 2004)

Director's fees received in 2004 in exchange for the mandate exercised within Ixis Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. DIDIER PATAULT		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE D'EPARGNE DES COUNTRY DE LA LOIRE	SA	F	Chairman of the Executive Board
BATIOC PAYS DE LA LOIRE	SA	F	Chairman of the Supervisory Board
ECOLOCALE	SA	F	Chairman of the Board of Directors
SODERO	SA	F	Chairman and Chief Executive Officer
SODERO GESTION	SAS	F	Chairman of the Supervisory Board
SODERO PARTICIPATIONS	SAS	F	Chairman of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
SOCIETE ANONYME DES MARCHES DE L'OUEST (SAMO)	SA	F	Chairman of the Board of Directors
OTHER MANDATES AND FUNCTIONS			
PAYS DE LA LOIRE DEVELOPPEMENT	SAS	F	Caisse d'Epargne des Pays de la Loire's permanent representative on the Board of Directors
SEMITAN	SEM	F	Caisse d'Epargne des Pays de la Loire's permanent representative on the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within Ixis Corporate & Investment Bank: not applicable (Director since 2005).

2004	Mr. REGIS PELEN		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE D'EPARGNE RHONE ALPES LYON	SA	F	Chairman of the Steering and Supervisory Board
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (since January 31, 2005)

Legal elements (extracts)

2004 Mr. REGIS PELEN			
Company	Form	Country	Mandates / Functions
OTHER MANDATES AND FUNCTIONS			
BROSSETTE BTI	SA	F	Member of the Board of Directors
INVESTISSEMENT ET DEVELOPPEMENT	SA	F	Chairman of the Supervisory Board
LA VIE CLAIRE	SA	F	Chairman of the Supervisory Board
SEPEL	SA	F	Chairman and Chief Executive Officer
SEPEL-COM	SA	F	Chairman and Chief Executive Officer
SOGEBAIL	SA	F	Member of the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: not applicable (Director since 2005).

2004 Mr. PIERRE SERVANT			
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Member of the Executive Board; in charge of Finance and Risks
CDC FINANCE-CDC IXIS	SA	F	Chairman of the Executive Board (resigned January 14, 2004); Member of the Supervisory Board (from February 23 to December 31, 2004)*
ITALIA HOLDING (EX-CDC IXIS ITALIA HOLDING)	SA	F	Chairman of the Supervisory Board (resigned January 26, 2004)
COMPAGNIE FINANCIERE EULIA	SA	F	Member of the Board of Directors (mandate expired June 30, 2004)**
CREDIT FONCIER DE FRANCE (listed)	SA	F	CNCE's permanent representative on the Supervisory Board
COMPAGNIE DE FINANCEMENT FONCIER	SA	F	Member of the Board of Directors (resigned December 16, 2004)
ECUFONCIER	SCA	F	Member of the Supervisory Board
ENTENIAL (listed)	SA	F	Member of the Board of Directors
ECUREUIL PARTICIPATIONS	SAS	F	Chairman
MIFCOS PARTICIPATIONS	SNC	F	Ecureuil Participations' representative, manager
PARTICIPATIONS ECUREUIL	SNC	F	Ecureuil Participations' representative, manager
FINANCIERE OCEOR	SA	F	Permanent representative on the Supervisory Board
Financial Guaranty			
CIFG HOLDING (EX-CDC IXIS FINANCIAL GUARANTY HOLDING)	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board (mandate expired January 29, 2004 following Caisse des Dépôts' resignation)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (Chairman of the Supervisory Board until February 15, 2005)
IXIS SECURITIES (EX-CDC IXIS SECURITIES)	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board (mandate expired January 29, 2004)
IXIS NORTH AMERICA (EX-CDC IXIS NORTH AMERICA)		USA	Chairman of the Board of Directors (resigned January 26, 2004)
MARTIGNAC FINANCE	SA	F	Vice-Chairman of the Supervisory Board (since March 25, 2004)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	CNCE's permanent representative on the Supervisory Board
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	Member of the Supervisory Board (Chairman of the Supervisory Board until February 18, 2004)
IXIS ASSET MANAGEMENT US CORPORATION (EX-CDC IXIS ASSET MANAGEMENT US CORPORATION)		USA	Member of the Board of Directors

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on December 31, 2004.

** Compagnie Financière EULIA was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on June 30, 2004.

2004	Mr. PIERRE SERVANT		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CDC ENTREPRISES CAPITAL INVESTISSEMENT (EX-CDC IXIS PRIVATE EQUITY)	SA	F	Member of the Board of Directors (resigned January 29, 2004)
OTHER MANDATES AND FUNCTIONS: NIL			

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: nil.

Company Directors whose mandates expired in 2004

2004	Mr. JEAN-JACQUES BONNEAU (no longer a Director of IXIS Corporate & Investment Bank since January 10, 2005)		
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Financial Guaranty			
CIFG GUARANTY (EX-CDC IXIS FINANCIAL GUARANTY)	SA	F	Vice-Chairman of the Supervisory Board
CIFG NA INC. (EX-CDC IXIS FINANCIAL GUARANTY NORTH AMERICA INC.)		USA	Member of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (resigned January 10, 2005)
Custody			
BANCA CARIGE (listed)		ITA	CDC Finance-CDC IXIS' permanent representative on the Board of Directors (mandate expired on December 31, 2004)*
OTHER MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
GALAXY		LUX	Chairman of Management Board
GALAXY MANAGEMENT SERVICES (LUXEMBOURG)		LUX	Chairman of the Board of Directors
NORD-SUD DEVELOPPEMENT	SICAV	F	Chairman and Chief Executive Officer
OTHER MANDATES AND FUNCTIONS			
EUROTITRISATION	SA	F	Honorary Chairman
GIMAR FINANCE	SCA	F	Non-voting Board Member
SOCIETE DES MANUSCRITS DES ASSUREURS FRANCAIS	SA	F	Member of the Board of Directors
VALEUR CAPITAL SA	SA	F	Chairman of the Board of Directors

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: € 6,000.

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on December 31, 2004.

Legal elements (extracts)

2004 Mr. JEAN-CLAUDE FINCK (no longer a Director of IXIS Corporate & Investment Bank since January 30, 2005)			
Company	Form	Country	Mandates / Functions
BANQUE ET CAISSE D'EPARGNE DE L'ETAT LUXEMBOURG BCEEL		LUX	Chief Executive Officer and Chairman of the Management Committee (since February 15, 2004)
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	BCEEL's permanent representative on the Supervisory Board (from February 16, 2004 to January 30, 2005)
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
GALAXY		LUX	Member of Management Board (resigned October 1, 2004)
OTHER MANDATES AND FUNCTIONS			
BOURSE DE LUXEMBOURG		LUX	Member of the Board
SES GLOBAL		LUX	Member of the Board

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: nil.

2004 Mr. ANTOINE LISSOWSKI (no longer a Director of IXIS Corporate & Investment Bank since January 28, 2005)			
Company	Form	Country	Mandates / Functions
CNP ASSURANCES (listed)	SA	F	Member of the Executive Board; Head of Finance
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Financial Guaranty			
CIFG HOLDING (EX-CDC IXIS FINANCIAL GUARANTY HOLDING)	SA	F	CNP Assurances' permanent representative on the Supervisory Board (since January 16, 2004)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Vice-Chairman of the Supervisory Board (resigned January 28, 2005)
Asset Management			
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	CNP Assurances' permanent representative on the Supervisory Board (since January 26, 2004)
ECUREUIL VIE	SA	F	Member of the Board of Directors (since April 2, 2004)
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CDC ENTREPRISES (EX-CDC PME)	SAS	F	Member of the Supervisory Board (since June 8, 2004)
SOCIETE FORESTIERE DE LA CAISSE DES DEPOTS ET CONSIGNATIONS	SA	F	CNP IAM'S permanent representative on the Board of Directors (since June 14, 2004)
OTHER MANDATES AND FUNCTIONS			
ASSURBAIL	SA	F	Member of the Board of Directors (since March 16, 2004)
ASSURPOSTE	SA	F	CNP Assurances' permanent representative on the Board of Directors
CNP IAM	SA	F	Chairman of the Board of Directors (since June 14, 2004)

2004			
Mr. ANTOINE LISSOWSKI			
(no longer a Director of IXIS Corporate & Investment Bank since January 28, 2005)			
Company	Form	Country	Mandates / Functions
FILASSISTANCE INTERNATIONAL	SA	F	CNP Assurances' permanent representative on the Board of Directors
INVESTISSEMENT TRESOR VIE	SA	F	CNP Assurances' permanent representative on the Board of Directors
CNP IMMOBILIER	SCI	F	CNP Assurances' permanent representative, Manager
COMPAGNIE IMMOBILIERE DE LA CNP CIMO	SCI	F	CNP Assurances' permanent representative, Manager
RUEIL NEWTON	SCI	F	CNP Assurances' permanent representative, Manager
SCI DU 147 AVENUE VICTOR HUGO	SCI	F	CNP Assurances' permanent representative, Manager
SCI ISSY DESMOULINS	SCI	F	CNP Assurances' permanent representative, Manager
SCI VENDOME EUROPE	SCI	F	CNP Assurances' permanent representative, Manager
SICAC	SCI	F	CNP Assurances' permanent representative, Manager
SOCIETE CIVILE DU 136 RUE DE RENNES	SCI	F	CNP Assurances' permanent representative, Manager
SOCIETE CIVILE IMMOBILIERE BELVEDERE	SCI	F	CNP Assurances' permanent representative, Manager
SOCIETE CIVILE IMMOBILIERE DE LA CNP	SCI	F	CNP Assurances' permanent representative, Manager
SOCIETE CIVILE IMMOBILIERE L'AMIRAL	SCI	F	CNP Assurances' permanent representative, Manager
SOCIETE FONCIERE DE LA CNP	SCI	F	CNP Assurances' permanent representative, Manager
CAIXA SEGUROS		BRA	Member of the Board (since February 4, 2004)

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: nil

2004			
Mr. JEAN-PIERRE MENANTEAU			
(no longer a Director of IXIS Corporate & Investment Bank since January 31, 2005)			
Company	Form	Country	Mandates / Functions
SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS SNCF	PUB	F	Head of Finance, Purchasing, IT Systems and Telecoms (since February 6, 2004)
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (resigned January 31, 2005)
OTHER MANDATES AND FUNCTIONS			
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board
GEODIS (listed)	SA	F	Member of the Board of Directors (since May 28, 2004)
SOFIAP	SA	F	Member of the Board of Directors (since May 28, 2004)
SNCF PARTICIPATIONS	SA	F	Member of the Board of Directors (since June 22, 2004)
EUROFIMA		CZE	Member of the Board (since June 18, 2004)

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: nil

Legal elements (extracts)

2004			
Mr. BRUNO METTLING			
(no longer a Director of IXIS Corporate & Investment Bank since September 6, 2004)			
Company	Form	Country	Mandates / Functions
BANQUE FEDERALE DES BANQUES POPULAIRES	SA	F	Deputy Chief Executive Officer
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board (resigned September 6, 2004)
COMPAGNIE FINANCIERE EULIA	SA	F	Member of the Board of Directors (mandate expired June 30, 2004)**
CAISSE D'EPARGNE FINANCEMENT (CEFI)	SA	F	Member of the Board of Directors (resigned March 30, 2004)
FINANCIERE OCEOR	SA	F	Member of the Supervisory Board (resigned September 6, 2004)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	CNCE's permanent representative on the Supervisory Board (mandate expired September 6, 2004)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	CNCE's permanent representative on the Supervisory Board (mandate expired September 6, 2004)
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	CNCE's permanent representative on the Supervisory Board (mandate expired September 9, 2004)
IXIS PRIVATE CAPITAL MANAGEMENT (EX-CDC IXIS PRIVATE CAPITAL MANAGEMENT)	SA	F	CNCE's permanent representative on the Supervisory Board (mandate expired October 6, 2004)
ECUREUIL GESTION	SA	F	Chairman of the Supervisory Board (resigned January 30, 2004)
ECUREUIL VIE	SA	F	Chairman of the Board of Directors (resigned January 30, 2004)
OTHER MANDATES AND FUNCTIONS			
VIGEO	SAS	F	Member of the Board of Directors (resigned September 6, 2004)
LA MUTUELLE DU MANS ASSURANCES VIE	MUT	F	CNCE's permanent representative (mandate expired September 6, 2004)
LA MUTUELLE DU MANS ASSURANCES IARD (MMA IARD)	MUT	F	CNCE's permanent representative (mandate expired September 6, 2004)

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: nil.

2004			
Mr. ALAIN PREVOT			
(no longer a Director of IXIS Corporate & Investment Bank since May 6, 2004)			
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Executive Board (since April 28, 2004)
ENTENIAL (listed)	SA	F	Chief Operating Officer (since April 28, 2004)
COMPTOIR FINANCIER DE GARANTIE	SA	F	Chairman and Chief Executive Officer (since July 1, 2004)
CREDIT DE L'ARCHE	SA	F	Chairman of the Board of Directors (since November 16, 2004)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Executive Board; Chief Executive Officer; General Secretary (resigned May 6, 2004)
IXIS CAPITAL MARKETS NORTH AMERICA (EX-CDC IXIS CAPITAL MARKETS NORTH AMERICA)		USA	Member of the Board of Directors (resigned March 23, 2004)
ARAMIS MANAGEMENT SA		LUX	Member of the Board (mandate expired February 4, 2004)
CICM INNOV	SAS	F	Chairman (resigned March 31, 2004)
ICMOS LUXEMBOURG		LUX	Member of the Board (resigned March 31, 2004)

** Compagnie Financière EULIA was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on June 30, 2004.

2004			
Mr. ALAIN PREVOT			
(no longer a Director of IXIS Corporate & Investment Bank since May 6, 2004)			
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN CAISSE DES DÉPÔTS GROUP			
CDC SP		LUX	Member of the Board (resigned March 31, 2004)
OTHER MANDATES AND FUNCTIONS: NIL			

Remuneration and benefits received in 2004 in exchange for mandates and functions exercised within IXIS Corporate & Investment Bank: €145,374.77.

2004			
Mr. LAURENT VIEILLEVIGNE			
(no longer a Director of IXIS Corporate & Investment Bank since January 31, 2005)			
Company	Form	Country	Mandates / Functions
MANDATES AND FUNCTIONS WITHIN GROUPE CAISSE D'EPARGNE			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PREVOYANCE	SA	F	Director of Corporate and Institutional Client Relations within the Investment Bank
CDC FINANCE-CDC IXIS	SA	F	Member of the Executive Board, Director Client Relations and Commercial Development (mandate expired December 31, 2004)*
ITALIA HOLDING (EX-CDC IXIS ITALIA HOLDING)	SA	F	Chairman of the Supervisory Board (since April 8, 2004)
SOGEPSTE	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board (mandate expired December 31, 2004)*
Financial Guaranty			
CIFG HOLDING (EX-CDC IXIS FINANCIAL GUARANTY HOLDING)	SA	F	Vice-Chairman of the Supervisory Board (since February 17, 2004)
CIFG EUROPE (EX-CDC IXIS FINANCIAL GUARANTY EUROPE)	SA	F	Vice-Chairman of the Supervisory Board (since February 23, 2004)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK (EX-CDC IXIS CAPITAL MARKETS)	SA	F	Member of the Supervisory Board (resigned January 31, 2005)
IXIS SECURITIES (EX-CDC IXIS SECURITIES)	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board (since February 2, 2004)*
Asset Management			
IXIS ASSET MANAGEMENT (EX-CDC IXIS ASSET MANAGEMENT)	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board (mandate expired December 31, 2004)*
IXIS PRIVATE CAPITAL MANAGEMENT (EX-CDC IXIS PRIVATE CAPITAL MANAGEMENT)	SA	F	Vice-Chairman of the Supervisory Board
VÉGA FINANCE	SA	F	CDC Finance-CDC IXIS' permanent representative on the Supervisory Board (mandate expired December 31, 2004)*
IXIS AEW EUROPE	SA	F	CDC Finance-CDC IXIS' permanent representative on the Board of Directors (mandate expired December 31, 2004)*
Custody			
IXIS INVESTOR SERVICES	SA	F	Member of the Supervisory Board
IXIS ADMINISTRATION DE FONDS (EX-CDC IXIS ADMINISTRATION DE FONDS)	SA	F	CDC Finance-CDC IXIS' permanent representative on the Board of Directors (mandate expired December 31, 2004)*
OTHER MANDATES AND FUNCTIONS: NIL			

Director's fees received in 2004 in exchange for the mandate exercised within IXIS Corporate & Investment Bank: nil.

* CDC Finance-CDC IXIS was merged into Caisse Nationale des Caisses d'Epargne et de Prévoyance on December 31, 2004.

■ Corporate governance

Preparation and organization of tasks undertaken by the Supervisory board and Specialized Committees ⁽¹⁾

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 Specialized Committees from among its own members. These committees report to, and are assigned their remit by the Supervisory Board. In this respect, the Supervisory Board set up a Financial and Internal Control Committee, and a Compensation Committee at the time of its inception.

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. It also submits a report to the Annual General Meeting of Shareholders concerning the preparation and organization of its work, together with the internal control procedures implemented by the Company (see below). Lastly, it approves the so-called "regulated agreements" and establishes the list of agreements concerning ordinary operations and which were concluded under normal conditions.

Composition and organization of the Supervisory Board

Since January 31, 2005, IXIS Corporate & Investment Bank's Supervisory Board has comprised 18 members (compared with nine members previously) ⁽²⁾, all of whom own at least one share issued by the Company.

Although IXIS Corporate & Investment Bank is a wholly-owned subsidiary of Caisse Nationale des Caisses d'Epargne, its Supervisory Board nevertheless includes two independent board members.

IXIS Corporate & Investment Bank's definition of an independent board member is that

set out in the Bouton Report (*rapport Bouton*) of September 23, 2002, i.e. any person whose judgment 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.

Since March 22, 2005, three non-voting directors (*censeurs*) appointed by the Annual General Meeting of Shareholders attend Supervisory Board meetings. Their purpose is to verify, without interfering with the running of the Company, that the Company is meeting its obligations, notably its legal obligations and those set out in its bylaws.

Activity of the Supervisory Board in 2004

IXIS Corporate & Investment Bank's Supervisory Board convened on seven occasions in 2004, each time in the presence of personnel representatives. The average attendance rate was 75%.

Corporate and legal Affairs takes responsibility for organizing the Board and Specialized Committee meetings. Minutes were drawn up after each Supervisory Board meeting.

(1) An integral part of the Chairman of the Supervisory Board's report, as stipulated in the final paragraph of article L225-68 of the French Commercial Code concerning the preparation and organisation of tasks undertaken by the Board and the Company's internal control procedures

(2) See pages 71 to 87 for the list of all mandates and functions exercised in various companies by the members of the Supervisory Board.

Making use of Specialized Committees where necessary (see below), 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 2005 budget and objectives;
- the 2005-07 business plan;
- the proposed partial business transfer from CDC IXIS to CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank);
- the proposed asset transfer from Sanpaolo IMI to IXIS Corporate & Investment Bank;
- the IAS project;
- the new make-up of the Executive Board, Supervisory Board and Specialized Committees;
- the updating of the Company's bylaws;
- the consent of new shareholder CNCE;
- the remuneration of Executive Board members.

Lastly, as part of its special powers enshrined by law, the Supervisory Board approved:

- during its meeting of June 16, 2004, the signature:
 - of a regulated agreement, termed "Contract for the sale of membership shares", between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and Caisse des

Dépôts (CDC) covering CDC IXIS Capital Markets' sale of the membership shares it held in the CDC International economic-interest group to CDC;

- of a regulated agreement, termed "Amendment to the Letter of Commitment of May 28, 2003", between CDC IXIS and CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) aimed at enabling CDC IXIS to issue guaranties directly to IXIS Structured Products.
- during its meeting of September 21, 2004, the signature:
 - of a regulated agreement, termed "Agreement of Sale", between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CDC IXIS Securities (now called IXIS Securities) regarding CDC IXIS Capital Markets' sale of the shares it held in CDC IXIS Midcaps (now called IXIS Midcaps) to CDC IXIS Securities;
 - of a regulated agreement, termed "Letter of Commitment", between Caisse Nationale des Caisses d'Épargne et de Prévoyance (CNCE) and CDC IXIS Capital Markets (now called

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IXIS Corporate & Investment Bank). This Letter of Commitment is intended to set the conditions (scope, form, duration, remuneration, etc.) for the joint and several guaranties discussed below;

- of a regulated agreement (in French and English), termed "Joint and Several Guaranty" between CNCE and CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank). This agreement, which took effect on October 1, 2004 for an indefinite period, is intended to provide CDC IXIS Capital Markets' counterparties with CNCE's guaranty for deals concluded on or after January 24, 2004 maturing after January 23, 2017, and for deals concluded on or after January 24, 2007 regardless of their maturities.

■ during its meeting of October 29, 2004, the signature:

- of a regulated agreement, termed "Agreement of Sale", between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CNCE covering CDC IXIS Capital Markets' sale to CNCE of CDC IXIS shares it received in the context of Sanpaolo IMI's transfer in kind;
- of a regulated agreement (in English), termed "Letter of Commitment" between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CDC IXIS Capital Markets North America Inc. (now called IXIS Capital Markets North America Inc.). This Letter of Commitment is intended to set the conditions (scope, form, duration, remuneration, etc.) for the joint and several guaranties discussed below;
- of a regulated agreement (in English), termed "Guaranty" between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CDC Municipal Products Inc. (now called IXIS Municipal Products Inc.). This agreement, which took effect on November 1, 2004 for an indefinite period, is intended to provide CDC Municipal Products Inc.'s counterparties with CDC IXIS Capital Markets' guaranty for deals concluded on or after November 1, 2004 maturing after January 23, 2017, and for deals concluded on or after January 24, 2007 regardless of their maturities;
- of a regulated agreement (in English), termed "Guaranty" between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CDC Derivatives Inc. (now called IXIS Derivatives Inc.). This agreement, which took effect on November 1, 2004 for an indefinite period, is intended to provide CDC Derivatives Inc.'s counterparties with CDC IXIS Capital Markets' guaranty for deals concluded on or after November 1, 2004 maturing after January 23, 2017, and for deals concluded on or after January 24, 2007 regardless of their maturities;

- of a regulated agreement (in English), termed "Guaranty" between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CDC IXIS Financial Products Inc. (now called IXIS Financial Products Inc.). This agreement, which took effect on November 1, 2004 for an indefinite period, is intended to provide CDC IXIS Financial Products Inc.'s counterparties with CDC IXIS Capital Markets' guaranty for deals concluded on or after November 1, 2004 maturing after January 23, 2017, and for deals concluded on or after January 24, 2007 regardless of their maturities;
- of a regulated agreement (in English), termed "Guaranty" between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CDC IXIS Funding Corp. (now called IXIS Funding Corp.). This agreement, which took effect on November 1, 2004 for an indefinite period, is intended to provide CDC IXIS Funding Corp.'s counterparties with CDC IXIS Capital Markets' guaranty for deals concluded on or after November 1, 2004 maturing after January 23, 2017, and for deals concluded on or after January 24, 2007 regardless of their maturities;
- of a regulated agreement (in English), termed "Guaranty" between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CDC IXIS Commercial Paper Corp. (now called IXIS Commercial Paper Corp.). This agree-

ment, which took effect on November 1, 2004 for an indefinite period, is intended to provide CDC IXIS Commercial Paper Corp.'s counterparties with CDC IXIS Capital Markets' guaranty for deals concluded on or after November 1, 2004 maturing after January 23, 2017, and for deals concluded on or after January 24, 2007 regardless of their maturities;

- of a regulated agreement, termed "Loan Agreement" between CDC IXIS Capital Markets (now called IXIS Corporate & Investment Bank) and CDC IXIS covering the issue of a loan by CDC IXIS Capital Markets to CDC IXIS to eliminate the total interest-rate risk following the agreement to transfer assets and liabilities to CDC IXIS Capital Markets.

Directors' fees were paid to members of the Supervisory Board in proportion to their rate of attendance at meetings of the Board and of the two Specialized Committees⁽³⁾. However, in accordance with internal regulations, Supervisory Board members representing Caisse des Dépôts do not receive directors' fees for attending meetings in the exercise of their mandates within IXIS Corporate & Investment Bank.

(3) See pages 71 to 87

Activity of the Specialized Committees in 2004

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

THE FINANCIAL AND INTERNAL CONTROL COMMITTEE

The Financial and Internal Control Committee was a three-member committee prior to December 31, 2004. Since February 15, 2005, it has been a five-member committee chaired by a member of the Supervisory Board and which meets in the presence of the Company's Auditors. A report is produced after each meeting and 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. These duties include:

- 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;

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- ensuring that internal control mechanisms are functioning properly and that the corresponding regulatory measures are being applied;
- issuing an opinion on the appointment of the Auditors and their work program;
- 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 2004. The average attendance rate for Committee members was 92%. The meetings primarily examined:

- the 2003 annual financial statements and 2004 interim financial statements;
- the reports to the Supervisory Board on risk monitoring and internal control, together with the report to the AMF (the French financial-market regulator) on the control exercised over investment services supplied by the Company;
- the Chairman of the Supervisory Board's draft report concerning the preparation and organization of the Board's work, and covering the internal control procedures implemented by the Company;
- the projects undertaken during the year;
- the Basle II and IAS projects (Risk Control, Compliance, Accounting).

THE COMPENSATION COMMITTEE

The Compensation Committee is a three-member committee responsible for issuing an opinion on the compensation of the members of the Executive Board. The Committee met on one occasion during 2004, with two members present.

The Company's internal control procedures

General objectives of internal control procedures

IXIS Corporate & Investment Bank's internal control procedures are designed to ensure that at the operational level:

- transactions are processed correctly and that the Company's activities and behavior are consistent with the regulations and internal and external professional standards applicable to them,
- new products, engineered solutions and activities are developed in a secure manner,
- business activities are organized so as to prevent potential conflicts of interest,
- the risks associated with processes are evaluated and managed,
- IT systems are secure.

From an overall standpoint, the objective is to provide shareholders and investors with reasonable assurance that IXIS Corporate & Investment Bank has set up an internal control mechanism comprising secure and optimized risk management, control and compliance processes, and which is suitable for achieving the financial and economic performance targets set as part of the strategy drawn up with its shareholders as well as producing reliable and pertinent financial, accounting and managerial information.

References

The internal control mechanisms in use at IXIS Corporate & Investment Bank apply the following regulations and standards as references:

EXTERNAL REFERENCES (LEGAL OR PROFESSIONAL)

- As a credit institution: the measures contained in France's Monetary and Financial Code (*Code monétaire et financier*), essentially comprising the measures included in France's Banking Act (*Loi bancaire*) of January 24, 1984 and the Financial Activities Modernization Act (*Loi de modernisation des activités financiers*) of July 2, 1996 and, from a more specific internal control standpoint, the specific provisions pertaining to banking activity in CRBF regulation no. 97-02 and its amendments.
- As a provider of investment services: the measures dictated by France's market regulator, the AMF (*Autorité des marchés financiers*), and particularly the rules of good conduct pertaining to market intervention and client relations.
- The codes of good conduct published by professional associations, whenever these codes are recommended or imposed by the regulator (for example, the Financial Analysts' Compliance Code or *code de déontologie des analystes financiers*).
- The regulations concerning money laundering, which fall under the control of France's Banking Commission (*Commission bancaire*).
- As regards foreign branches and subsidiaries: the regulations decreed by local market regulators (the Financial Services Authority in the UK, the Bundesanstalt für Finanzdienstleistungsaufsicht/BAFIN in Germany, the Financial Supervisory Authority in Japan, the National Association of Securities Dealers and the Securities and Exchange Commission in the US, the Financial Supervisory Commission in Hong Kong, the

Commission de Surveillance du Secteur Financier in Luxembourg, the Irish Financial Services Regulatory Authority in Ireland), wherever activities exercised locally are subject to these regulations.

INTERNAL REFERENCES

IXIS Corporate & Investment Bank's internal control system is organized according to several sets of internal rules:

- The "general internal control principles", which were previously established by CDC IXIS for all Group entities. In view of the nature and increasing complexity of the Group's activities, these principles are primarily focused on monitoring and managing risks via risk assessment or risk cartography models.
The Company is currently adapting these principles to the Bank's new scope and the new developments in its organization.
- The "Compliance Manual", which contains all the personal and professional compliance rules applicable to IXIS Corporate & Investment Bank employees (rules of good conduct, prevention of conflicts of interest, transparency as regards personal securities transactions, etc.).

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- The IXIS Corporate & Investment Bank Accounting Charter; which defines the responsibilities, roles and scope of action of the different members of the accounting function, and also describes the chain of controls implemented to ensure that both the information produced and the audit trail are exhaustive and exact.
- Groupe Caisse d'Epargne's Internal Audit Charter; which specifies the objectives, organization, principal methodological references, and guidelines for audit assignments, as well as the rights and duties of the auditors and those audited.
- Groupe Caisse d'Epargne's auditing rules handbook, which specifies how the charter is to be applied and gives standardized working practices for the Group's auditing staff. The COSO ⁽¹⁾ international internal control standard is used for the US subsidiary.

Organizational principles

The internal control mechanism is underpinned by various principles:

- Making operational managers accountable for ensuring rules are effectively applied and for setting up control procedures and methods so as to ensure activities are exercised in a secure manner:
- Decentralizing operational methods to business lines, all of which are subject to specific risk limits and reporting obligations.
- Separating functions on a widespread basis by:
 - Maintaining strict separation (including physical) between front-office personnel initiating financial commitments and back-office personnel processing transactions.
 - Ensuring contractual documentation is prepared in a secure manner; by placing legal officers as close as possible to operational personnel in the front office, while at the same time maintaining hierarchical links with the Legal Department.
 - Applying the "double check" rule so as to ensure that two participants are always involved in operational processes (monitoring deadlines and timetables for complex products, entering/validating payments, sending valuations to clients, etc.).
 - Erecting "Chinese Walls" in order to prevent confidential information circulating between departments, activities or entities, and to avert potential conflicts of interest.
- There are several levels of control at IXIS Corporate & Investment Bank:
 - Permanent first-level controls are undertaken by hierarchical managers and complemented by monitoring and control functions that are independent of these hierarchies but integrated within operational activities, the aim being to monitor personnel as closely as possible. For example:
 - within trading rooms, risk managers who are independent of desk managers and report directly to the two Executive Board members in charge of Capital Markets are responsible for ensuring front-office personnel respect individual trading limits (behavioral limits) and also for overseeing P/L production and validation,
 - within back offices, accounting cells exist to ensure the separation of trade processing/unwinding and accounting validation/reconciliation.
 - Participation of support functions (Legal and Fiscal, Accounting, IT Systems, etc.), with the aim of making activities more secure.
 - Regular second-line controls are carried out by Risk Control (market, counterparty, operational) and Compliance staff.
 - Periodic third-level controls independent of all others are carried out via the

(1) Committee of Sponsoring Organizations of the Treadway Commission's Internal Control-Integrated Framework.

Internal Audit department and Group General Inspection.

- The heads of Risk Control, Compliance and Internal Audit all report to the Chairman of the Executive Board. Strong links also exist between these functions and the heads of the Group's corresponding departments.

Moreover, IXIS Corporate & Investment Bank's internal control mechanism employs a variety of committees whose purpose is to guide decision-making, ensure transactions are carried out in a standardized fashion, and manage risks in a manner consistent with the amount of innovation and degree of complexity of its businesses.

There are two types of committees:

- Operational committees (collateralization and master agreements, brokers, standardization of data entry, etc.)
- Executive committees (new products, investments, lending, referencing, P/L and market risks, operational risks, balance sheet management, etc.)

The operational mechanism (main participants and methods)

The Bank's organization has been adapted to the new scope of its activities (capital markets and financing).

The Company has created several new departments:

- A Finance department, which brings together the treasury, currency and ALM functions under a single management team,
- An Administrative department, which notably includes a new team devoted to organizing and developing procedures within the Company,

- A single IT Systems department, with the goal of standardizing the way front-office and back-office IT systems are managed and capitalizing on project management know-how concerning the various businesses,

- The IT Systems department and post-trade activities have been merged under the responsibility of a member of the Executive Board in charge of Operations,

- With a view to satisfying forthcoming regulatory obligations, a special ex-post controls unit has been set up under the ambit of the Compliance department. This team is responsible for ensuring the proper standards are respected at IXIS Corporate & Investment Bank and for permanent supervision of the quality and reliability of the mechanism for monitoring the risk of non-compliance. To this end, it collaborates with the Risk department on operational-risk issues.

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In order to manage the full spectrum of risks linked to its activities, IXIS Corporate & Investment Bank's internal control mechanism makes use of a tight-knit system of:

- participants (intervening directly or via internal committees),
- procedures (validation, authorization, processing, control),
- measuring and monitoring tools,
- operational and management reports.

This mechanism functions in different areas:

The launch of innovative activities and products

- A Transactions Committee, chaired by one of the two Executive Board members in charge of front-office activities and manned by staff from the Risk Control, Legal and Compliance Departments, issues:
 - hierarchical authorizations for large or particularly risky transactions,
 - authorizations in principle for innovative transactions (subject to approval by the New Products Committee).

In addition, an Investment Committee is specifically tasked with examining real-estate based structured products.

- Chaired by the head of Risk Control, the New Products/New Activities Committee (which is preceded by technical pre-committees where necessary) brings together all the relevant support functions concerned (including Risks, Back Office and Compliance), in order to conduct a collegial, cross-departmental and concerted analysis prior to authorizing launch.
- The "technical visa" procedure, which notably involves the Legal, Compliance and Back-Office functions, is more specific in purpose and focuses on the content of contractual documentation and ensures IT systems can process new products correctly.

Capital market and financing activities:

Employees exercising trading functions and credit analysts are required to have professional registration cards.

Procedures exist to govern:

- the opening of relations with the client (the Referencing Committee),
- the choice of intermediaries (the Brokers Committee),
- the acceptance of credit risk (Credit Committee and counterparty/client limits),
- relations with counterparties, through the creation of master contracts and guaranties and the validation of models used to confirm transactions (Collateralization and Master Contract Committee),
- the acceptance of market risk (each operator is subject to operational limits formalized via individual "road maps").

Trade confirmation signatures and the broader legal and contractual documentation related to trading:

IXIS Corporate & Investment Bank's signature rules are based on strict front/back-office separation and are organized by business line and type of legal commitment, as well as being subject to hierarchical visas at different levels.

Recording transactions:

Transaction recording systems convey information on the underlying management intention with the transaction, based on a front-to-back accounting process that ensures the audit trail is both exhaustive and sound.

Measuring/monitoring risks:

The Paris-based activities, the branch offices and the subsidiaries all are integrated into global business lines, and a common set of rules are therefore used to monitor their respective risks.

MARKET RISKS

- Risk Management carries out a daily control to verify that individual trading limits are being respected (markets, authorized products and classes of risk, stop-loss indicators, etc.) and to check the valuation parameters used to calculate results.
- VaR (Value at Risk) limits are calculated for the portfolios. Risk Control uses the *Scénarisk* tool on a daily basis to ensure VaR limits are being respected.
- Risk Control validates the models used to measure risks and results.
- Risk Control also performs a daily market risk consolidation (all Group entities combined).
- These measures are rounded out with stress tests based on crisis scenarios.
- A P/L and Market Risk Committee takes stock monthly of the Group's principal risks, use of limits, major products processed, methodological changes and risk measurement.

CREDIT/COUNTERPARTY RISKS

- The Credit Risk department, which reports to the Chairman of IXIS Corporate & Investment Bank's Executive Board, analyzes counterparties and transactions that imply credit risk. It establishes internal ratings methodologies that are used throughout the Group for counterparties or activities for which it is responsible under the spheres of competency principle currently used by Groupe Caisses d'Epargne's Risk department. Lending decisions are made within the framework of credit committees or credit bodies organized by business line according to formalized procedures. IXIS Corporate & Investment Bank's Credit Committee, headed by the Chairman of the Executive Board or the Executive Board member in charge of Finance, makes decisions regarding the Bank's principal commitments, monitors developments in loans outstanding, and conducts an annual revision of risk limits and ratings.
- In the interests of performance, Credit Risk analysts are specialized in either corporate counterparties (on a sector basis) or financial counterparties (banks, funds, insurers, asset managers, etc.). Analysts work alongside a team that acts

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as an interface with the trading room and which handles requests from traders as they arise.

- The department also has a team that handles systems management, data entry and risk monitoring (use compared against authorizations).
- Commitment limits are monitored daily by the Credit Risk department.
- The Amerisc software tool calculates a Monte-Carlo type VaR on a daily basis in order to assess potential losses related to credit/counterparty risks.
- For Specialized Financing activities, a Watch List Committee meets quarterly to review the entire credit portfolio and the existing watch list to determine which entries need to be added, which will remain, and which need to be taken off. A Provisions Committee also meets quarterly to calculate the amount of provisions to be set aside. This Committee relies on the conclusions of the Watch List Committee, among others.

OPERATIONAL RISKS

- The Risk Control department contains an operational risk unit that deals with identification, measurement and reporting aspects.
The unit's work is examined by the Operational Risk Committee, which meets bimonthly. This Committee, which reports to a member of the Executive Board, is notably composed of representatives from the Risk Control, Compliance, IT Systems Security and Organization functions. The Committee's remit is to ensure the permanent internal control mechanism is appropriate for managing operational risks and to examine anti-fraud regulations (calling on the Legal and Internal Audit departments as needed).
- In response to Basle II requirements, IXIS Corporate & Investment Bank uses an incident tool at every level of its organization and which is used as the basis for the operational risk IT system. A set of correspondents have been appointed in the Bank's various departments and foreign branches.

NON-COMPLIANCE RISKS

The Compliance department defines the standards imposed by financial regulations and internal controls relating to this category of risks and instructs operational personnel as necessary.

This mechanism relies on both:

- prior monitoring based on the "pre-approvals" issued by senior management on a case-by-case basis, and
- ex-post controls conducted by a special-purpose management function, which can call on the services of the Internal Audit department, depending on the nature of its investigation.

ALM RISKS

- The Finance department has responsibility for short-term refinancing of the Group's business, as well as monitoring equity allocation among the different business lines, and ensuring the Bank's balance-sheet equilibrium (mainly by measuring liquidity, global interest-rate and exchange-rate risks).
- An ALM Committee, which reports to the Chairman of the Executive Board, examines ALM risks monthly and periodically reviews cash and balance sheet authorizations.

Calculating profits:

The process of calculating management profit is overseen by Risk Management. Management profit is verified by the P/L and Risk Control function, notably by:

- validating front-office pricers,
- controlling market data using independent sources,
- reconciling management profit with accounting profit.

This process involves the Back-Office accounting cells and the Central Accounting function which has final responsibility for ensuring profits are exact.

IT systems security (ITSS):

In recognition of the importance of ITSS for financing and investment banking activities, the head of ITSS oversees:

- the quality of the diverse components of the IT security mechanism (firewalls, system access procedures, business continuity plans, etc.),
- the application of a common methodology for developing IT projects,

- development of measurement and monitoring indicators with respect to ITSS.

In addition, IT projects are regularly used to adapt systems with a view to enhancing STP (straight-through-processing) capability.

Insurance coverage:

The risk-coverage mechanism is rounded out with professional civil liability insurance policies covering all of IXIS Corporate & Investment Bank's activities.

Assessment of the internal control mechanism:

Within the framework of a coordinated work program approved by Groupe Caisse d'Epargne's own General Inspection function, IXIS Corporate & Investment Bank's Internal Audit unit periodically checks the quality of risk management, control and compliance procedures, via audit assignments or more specific controls based on a risk-oriented approach. These measures also encompass the foreign branches, within which the Paris-based Internal Audit function has local correspondents that report regularly on the work undertaken.

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Similar measures are applied with the Internal Control arm of the Company's equity-brokering subsidiary.

The internal audit function of the New York subsidiary, IXISSM Capital Markets, is integrated within the Paris internal audit department and adheres to strict reporting standards. Groupe Caisse d'Epargne's General Inspection function performs its own audits of IXIS Corporate & Investment Bank's activities on a discretionary basis.

KEY POINTS OF THE INTERNAL CONTROL AND REPORTING MECHANISMS

Structural factors such as the separation of functions, the system of limits and the different levels of control, have been described in previous parts of this chapter.

Another key element of risk monitoring and management concerns the quality of the reporting system.

This system is organized as follows at IXIS Corporate & Investment Bank:

■ Reports submitted to the Executive Board

Reports concerning the following aspects are compiled by control or management functions independent of the operational functions intervening in the markets:

- New products/engineered solutions (monthly reports to the Executive Board on the status of processing authorization and updates on the implementation of measures requested in committee)
- Risks:
 - reports on market risks (daily on VaR, weekly and monthly updates on the main variations)
 - reports on breaches of counterparty risk limits (daily monitoring of limits and weekly update)
 - reports on operational risks based on specifically developed indicators
- Profits: daily P/L report by activity, weekly and monthly updates on the main variations
- Accounting: summary notes on accounting controls (quarterly)
- Management: ALM reports from the Asset-Liability Committee
- The application of good conduct rules together with the watch list of stocks under surveillance designed to prevent conflicts of interest
- The compliance requirements relating to the entry into relations with clients.

■ Reports used by operational departments

These reports notably focus on:

- ensuring operational limits are being respected (behavioral, VaR),
- contractual guaranties (collateralization),
- the existence of master agreements with counterparties, and more generally, the conservation of legal documentation relating to transactions,
- the smooth-functioning of processing procedures (confirmations, payments, suspense),
- errors and incidents.

Discussions held in 2004 resulted in the Company implementing a scorecard with qualitative and quantitative indicators for monitoring post-trade activities.

CONCLUSION ON IXIS CORPORATE & INVESTMENT BANK'S INTERNAL CONTROL MECHANISM

IXIS Corporate & Investment Bank has set up a tight-knit system designed to anticipate the essential issues related to the complexity of its activities and the risks they entail. This mechanism needs to be constantly amended in response to developments in the Company's activities and their innovative nature. IXIS Corporate & Investment Bank is currently focusing its efforts on the following areas:

- standardizing procedures for recording and processing complex transactions,
- enhancing client referencing procedures,
- strengthening credit-risk monitoring processes,
- reinforcing permanent internal controls on transactions involving special-purpose vehicles,
- developing further indicators of operational-risk and non-compliance risk and automating certain recurrent controls so as to improve efficiency,
- reinforcing the IT systems security activity to reflect the Bank's new scope and satisfy new regulatory requirements,
- further improving IT channels to reinforce STP (straight-through-processing) capability.

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Production and processing of accounting and financial information

The Central Accounting function

The Central Accounting function reports to the Executive Board member in charge of Finance. It is organized into five main segments:

- consolidation and control of subsidiaries' accounting, consolidated accounts, and central second-line control of consolidated subsidiaries,
- production of financial statements, parent company accounts, consolidation reports and all regulatory reports,
- accounting processing of non-operational activities,
- accounting control for company accounts (Paris and branches),
- accounting standards, procedures and systems (definition of user needs and maintenance of interpretation and production systems).

Production and control of information

IXIS Corporate & Investment Bank produces parent-company and consolidated financial statements each half year.

Note that the consolidated accounts include IXIS Corporate & Investment Bank and its subsidiaries IXISSM Capital Markets (New York), IXIS Securities, and its (equity-accounted) stake in Nexgen. The scope of consolidation comprises 54 entities, including a certain number of special-purpose vehicles.

The financial statements are compiled in accordance with prevailing legislation and regulations (the set of rules specific to financial institutions established by France's Banking Commission/*Commission Bancaire*, and by the National Accounting Committee/*Comité de la réglementation comptable du conseil national de la comptabilité*). These rules specify the information to be included in the reference document of the French financial market regulator, the AMF.

Accounting and valuation rules are established in accordance with Groupe Caisse d'Epargne standards.

Half-yearly information is subject to an attested limited review while full-yearly information is subject to certification by the Auditors.

Accounting information production systems and organizational structure

CONSOLIDATED ACCOUNTS

The organization used to produce consolidated accounting information consists of the Central Accounting department and its correspondents within the subsidiaries. These correspondents are responsible for consolidating figures and following the central accounting department's instructions for producing the Group's consolidated accounts.

The main stages of the process in their respective order are as follows: definition of the scope of consolidation including special-purpose vehicles (using predetermined materiality thresholds), centralization of financial information and consolidation processing using software administered and parameterized by CNCE's Group Regulation and Consolidation department. The figures received are systematically checked for consistency and

compliance with the accounting standards in force for credit institutions in France and, more specifically, those set by Groupe Caisse d'Epargne.

Transactions between different Groupe Caisse d'Epargne entities are validated on the basis of contradictory declarations that are subjected to variance checks. IXIS Corporate & Investment Bank takes part in this procedure by using a specific software tool also developed and parameterized by CNCE to eliminate reciprocal transactions between its subsidiaries and to justify discrepancies where these need to be maintained.

PARENT COMPANY ACCOUNTS

In view of the highly interlinked nature of back-office work and accounts processing within the Company, accounting information is produced in a decentralized manner:

- front-office operational activities and their results (net banking income) are recorded by the back office using application software or manual data entry;
- other transactions are recorded in a centralized manner by the Accounting department.

Accounting information is organized by analytical centers that correspond to the elementary levels in the production of a balanced ledger. Accounting sections are specialized according to the geographic location of activity (i.e. France or one of the three countries where the Company has branches).

Period-end reporting work is coordinated by the Central Accounting function, notably via an instruction note which covers the stages in the period-end process and the information expected from the various decentralized contributors.

In order to ensure the independence of the accounting function, accounts processing systems are organized so as to disassociate management applications and the accounting interpretation of events:

- management applications, which are under back-office responsibility, produce reports of events;
- this information is interpreted by the Central Accounting function using the “*règles du jeu*” application, which produces accounting entries that are inputted to the central accounting system;

- results from complex transactions are accounted for by the back office using information rendered reliable and justified by the P/L and Risk Control function;
- non-operational transactions are processed in an auxiliary system which feeds into the central accounting system on a daily basis;
- manual entries are recorded by the back office or by the Central Accounting function in the central accounting system;
- lastly, a summary report production system under the responsibility of the accounting function is used to produce the financial statements and appendices based on the ledger extracted from the accounting system.

The accounting control channel and responsibilities

Within the scope of the New Products Committee, the Accounting department is involved in launching new or complex transactions identified by the P/L and Risk Control function. This notably requires it to establish the regulatory and account processing principles in conjunction with the back office and Tax department.

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The written analysis produced during this process is systematically transmitted to the Auditors.

From a general standpoint, production and control functions are disassociated, both as regards accounts processing and the calculation of management profit derived from operational activities.

This decentralized accounting production also entails a responsibility to produce an inventory to justify the general ledger corresponding to the accounting sections managed (including work to reconcile front-office stocks with general accounting balances). On completion of period-end work, the back office submits a report to the Central Accounting function.

Accounting control for parent-company accounts is carried out by a dedicated team housed within the Central Accounting function. The team's responsibility also extends to sections that do not correspond to operational activities.

Management profit is produced by the Risk Management department and is subsequently controlled by the P/L and Risk Control function (parameters and valuation models in particular).

Accounting profit from operational activities (net banking income) is rendered reliable by periodic reconciliation with management profit. This reconciliation is carried out by the back office and coordinated by the P/L and Risk Control function, the latter having responsibility for the application software that holds this information.

P/L and Risk Control produces a period-end report for the Central Accounting Department.

Central Accounting Control exploits and analyses the support data and the reports produced by the back office or the P/L and Risk Control function. It also undertakes complementary classical controls (analysis of variations, etc.). Last of all, it produces a summary of its work, conclusions and recommendations, which are subsequently included in a formalized accounting control summary submitted to the Members of the Executive Board and transmitted to both the Auditors and Internal Audit.

CDC IXIS' transfer of its equity interests in IXISSM Capital Markets (New York) and Nexgen in November 2004 was accompanied by the creation of a second-line control unit within the Subsidiary Consolidation and Control department. One of this unit's first actions was to work in collaboration with the subsidiaries' accounting departments in order to specify

the nature of the information needed to perform its job. This work led to a report issuing instructions to the subsidiaries. The subsidiary control unit exploits the support data and the control reports provided by the subsidiaries. It summarizes this work in a formalized analysis report which also includes an explanation of the variations that affected the financial statements over the course of the financial year. It also issues recommendations to the subsidiaries' accounting departments in order to improve control efforts and periodically makes on-site visits to the main subsidiaries in order to round out the control work it performs at a distance.

Work-in-progress geared to consolidating the accounting information processing and production mechanism

THE IFRS SWITCHOVER

IXIS Corporate & Investment Bank is following the reporting schedule set by Groupe Caisse d'Epargne, which calls for initial IAS reporting for the six-month period ending June 30, 2006 accompanied by a set of pro-forma figures for the six-month period ending June 30, 2005. First-time application of IAS has been set for the preparation of the opening balance sheet as at January 1, 2005.

IXIS Corporate & Investment Bank's Accounting department has been leading a

project to study and prepare for the implementation IAS/IFRS since 2003 in close cooperation with the business lines.

The project breaks down into three main phases:

- The **diagnostic** phase (March-September 2003) documented existing portfolios, identified the principal impacts that the new standards would have on the reporting of activities, and determined which options needed closer attention before they could be implemented.
- The **detailed analysis** phase (October 2003-July 2004) gave rise to decisions on how the system would function (classifying operations and defining how requirements would be expressed to the management systems).
- The **implementation** phase will stretch from the second half of 2004 to June 30, 2005 and provide an opportunity to adapt the Bank's organization and IT systems.

In keeping with the original plan, the Company worked in 2004 to classify all of its existing portfolios according to IFRS rules, define the consolidation treatment of special-purpose vehicles, adapt its back-office and accounting systems, and analyze the methodology used to demonstrate mirroring of internal contracts.

Since January 1, 2005, IXIS Corporate & Investment Bank has been adapting its accounting architecture in order to be in a position to produce two sets of accounts: French GAAP and IFRS. The Company's consolidated accounts will be prepared using the consolidation system now being developed by Groupe Caisse d'Épargne and which will be operational some time during 2005.

The adoption of this new accounting architecture will be accompanied by a change in the accounting plan (along the lines of France's Credit Institutions' Accounting Plan, or *plan de comptes des établissements de crédits*) and the start of production of new accounting schemes designed to translate the new IAS/IFRS rules into accounting practice.

These changes do not call into question the organization or the chain of accounting controls described above, but may require specific adjustments related to needs that may arise during the preparation of the opening balance sheet in 2005 or to the reconciliation of management/accounting entries under two accounting standards.

OTHER ACTIONS GEARED TO CONSOLIDATING THE ACCOUNTING INFORMATION PROCESSING AND PRODUCTION MECHANISM

In recent years, priority has been given to shortening period-end accounting timescales and industrializing the processes of producing summary accounts. The use of independent accounting interpretation of management events has become widespread.

The regular production of monthly accounts, begun in 2004, has made for a more fluid process of producing and controlling accounting information. Efforts must nevertheless continue in order to make the process more efficient.

The integration of the new businesses transferred from CDC IXIS in November 2004 (notably structured financing) has required them to adopt the organizational principles previously applied within the Company as described above. The application of these rules, some of which had not previously been used in those businesses, will be completed over the course of 2005.

Following its initial work during the closing of the 2004 accounts, the second-line central accounting control function will flesh out its recommendations and instructions in order to improve upon the mechanism put into place.

■ Corporate governance

Report of the Statutory Auditors,

established in accordance with the final paragraph of article L. 225-235 of the French Commercial Code and concerning the report of the Chairman of the IXIS Corporate & Investment Bank Supervisory Board, which itself describes the internal control procedures relating to the production and processing of accounting and financial information.

Year ended December 31, 2004.

To the Shareholders,

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of IXIS Corporate & Investment Bank and in accordance with the provisions of the final paragraph of article L. 225-235 of the French Commercial Code, we hereby present our report on the report of the Chairman of the IXIS Corporate & Investment Bank Supervisory Board pursuant to the provisions of article L. 225-68 of the French Commercial Code, and concerning the year ended December 31, 2004.

The Chairman of the Supervisory Board is required to describe in his report the conditions under which the Supervisory Board prepares and organizes its tasks and the internal control procedures implemented within the Company.

It is our responsibility to inform you of our observations regarding the information and statements contained in the Chairman's report concerning internal control procedures relating to the production and processing of accounting and financial information.

We have undertaken our work in accordance with the professional guidelines applicable in France and which require us to perform procedures to assess the fairness of the information provided in the Chairman's report concerning the internal control procedures relating to the production and processing of accounting and financial information. These procedures included:

- obtaining an understanding of the general objectives and organization of the company's internal controls, together with those internal control procedures relating to the production and processing of accounting and financial information presented in the Chairman's report.
- obtaining an understanding of the work required to produce the information provided in the report.

Based on the procedures referred to above, we have no observations to make on the description of the Company's internal control procedures relating to the production and processing of accounting and financial information, as contained in the report of the Chairman of the Supervisory Board, established in accordance with the provisions of the final paragraph of article L. 225-68 of the French Commercial Code.

Paris, April 18, 2005

The Auditors

PricewaterhouseCoopers Audit
Etienne Boris

Mazars & Guérard
Michel Barbet-Massin Charles de Boisriou

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.

It also draws up and presents the management report at the Ordinary General Meeting of Shareholders.

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

Composition and organization of the Executive Board

IXIS Corporate & Investment Bank's Executive Board comprised five members during 2004⁽¹⁾, each of whom held a six-year mandate.

The Executive Board is organized in accordance with internal regulations that notably specify the methods by which it operates, its powers, the allocation of tasks between members and the signature delegation mechanism (which involves establishing a list of approved signatories).

Activity of the Executive Board in 2004

The Executive Board convened on a weekly basis during the year (54 meetings). The average attendance rate for Board members was 81%.

Executive Board meetings systematically examined and commented on the regular scorecards 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

			First appointed	Expiry of mandate
Auditors	PricewaterhouseCoopers Audit represented by Etienne Boris	32, rue Guersant 75833 Paris Cedex 17	AGM of 30/6/97	AGM voting on 2004 financial statements
	Mazars & Guérard represented by Michel Barbet- Massin and Charles de Boisriou	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	Mr. Dominique Paul	32, rue Guersant 75017 PARIS	AGM of 30/6/97	AGM voting on 2004 financial statements
	Mr. 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

(1) See pages 67 to 87 for the full list of mandates and functions exercised on various Company boards by members of the Executive Board.

■ Corporate governance

Auditors' fees ⁽¹⁾

Description of assignment	PricewaterhouseCoopers Audit				Mazars & Guérard			
	2004		2003		2004		2003	
	€K	%	€K	%	€K	%	€K	%
Certifications, examination of accounts	690	67	417	60	347	33	275	40
Other audit assignments	74	95	42	89	4	5	5	11
Other assignments – legal and fiscal	48	89	11	100	6	11	-	0
Total	812	69	470	63	357	31	280	37

No fees were paid in 2004 concerning assignments connected with information technology or internal audit.

Ernst & Young received €40,000 for its work in certifying IXIS Securities' accounts in 2004. Ernst & Young and Touber also received €47,000 and €21,000, respectively, in 2003 in their role of auditors for IXIS Securities in 2003.

(1) Fees are assigned to the financial year audited and stated on a tax-inclusive basis.

Resolutions submitted to IXIS Corporate & Investment Bank's Ordinary/Extraordinary General Meeting of Shareholders on May 11, 2005

The Executive Board requests that shareholders present at the Ordinary/Extraordinary General Meeting of Shareholders:

- approve the parent company and consolidated accounts for the 2004 fiscal year; these having been certified without qualification by the Auditors;
- approve the regulated agreements concluded during the course of 2004, which have previously been authorized by the Supervisory Board and which are presented in the Auditors' special report;
- approve the proposed allocation of earnings, which after taking into account the payment of an interim dividend of €140,459,505.00 on December 8, 2004 and the allowance to the legal reserve, provides for payment of a dividend of €48,830,833.35 and the allocation of the remaining €143,786,613.04 of distributable income to retained earnings;
- allocate total director's fees of €84,500 to the members of the Supervisory Board in respect of the 2004 fiscal year;
- renew the mandates of the Principle Auditors, Pricewaterhouse Coopers Audit, and of the Substitute Auditor, Mr. Dominique Paul, which are due to expire at the end of this Meeting, in accordance with the opinion issued by the Financial and Internal Control Committee;
- proceed with the statutory amendments pertaining to the composition and the organization of the Supervisory Board.

Text of resolutions

Ordinary resolutions

FIRST RESOLUTION

Having heard the presentation of the report of the Executive Board, and the reading of the reports of the Supervisory Board and the Auditors, together with the presentation of the report of the Chairman of the Supervisory Board concerning the preparation and organization of the Board's work and the internal control procedures implemented by the Company, as well as the reading of the Auditors' report on the said report, the Shareholders' Meeting approves the parent company financial statements for the year ended December 31, 2004, as presented.

SECOND RESOLUTION

Having heard the presentation of the report of the Executive Board, and the reading of the reports of the Supervisory Board and the Auditors, together with the presentation of the report of the Chairman of the Supervisory Board concerning the preparation and organization of the Board's work and the internal control procedures implemented by the Company, as well as the reading of the Auditors' report on the said report, the Shareholders' Meeting approves the consolidated financial statements for the year ended December 31, 2004, as presented.

Corporate governance

THIRD RESOLUTION

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

FOURTH RESOLUTION

The General Shareholders' Meeting decides to allocate income for the year as follows:

Calculation of distributable income:	
Net income for 2004	€195,215,033.54
Allowance to the legal reserve	(€4,679,561.64)
Retained earnings from previous year	€142,541,479.49
Interim dividend paid on December 8, 2004	(€140,459,505.00)
Distributable income	€192,617,446.39
Allocation of distributable income:	
Dividend	€48,830,833.35
Retained earnings	€143,786,613.04

As at December 31, 2004, the parent company's total capital comprised 125,207,265 shares each with a nominal value of €15.25.

The present shareholders' meeting decides to make a dividend payment of €0.39 per share.

The following dividends have been paid during the course of the last three years:

- 2002: a dividend of €27,200,000, plus a tax credit of €13,600,000 (as approved by the General Shareholders' Meeting of May 17, 2002, convened to vote on the accounts for the year ended December 31, 2001).
- 2003: No dividend distributed (as approved by the General Shareholders' Meeting of May 14, 2003, convened to vote on the accounts for the year ended December 31, 2002).
- 2004:
 - a dividend of €46,500,000, plus a tax credit of €23,250,000 (as approved by the General Shareholders' Meeting of May 6, 2004, convened to vote on the accounts for the year ended December 31, 2003).
 - an interim dividend of €140,459,505 including an amount of €65,764,764 accompanied with a tax credit of €32,882,382 (as approved by the Executive Board on December 7, 2004).

FIFTH RESOLUTION

The General Shareholders' Meeting sets the total fees allocated to the members of the Supervisory Board at €84,500 for fiscal year 2004.

SIXTH RESOLUTION

After hearing the report of the Executive Board, the General Shareholders' Meeting renews for a period of six years (i.e. until the end of the Shareholders' Meeting convened to approve the accounts for the fiscal year ending December 31, 2010), the mandates of:

- PricewaterhouseCoopers Audit, the Principal Auditors,
- Mr. Dominique Paul, the Substitute Auditor.

SEVENTH RESOLUTION

The General Shareholders' Meeting gives all powers to the bearer of a copy or extract of the minutes of the Meeting to carry out all legal filing and publication formalities pertaining to the ordinary resolutions.

Extraordinary resolutions**EIGHTH RESOLUTION**

After acknowledging the report of the Executive Board, the Extraordinary General Shareholders' Meeting decides to amend article 25 paragraph 2 of the Company's articles of incorporation as follows:

Article 25: Composition of the Supervisory Board and age limit

The second paragraph is amended as follows:

"The age limit for the exercise of functions as a member of the Supervisory Board is set at 72 years of age. The number of members of the Supervisory Board aged over 68 years may not exceed one third of the number of members exercising functions. In the event this limit is attained, the oldest member is assumed to have resigned from office at the time of the next Shareholders' Meeting".

The rest of the article is unchanged.

NINTH RESOLUTION

After acknowledging the report of the Executive Board, the Extraordinary General Shareholders' Meeting decides to amend article 28 of the Company's articles of incorporation by including an additional paragraph as follows:

Article 28: Organization of the Supervisory Board

An additional paragraph is added after the second paragraph:

"The Board may also award the title of Vice-Chairman to another member of the Board."

The rest of the article is unchanged.

TENTH RESOLUTION

The General Shareholders' Meeting gives all powers to the bearer of a copy or extract of the minutes of the Meeting to carry out all legal filing and publication formalities pertaining to these resolutions.





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Consolidated financial statements

Consolidated balance sheet

Assets

(millions of euros)

	Notes	31/12/04	31/12/03	31/12/02
INTERBANK AND MONEY MARKET TRANSACTIONS				
Cash, central banks and post-office banks			1	10
Treasury bills and money-market instruments	3	11,006	13,634	8,262
Due from financial institutions	1	81,173	51,826	55,562
CUSTOMER TRANSACTIONS				
Commercial loans	2	531		
Other credits to customers		28,560	9,983	7,065
BONDS, EQUITIES, OTHER FIXED- AND VARIABLE-INCOME SECURITIES				
Bonds and other fixed-income instruments	3	44,783	37,582	44,203
Equities and other variable-income securities	3	19,132	6,610	3,956
AFFILIATES AND OTHER LONG-TERM SECURITIES				
Investments in affiliates	4	58	34	4
Investments in subsidiaries and affiliates accounted for by the equity method	5	73		
TANGIBLE AND INTANGIBLE FIXED ASSETS				
	6	83	53	50
ACCRUED INCOME AND OTHER ASSETS				
	7	21,660	14,490	11,423
TOTAL		207,059	134,213	130,535

Liabilities

(millions of euros)

	Notes	31/12/04	31/12/03	31/12/02
INTERBANK AND MONEY-MARKET TRANSACTIONS				
Central banks and post-office banks				13
Due to financial institutions	8	69,900	73,722	80,788
CUSTOMER TRANSACTIONS				
Other amounts due to customers	9	31,214	10,408	4,203
DEBT SECURITIES				
Interbank and money-market instruments	10	39,562	9,323	12,392
Bonds and similar debt instruments		7,432	670	1,230
Other debt securities		119		
ACCRUED EXPENSES AND OTHER LIABILITIES	11	52,490	38,577	30,498
PROVISIONS FOR CONTINGENCIES AND LOSSES	12	364	39	47
SUBORDINATED DEBT	13	2,540	727	729
FUND FOR GENERAL BANKING RISKS (FGBR)	14	6		
SHAREHOLDERS' EQUITY				
Common stock	14	3,432	747	635
Additional paid-in capital		1,909	458	458
		994	10	10
Retained earnings		336	167	71
Net income		193	112	96
TOTAL		207,059	134,213	130,535

Consolidated financial statements

Consolidated income statement

(millions of euros)

	Notes	31/12/04	31/12/03	31/12/02
INTEREST AND SIMILAR INCOME:				
From treasury and interbank transactions	21	1,582	1,073	1,626
From customer transactions	22	401	208	160
From bonds and other fixed-income securities	23	312	472	542
Other interest and similar income		417	2,289	1,488
INTEREST AND SIMILAR EXPENSES:				
From treasury and interbank transactions	21	(1,973)	(1,911)	(2,571)
From customer transactions	22	(341)	(151)	(76)
From bonds and other fixed-income securities	23	(664)	(342)	(324)
Other interest and similar expenses		(315)	(2,163)	(2,543)
INCOME ON EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	24	50	14	16
FEE AND COMMISSION INCOME	25	119	70	84
FEE AND COMMISSION EXPENSES	25	(90)	(82)	(67)
NET INCOME ON TRADING PORTFOLIOS	26	1,655	1,196	1,218
NET INCOME (EXPENSES) ON AVAILABLE-FOR-SALE SECURITIES	27	(339)	(45)	951
OTHER NET OPERATING INCOME (EXPENSES)	28	(24)	5	(4)
NET BANKING INCOME		790	633	500
OPERATING EXPENSES:				
Payroll expenses	29	(291)	(203)	(190)
Other administrative expenses		(208)	(196)	(183)
Intra-group transactions		18	15	26
DEPRECIATION AND IMPAIRMENT CHARGES ON TANGIBLE AND INTANGIBLE FIXED ASSETS		(17)	(16)	(17)
GROSS OPERATING INCOME		292	233	136
COST OF RISK	30	1	(76)	
OPERATING INCOME		293	157	136
NET INCOME FROM SUBSIDIARIES AND AFFILIATES ACCOUNTED FOR BY THE EQUITY METHOD	5	1		
GAINS OR LOSSES ON LONG-TERM INVESTMENTS	31	(1)	5	
ORDINARY INCOME BEFORE TAX		293	162	136
EXTRAORDINARY INCOME				(14)
INCOME TAX	32	(94)	(50)	(40)
NET CHANGES IN THE FUND FOR GENERAL BANKING RISKS		(6)		14
NET INCOME		193	112	96
NET INCOME PER SHARE (euros) (1)		4.19	3.73	3.20

(1) IXIS CIB has not issued any capital instruments that would require the presentation of diluted net income per share.

Consolidated off-balance sheet items

(millions of euros)

	31/12/04	31/12/03	31/12/02
COMMITMENTS GIVEN			
Financing commitments			
-to financial institutions	1,269		
-to customers (1)	9,516	6,121	6,191
Guaranty commitments			
-to financial institutions	14,044	13,101	11,616
-to customers	1,326		
Commitments on securities			
-securities to be delivered	704	1,709	752
COMMITMENTS RECEIVED			
Financing commitments			
-from financial institutions	4,023	14,615	13,035
-from customers			
Guaranty commitments			
-from financial institutions	2,269	1,982	1,982
-from customers	314		
Commitments on securities			
-securities to be received	3,577	4,957	1,789
OTHER COMMITMENTS			
Commitments given	26,339	4,359	555
Commitments received	19,790	5,644	2,773

(1) Amount restated compared to presentation of 2002 financial statements.

Off-balance sheet commitments relating to spot and forward currency transactions, and to lending and borrowing of foreign currencies, are described in note 17.
Off-balance sheet commitments relating to forward financial instruments are described in note 18.

Consolidated financial statements

Notes to the consolidated financial statements

Consolidated financial statements accounting and consolidation principles

IXIS CIB's consolidated financial statements have been prepared in accordance with regulation n° 99-07 of the French Accounting Regulations Committee (*Comité de la Réglementation Comptable, CRC*), which concerns the consolidation rules applicable to companies falling within the jurisdiction of the French Banking and Financial Regulations Committee (*Comité de la réglementation bancaire et financière, CRBF*).

The presentation of the consolidated financial statements is consistent with CRBF regulation n° 2000-04 concerning the consolidated financial statements of companies falling within the jurisdiction of the CRBF.

I - Changes in scope of consolidation and comparability between fiscal years

I.1 Restructuring of the partnership between the Caisse des Dépôts and Caisse d'Epargne groups

On May 27, 2004, the Caisse des Dépôts and Caisse d'Epargne groups signed the final agreement providing for the restructuring of their partnership and which involved Caisse des Dépôts transferring its equity interests in *Compagnie financière Eulia* (50.1%) and in its investment banking and asset management subsidiary, *CDC IXIS* (43.55%), to *Caisse Nationale des Caisses d'Epargne (CNCE)*.

The operation then proceeded with the reorganization of *CDC IXIS*' activities into three main business lines in the second half of 2004 as follows:

- corporate and investment banking, comprising capital markets and large corporate financing activities. This entity was formed from *CDC IXIS Capital Markets* (which became *IXIS Corporate & Investment Bank* as from November 1, 2004), plus corresponding assets, liabilities and off-balance sheet items transferred from *CDC IXIS*;
- asset management: activities under this area were assembled under an asset management holding company (*IXIS Asset Management Group*);
- investor services: a new subsidiary, *IXIS Investor Services*, was set up to house the custody, fund administration and issuer services activities that were previously carried out directly by *CDC IXIS*.

CDC IXIS was subsequently merged into *CNCE* on December 31, 2004.

1.2 Basis of consolidation

The consolidated financial statements have been prepared in accordance with principles generally applicable to financial institutions in France.

The transfers from CDC IXIS to IXIS CIB undertaken as part of the reorganization described in paragraph 1.1 were effected on the basis of the book value of the assets and liabilities as recorded in CDC IXIS' accounts.

These transfers ensured IXIS CIB obtained over 90% of the shares in IXIS North America and thereby led to a situation where the acquisition of IXIS North America was eligible for the pooling of interest method, as defined in article 215 of CRC regulation n° 99-07 concerning the consolidation rules applicable to companies falling within the jurisdiction of the CRBF. The pooling of interest method involved replacing the acquisition cost of the shares in IXIS North America with the net book value of the assets and liabilities making up IXIS North America's equity capital. The difference between the acquisition cost of the shares and the entry value of IXIS North America's assets and liabilities was booked against consolidated equity. Note that for consolidation purposes, IXIS North America's financial statements have been prepared according to the accounting principles established for the Group.

1.3 Comparability of fiscal years

With the transfers from CDC IXIS described above having taken place on November 1, 2004, the 2004 income statement reflects expenses and income for the whole of fiscal 2004 for IXIS CIB's capital markets interests (formerly CDC IXIS Capital Markets) and for the last two months of the year for the activities and subsidiaries transferred from CDC IXIS.

The balance sheet and off-balance sheet items as at December 31, 2004, correspond to the new group's situation at that date.

The data re-presented from the consolidated financial statements for fiscal 2002 and 2003 corresponds to that published by CDC IXIS Capital Markets (IXIS CIB as from November 1, 2004) in the 2002 and 2003 annual reports.

In order to permit comparison with IXIS CIB's consolidated financial statements, pro-forma accounts have been prepared for the whole of 2004 and 2003 (see note 35). These pro-forma accounts aggregate accounting data for both CDC IXIS Capital Markets accounts and the transferred activities and subsidiaries.

■ Consolidated financial statements

2 – Consolidation principles and methods

2.1 Consolidation methods and scope of consolidation

The consolidated financial statements include the accounts of IXIS Corporate & Investment Bank, the consolidated accounts of the sub-groups and the accounts of subsidiaries, whenever their consolidation is material to the consolidated accounts of the entities included in the scope of the consolidation.

A subsidiary is presumed to have a material impact if it meets one of the three following criteria:

- total assets exceed €200 million
- net banking income exceeds €15 million
- net income exceeds €2.5 million

In addition, specific materiality thresholds have been defined for certain activities, notably economic-interest groupings and mutual funds controlled by the reporting entity.

Those companies whose contribution to the results of the sub-group to which they belong are considered material and newly formed or acquired companies for which strong growth is expected are also consolidated.

Full consolidation

Companies over which the Group exercises full control and whose activity is either of a financial nature or an extension of the Group's activities are fully consolidated.

Exclusive control is defined as the ability of a company to direct the financial and operational policies of another company with a view to gaining economic benefits from its activities.

It results from the ownership of more than one half of the voting rights of a company, from the appointment for two successive years of more than one half of the members of the governing bodies, or from the power to exert a dominant influence by virtue of company bylaws or agreements.

Proportional consolidation

Companies over which the Group exercises joint control are proportionally consolidated.

Joint control is defined as the sharing of the control of a company jointly run by a limited number of partners or shareholders, such that the financial and operating policies result from their agreement.

Equity method

Companies over which significant influence is exerted are accounted for under the equity method. Significant influence results from the ability to take part in determining the financial and operational policies of a company without exercising control.

Particular case of special-purpose entities

When the Group or a group company controls a company in substance, notably by virtue of contractual agreements or provisions in company bylaws, the company is consolidated even if there is no ownership of shares.

In the case of special-purpose entities, defined as structures created specifically to manage one or several operations on behalf of a company, criteria for determining control are the ability to make decisions on behalf of the entity and manage its activities and/or assets, the ability to benefit from all or a majority of the entity's earnings, and the assumption of substantially all the risks to which the entity is exposed.

Entities that carry out their activities under a fiduciary relationship and are managed for third parties and in the interest of various parties are not consolidated.

Nor are special-purpose entities consolidated when the shares or units are being placed, and there is a reasonable probability that the placing will be completed over the short to medium term.

Lastly, and in light of the aforementioned criteria, the Group does not control any entities created in connection with its securitization activities, with the exception of CLEA 2 which has been consolidated since January 1, 2002.

Eventual commitments given to these entities, notably in the form of credit lines or letters of guaranty, are recorded and valued in accordance with generally accepted accounting principles applicable to these instruments.

■ Consolidated financial statements

2.2 Changes in the scope of consolidation

The scope of consolidation includes IXIS CIB, and its subsidiaries and affiliates (both direct and indirect), including a number of special-purpose entities. Overall, the scope of consolidation comprised 54 entities representative of the Group as at 31 December 2004, versus 4 a year earlier.

The main changes in the scope of consolidation resulted from the restructuring of the partnership between the Caisse des Dépôts and Caisse d'Épargne groups and especially from the transfers undertaken from CDC IXIS to IXIS CIB on November 1, 2004, namely:

- the acquisition of a 38.7% equity interest in the Nexgen group, a specialist provider of financial engineering services and comprising 11 entities as at December 31, 2004;
- the acquisition of a 100% interest in the IXIS North America sub-group, a provider of capital markets services in the US and comprising 38 entities as at December 31, 2004.

Lastly, the CDC SPI special-purpose vehicle (*Prévie* sub-entity), which had not completed its restructuring operations by December 31, 2004, was accounted for by the equity method in IXIS CIB's accounts.

2.3 Goodwill

When a company is consolidated for the first time, the difference between the cost of acquisition of the shares and the total restated value of the assets, liabilities and off-balance sheet items constitutes goodwill on acquisition.

The difference between the value retained for an item in the balance sheet and its carrying value in the individual balance sheet of the acquired company constitutes a fair-value adjustment. These differences are amortized, written down or written back to income using the rules normally applicable to the corresponding items.

Goodwill on acquisition, which may be positive or negative, is amortized through the income statement over a period that reflects the assumptions made and the objectives set at the time of the acquisition, but does not exceed 20 years. If material unfavorable changes occur affecting the assumptions on which the amortization schedule is based, an exceptional write-down is recorded and/or the amortization schedule is revised.

2.4 Income tax

Deferred taxes are recognized when a temporary difference is identified between the restated carrying amount and the tax base of assets and liabilities.

They are calculated using the liability method, whereby deferred taxes from prior years are adjusted to account for changes in tax rates. The corresponding impact is recognized under deferred tax in the consolidated income statement.

The deferred tax rate applied for France now stands at 34.43% versus 35.43% for the full rate. In view of the absence of temporary differences concerning items taxed at the reduced rate, the progressive reduction in the tax rate on capital gains from the sale of long-term investment securities – which was voted on December 30, 2004 as part of France's corrective Finance Act of 2004 – did not have any material impact on the group's consolidated accounts.

Deferred taxes are calculated separately for each tax entity. In accordance with the rule of prudence, deferred tax assets are recognized only if there is a strong likelihood that they may be set against future tax liabilities.

2.5 Foreign currency translation

Balance sheets and off-balance sheet items of foreign companies are translated at the year-end rates, with the exception of equity capital, which is maintained at the historical rate. Income statements are translated on the basis of the average exchange rates during the year. The resulting differences are taken to consolidated reserves under "Translation reserve".

2.6 Intra-group transactions

Intra-group accounts, as well as income and expenses resulting from transactions within the group, are eliminated on consolidation when they are material and whenever they relate to fully or proportionally consolidated subsidiaries.

Securities issued by group companies are also eliminated from the balance sheet if they are not part of the trading portfolio.

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3 – Valuation rules

3.1 Foreign-exchange transactions

In accordance with CRBF regulation 89-01 concerning 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 income 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 and customer receivables and debts

Receivables and debts include current accounts, loans, borrowings and securities purchased and sold under resale or repurchase agreements (credit risk accounting is described in 3.10).

Loans and borrowings

Loans and borrowings are stated at their nominal value. Corresponding interest amounts are recorded in the income statement on a time-apportioned 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 CRBF regulation 89-07. 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 time-apportioned basis in the income statement.

3.3 Securities transactions

Securities are valued in accordance with the regulations defined in CRBF regulation 90-01, as amended by CRC regulation 2000-02.

The provisions of CRC regulation n° 2002-03 concerning the accounting treatment of credit risk (see 3.10 below), apply to fixed-income held-to-maturity and available-for-sale securities which notably entail a commitment by the issuer to pay a sum on a pre-determined maturity date.

In the event of proven credit risk, these securities are classified for accounting purposes as doubtful and the probable loss is recognized by a provision.

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 sold 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 income statement.

Whenever IXIS CIB 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 specialized hedges of instruments that are marked-to-market.

Available-for-sale securities

The portfolio of available-for-sale 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.

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Fixed-income securities

Fixed-income securities are stated at cost, excluding accrued interest. The difference between the cost and redemption value is amortized 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 unrealized 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 income statement over the residual life of the securities, based on the yield-to-maturity method. Provision is made for any unrealized losses on a line-by-line basis.

In the event of proven credit risk, the probable loss not reflected in market value is recognized by a provision.

Held-to-maturity securities

The held-to-maturity 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 amortized 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 amortized based on the yield-to-maturity method over the residual life of the security.

At period-end, any unrealized 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 debt on the liability side of the balance sheet, so as to recognize the obligation to repay the securities 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 income statement on a time-apportioned basis.

3.4 Futures and options

IXIS CIB 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 specialized trading portfolio management techniques.

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

Credit risk is provisioned according to contractual terms and market value, or, by default, the terms of CRC regulation 2002-03 (see 3.10 below).

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

Fixed-income and currency swaps

In accordance with CRBF regulation No. 90-15 (as amended by CRC regulation No. 92-04), 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;
- specialized 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 income statement.

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Other transactions

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

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

Gains or losses on hedging operations are recorded in the income 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 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 the 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.

3.6 Securities issued

Accrued interest expenses are credited to an accrued debt account and debited to the income statement.

Issue and redemption premiums are amortized 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 type, 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 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. "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 on a time-apportioned basis with provision for possible unrealized losses. In the case of operations deemed equivalent to options, possible provisions for unrealized losses are determined with respect to the non-apportioned premium amount.

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- 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 Provisions for contingencies and losses

This heading includes:

- provisions for country risks, determined by reference to the Group's risk exposure to the countries concerned or to borrowers in these countries. Criteria used are based generally on an evaluation of the country's economic, financial and socio-political situation;
- provisions for sector risks, intended to cover risks when their probability of occurrence is uncertain and they cannot be measured precisely;
- provisions in respect of staff-related commitments (retirement indemnities, long service medals, etc.);
- provisions for contingencies and losses that are not linked to banking transactions and which are set aside pursuant to CRC regulation 2000-06 on the method of accounting for liabilities. These provisions are intended to cover contingencies and losses that are clearly identified as to their nature and when it is not known precisely when they will arise or their exact amount.

3.10 Credit risk

Since January 1, 2003, credit risk has been accounted for in accordance with CRC regulation n°2002-03 of December 12, 2002. The application of this regulation has had no impact on the financial statements.

The regulation concerns all transactions generating credit risk (loans, securities and commitments).

For a given counterparty, credit risk is defined as the existence of a potential loss linked to the possibility of the counterparty defaulting on the commitments undertaken.

Credit risk is deemed to be proven once it is probable that the Company will receive either none or only part of the sums due in respect of commitments undertaken by the counterparty and specified in the initial contract.

The principal and interest receivable from a counterparty are re-classified as doubtful once credit risk is proven on the counterparty. Doubtful receivables are provisioned on the basis of their market value or the current value of anticipated losses after taking account of guaranties already received, requested or likely to be so.

The provisions set aside are deducted from the amount of the corresponding doubtful receivables. They are recorded as liabilities in the balance sheet where they concern off-balance sheet commitments or futures and options. The provisions are booked under "Cost of risk" in the income statement.

3.11 Long-term equity investments and subsidiaries

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.

3.12 Foreign branches

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

3.13 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.

3.14 Subordinated debt and securities

This section includes all debt materialized by perpetual loans or securities, 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 income statement.

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3.15 Treatment of income and expenses

Interest and related commissions are recorded on a time-apportioned basis.

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

3.16 Payroll expenses

Payroll expenses include all items of expenditure linked to employees. In particular, they include amounts payable in respect of both legal and contractual employee profit-sharing plans, as well as charges in respect of restructuring measures.

The policy of some group companies, notably in the US, is to allot stock options or other instruments giving employees a claim to the capital. Since these subsidiaries are not listed, the group has pledged to buy back shares issued as a result of the exercise of these options at a price based on market values or predefined formulas. At each year-end, the group determines the impact that the exercise of these options would have on its share of the consolidated net assets of these subsidiaries. The effects of potential dilution are recognized by setting aside a provision for contingencies and losses by reference to the valuation of the underlying shares.

3.17 Staff-related commitments

Provisions are set aside for the rights of employees to a payment on retirement using an actuarial method that takes into account the age and seniority of the personnel, the mortality rate and probable remaining service with the group until retirement and the estimated change in salary. The same approach is adopted in respect of "long-service medals".

In countries other than France, there are various compulsory retirement plans to which employers and employees pay contributions. Depending on each case, the corresponding commitments are paid to company pension funds or recognized in the individual accounts of the companies concerned. No restatements are made in this respect in the consolidated financial statements.

As a result of the future application of IFRS, the accounting principles used to prepare IXIS Corporate & Investment Bank's financial statements as described in this note will be subject to change as from the publication of the consolidated financial statements for the first half of fiscal 2006 and the comparative data for the first half of 2005.

The principal measures taken for the IAS/IFRS project and its state of progress are presented in the annual report.

Note 1: interbank and money-market transactions – due from financial institutions

(millions of euros)

	31/12/04	31/12/03	31/12/02
Current accounts	14,706	8,808	9,177
Overnight deposits and loans	5,253	3,407	5,943
Securities purchased under resale agreements	571		
Accrued interest	2	1	0
DUE FROM FINANCIAL INSTITUTIONS - DEMAND	20,532	12,216	15,120
Term deposits and loans	9,555	2,553	5,215
Securities purchased under resale agreements	50,890	36,937	35,014
Subordinated loans	13		
Accrued interest	183	120	213
DUE FROM FINANCIAL INSTITUTIONS - TERM	60,641	39,610	40,442
DUE FROM FINANCIAL INSTITUTIONS(1)	81,173	51,826	55,562

(1) Including €17.980 billion due from Groupe Caisse d'Epargne companies as at 31/12/2004.
Exposure to credit risk is analyzed in note 20.

Note 2: customer transactions

(millions of euros)

	31/12/04	31/12/03	31/12/02
COMMERCIAL LOANS	531		
Loans to financial customers	1,727	3,182	4,064
Short-term loans	2,935		
Equipment loans	1,270		
Other customer loans	3,872		
Securities purchased under resale agreements	18,727	6,779	2,994
Subordinated loans	5	13	
Accrued interest	85	9	7
Allowances for losses on loans	(61)		
OTHER CREDITS TO CUSTOMERS	28,560	9,983	7,065
CUSTOMER TRANSACTIONS(1)	29,091	9,983	7,065

(1) Including €401 million of loans to Groupe Caisse d'Epargne companies as at 31/12/2004.
Exposure to credit risk is analyzed in note 20.

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Note 3: transactions on trading, available-for-sale, held-to-maturity and portfolio securities

a) Bonds, equities, other fixed- or variable-income securities

(millions of euros)

	31/12/04				31/12/03				31/12/02
	Type of security				Type of security				
	Trading	Available-for-sale	Held-to-maturity	Total	Trading	Available-for-sale	Held-to-maturity	Total	Total
TREASURY BILLS AND MONEY-MARKET INSTRUMENTS⁽¹⁾									
Gross value ⁽²⁾	10,492	281	207	10,980	12,999	143	452	13,594	8,262
Premiums/discounts		12	7	19		13	24	37	0
Related receivables		5	2	7	0	0	3	3	0
Valuation allowance									0
Net book value	10,492	298	216	11,006	12,999	156	479	13,634	8,262
BONDS AND OTHER FIXED-INCOME SECURITIES⁽¹⁾									
Gross value ⁽²⁾	27,271	14,297	3,075	44,643	27,050	7,165	3,389	37,604	44,231
Premiums/discounts		38		38		13	0	13	0
Related receivables	32	137	23	192	0	51	0	51	0
Valuation allowance		(12)	(78)	(90)		(10)	(76)	(86)	(28)
Net book value	27,303	14,460	3,020	44,783	27,050	7,219	3,313	37,582	44,203
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES									
Gross value	16,741	2,390		19,131	5,042	1,568		6,610	3,958
Related receivables		1		1	0	0		0	0
Valuation allowance				0		0		0	(2)
Net book value	16,741	2,391		19,132	5,042	1,568		6,610	3,956
NET TOTAL BY TYPE OF PORTFOLIO	54,536	17,149	3,236	74,921	45,091	8,943	3,792	57,826	
NET TOTAL BY TYPE OF PORTFOLIO 2002					42,401	9,559	4,461		56,421

(1) The counterparty risk related to fixed-income securities is detailed in note 20.

(2) Gross values concerning "Available-for-sale" and "Held-to-maturity" securities correspond to redemption values.

As at December 31, 2004, the amount of securities lent was €82 million for treasury bills and other money-market instruments, €854 million for bonds and other fixed-income securities and €136 million for equities and other variable-income securities.

As at December 31, 2004, the amount of listed securities was €351 million for treasury bills and money market instruments, €8.269 billion for bonds and other fixed-income securities and €10.605 billion for equities and other variable-income securities.

Listed securities do not include units in mutual funds and which amounted to €1.814 billion in the trading portfolio and €219 million in the available-for-sale portfolio as at December 31, 2004 (versus €1.402 billion and €304 million, respectively, as at December 31, 2003).

These mutual funds include €2.026 billion of units in capitalization funds (versus €1.705 billion as at December 31, 2003), of which €566 million are of French origin (versus €1.705 billion as at December 31, 2003).

b) Bonds, equities, other fixed- or variable-income securities - unrealized gains (losses)

(millions of euros)

	Available-for-sale securities		Held-to-maturity securities	
	31/12/04	31/12/03	31/12/04	31/12/03
TREASURY BILLS AND MONEY-MARKET INSTRUMENTS				
Net book value	298	156	216	479
Market value of available-for-sale securities	432	158	237	491
Unrealized gains	134	2	21	12
BONDS AND OTHER FIXED-INCOME SECURITIES				
Net book value	14,460	7,219	3,020	3,313
Market value of available-for-sale securities	15,862	7,980	3,636	3,434
Unrealized gains	1,402	761	616	121
Allowance for unrealized losses	(12)	(10)	(78)	(76)
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES				
Net book value	2,391	1,568		
Market value of available-for-sale securities	2,509	1,525		
Unrealized gains (losses) ⁽¹⁾	118	(43)		

(1) These values do not take into account unrealized gains or losses on financial instruments that may have been used to hedge available-for-sale securities.

c) Bonds, equities, other fixed- or variable-income securities - additional information

(millions of euros)

Original portfolio	Destination portfolio	Amounts transferred during the year		
		31/12/04	31/12/03	31/12/02
Trading securities	Available-for-sale securities	614	1,000	239
Trading securities	Held-to-maturity securities			
Available-for-sale securities	Held-to-maturity securities			84

During the course of 2004, €51.8 million of held-to-maturity securities were sold before maturity and generated €1.1 million of income. This compares with the €76 million sold in 2003 and which generated no significant income.

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Note 4: investments in subsidiaries, affiliates and other long-term securities

(millions of euros)

	31/12/04					31/12/03					31/12/02	
	Book value of securities	Advances	Valuation allowance	Net book value	Share of equity %	Book value of securities	Advances	Valuation allowance	Net book value	Share of equity %	Net book value %	Share of equity %
COMPANIES IN WHICH IXIS CIB HOLDS A SIGNIFICANT NET INVESTMENT												
Euronext	12			12	1	0			0		2	
CEPAR I	7			7	57							
Captiva	5			5	100	5			5	100		
M5 (AKA)	4			4	4							
Fideme	4			4	14							
IXIS Asia	3			3	100							
LCF Rothschild-MidCaps	3		(2)	1	100	2		(2)	0	50	1	50
Informatique CDC		16		16			26		26			
Other investments in non-consolidated affiliates	5		0	5		3			3		1	
Advances to other non-consolidated affiliates		1		1								
TOTAL INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND LONG-TERM SECURITIES	43	17	(2)	58		10	26	(2)	34		4	
Including listed securities ⁽¹⁾	12			12		NS					2	

(1) The market value of listed securities amounted to €25.1 million as at December 31, 2004.

Note 5: investments in subsidiaries and affiliates accounted for by the equity method

CDC IXIS transferred its 38.70% equity interest in Nexgen to IXIS CIB on November 1, 2004. The value of this interest amounted to €73 million as at December 31, 2004.

IXIS CIB's share in income earned by Nexgen in the two-month period starting November 1, 2004, was €1 million.

Note 6: tangible and intangible fixed assets

(millions of euros)

	31/12/04			31/12/03			31/12/02
	Gross book value	Accumulated depreciation and impairment	Net book value	Gross book value	Accumulated depreciation and impairment	Net book value	Net book value
Operating fixed assets	128	(57)	71	61	(19)	42	34
TANGIBLE FIXED ASSETS	128	(57)	71	61	(19)	42	34
Concessions, licenses, patents	15	(11)	4	7	(4)	3	5
Other intangible fixed assets	46	(38)	8	39	(31)	8	11
INTANGIBLE FIXED ASSETS	61	(49)	12	46	(35)	11	16
TANGIBLE AND INTANGIBLE FIXED ASSETS	189	(106)	83	107	(54)	53	50

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Note 7: accrued income and other assets

(millions of euros)

	31/12/04	31/12/03	31/12/02
Deferred expenses	149	29	128
Prepaid expenses	22	10	14
Accrued income	443	149	102
Valuation adjustments on forward financial instruments and foreign exchange	8,188	4,029	4,341
Deferred gains (losses) on hedging of forward financial instruments	1,113	1,485	1,038
Other accruals	596	862	296
Deferred tax assets (Note 32)	156	28	8
ACCRUALS AND SIMILAR ACCOUNTS	10,667	6,592	5,927
Premiums on options purchased	2,832	1,852	610
Miscellaneous receivables ⁽¹⁾	7,987	5,973	4,886
Settlement accounts on securities transactions	174	73	
OTHER ASSETS	10,993	7,898	5,496
ACCRUED INCOME AND OTHER ASSETS	21,660	14,490	11,423

(1) This line includes margin calls and guaranty deposits paid to market counterparties and clearing bodies.

Note 8: interbank and money-market transactions – due to financial institutions

(millions of euros)

	31/12/04	31/12/03	31/12/02
Demand deposits	18,910	6 352	1,717
Overnight deposits	1,404	10,388	6,130
Securities sold under repurchase agreements	2,554		
Accrued interest	3	1	1
DUE TO FINANCIAL INSTITUTIONS - DEMAND	22,871	16,741	7,848
Term deposits and borrowings	31,815	42,048	46,003
Securities sold under repurchase agreements	15,002	14,841	26,640
Accrued interest	212	92	297
DUE TO FINANCIAL INSTITUTIONS - TERM	47,029	56,981	72,940
DUE TO FINANCIAL INSTITUTIONS ⁽¹⁾	69,900	73,722	80,788

(1) Including €15.677 billion due to Groupe Caisse d'Epargne companies as at December 31, 2004.

Note 9: customer transactions

(millions of euros)

	31/12/04	31/12/03	31/12/02
Term deposits and loans from financial customers	11,186	2,421	
Borrowings secured by notes and securities, and securities sold under repurchase agreements	19,915	7,976	4,177
Other payables	60		
Accrued interest	53	11	26
OTHER AMOUNTS DUE TO CUSTOMERS ⁽¹⁾	31,214	10,408	4,203

(1) No transactions with Groupe Caisse d'Epargne companies.

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Note 10: debt securities

(millions of euros)

	31/12/04	31/12/03	31/12/02
Commercial paper	3,654		
Medium-term notes and other negotiable debt securities	35,450	9,178	12,392
Related payables	458	145	
INTERBANK AND MONEY-MARKET INSTRUMENTS	39,562	9,323	12,392
Bonds and similar debt instruments ⁽¹⁾	7,239	670	1,230
Related payables	193		
BONDS AND SIMILAR DEBT INSTRUMENTS	7,432	670	1,230
OTHER DEBT SECURITIES	119		
	47,113	9,993	13,622

(1) Bonds and similar debt instruments (millions of euros)

	Currency	0 to 5 years	Term to maturity 6 to 10 years	Over 10 years	Total
Variable-rate bonds	EUR	277	350	140	767
	USD		268	118	386
Fixed-rate bonds	EUR	2,468	1,389	396	4,253
	USD	1,833			1,833
TOTAL		4,578	2,007	654	7,239

Note 11: accrued expenses and other liabilities

(millions of euros)

	31/12/04	31/12/03	31/12/02
Prepaid income	32	10	3
Accrued expenses	55	164	191
Valuation adjustments on forward financial instruments and foreign exchange	8,006	3,532	2,564
Deferred gains and losses on hedging of forward financial instruments and other accruals	1,327	1,648	3,965
ACCRUALS AND SIMILAR ACCOUNTS	9,420	5,354	6,723
Premium on options sold	2,834	2,770	2,455
Liabilities on securities transactions	29,393	21,981	16,352
Miscellaneous payables ⁽¹⁾	10,538	8,407	4,939
Settlement accounts on securities transactions	305	65	29
OTHER LIABILITIES	43,070	33,223	23,775
ACCRUED EXPENSES AND OTHER LIABILITIES	52,490	38,577	30,498

(1) This line includes margin calls and guaranty deposits received from market counterparties.

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Note 12: provisions for contingencies and losses

(millions of euros)

	31/12/02	31/12/03	Allocation	Reversal	Other movements ⁽¹⁾	31/12/04
Provisions for pensions and other post-retirement benefits	3	3	0	0	4	7
Provisions on market transactions	28	18	8	(12)	13	27
Other provisions for contingencies and losses ⁽²⁾	16	18	26	(4)	39	79
PROVISIONS FOR CONTINGENCIES AND LOSSES (EXCLUDING COUNTERPARTY RISK)	47	39	34	(16)	56	113
PROVISIONS FOR COUNTERPARTY RISKS (SEE NOTE 20)	0	0	6	(1)	246	251
PROVISIONS FOR CONTINGENCIES AND LOSSES	47	39	40	(17)	302	364

(1) Other movements primarily concern provisions transferred from CDC IXIS and IXIS North America as part of the restructuring undertaken in November 2004.

(2) Other provisions for contingencies and losses include provisions for risk and litigation, provisions for restructuring and provisions for deferred taxation concerning fiscal economic-interest groups.

Note 13: subordinated debt

(millions of euros)

	Issue date	Maturity date	Currency	Interest rate	31/12/04	31/12/03	31/12/02
SUBORDINATED SECURITIES							
	August 2000	August 2010	EUR	3-month Euribor ⁽¹⁾	250	250	250
	September 2002	September 2022	EUR	6-month Euribor	20		
	November 2002	November 2027	EUR	3-month Euribor ⁽¹⁾	46		
	January 2003	January 2033	EUR	3-month Euribor ⁽¹⁾	53		
	March 2003	April 2023	EUR	3-month Euribor ⁽¹⁾	22		
	April 2003	January 2033	EUR	3-month Euribor ⁽¹⁾	7		
	April 2003	April 2015	EUR	3-month Euribor ⁽¹⁾	77		
	June 2003	March 2018	EUR	6-month Euribor	10		
	July 2003	July 2018	EUR	3-month Euribor ⁽¹⁾	500		
SUBORDINATED DEBT	November 2004	July 2016	EUR	3-month Euribor	480		
	November 2004	October 2016	EUR	3-month Euribor	476		
SUBORDINATED PERPETUAL DEBT	September 1996		EUR			457	457
NON-CUMULATIVE SUPER-SUBORDINATED PERPETUAL SECURITIES⁽²⁾	December 2004		EUR	4.6%	418		
	December 2004		USD	1-month Libor	146		
RELATED PAYABLES					35	20	22
TOTAL					2,540	727	729

(1) Subordinated security hedged with a swap.

(2) IXIS CIB issued €418 million and €200 million of non-cumulative super-subordinated securities, respectively, in December 2004. These issues were made in compliance with the new measures contained in article L.228-97 of France's Commercial Code and amended by the Financial Security Act (loi de Sécurité Financière). Following approval by the board of the French Banking Commission (Commission Bancaire), these issues were eligible for classification in IXIS CIB's core consolidated shareholders' equity, subject to the limit of 15% of core consolidated shareholders' equity applicable to "innovative" instruments. Total shareholders' equity equates to core shareholders' equity (pure equity including non-cumulative super-subordinated perpetual securities), supplementary shareholders' equity and regulatory deductions (equity-interests in financial institutions either not consolidated or accounted for by the equity method).

These issues are classified as other shareholders' equity in accordance with rule 90-02 of the French Banking Regulation Committee (Comité de la réglementation bancaire).

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Note 14: changes in shareholders' equity and the fund for general banking risks

(millions of euros)

	Fund for general banking risks	Capital ⁽¹⁾	Additional paid-in capital	Retained earnings (excl. FRBG)	Translation reserve ⁽²⁾	Net income	Shareholders' equity (excl. FRBG)	Total consolidated equity
CONSOLIDATED EQUITY AS AT DECEMBER 31, 2002	0	458	10	71	0	96	635	635
Appropriation of 2002 net income				96		(96)		
2003 net income						112	112	112
Other changes							0	0
CONSOLIDATED EQUITY AS AT DECEMBER 31, 2003	0	458	10	167	0	112	747	747
Appropriation of 2003 net income				112		(112)		
Transfer of activities from CDC IXIS ⁽³⁾		1,451	984	247			2,682	2,682
Acquisition via transfer of IXIS NA ⁽⁴⁾				163	(113)		50	50
Acquisition via transfer of NEXGEN				3	(20)		(17)	(17)
2004 dividends ⁽⁵⁾				(187)			(187)	(187)
Other changes	6			0	(36)		(36)	(30)
2004 net income						193	193	193
CONSOLIDATED EQUITY AS AT DECEMBER 31, 2004	6	1,909	994	505	(169)	193	3,432	3,438

(1) The Extraordinary General Meeting of October 29, 2004 created 92,138,700 new shares each with a nominal value of €15.25, all with the purpose of serving as payment for the partial business transfer undertaken by CDC IXIS. This capital increase raised the share capital by €1.405 billion to €1.863 billion and was accompanied by additional paid-in capital of €1.109 billion less a €159 million allocation to the legal reserve, which raised the said legal reserve to €186 million.

The Extraordinary General Meeting of December 9, 2004 created 3,068,565 new shares each with a nominal value of €15.25, all with the purpose of serving as payment for the partial business transfer undertaken by Sanpaolo IMI. This capital increase raised the share capital by €46 million to €1.909 billion and was accompanied by additional paid-in capital of €34 million. As a result of these transactions, IXIS CIB's share capital rose from 30,000,000 shares to 125,207,265 shares, each with a nominal value of €15.25 and representing total capital of €1,909,410,791.

(2) The change in translation reserves primarily resulted from variations in the €/€ exchange rate and concerned IXIS North America and Nexgen. Their translation reserves moved from -€113 million to -€20 million and from -€144 million to -€25 million, respectively, between November 1, 2004 and December 31, 2004.

(3) The change in retained earnings linked to the partial business transfer undertaken by CDC IXIS stemmed partly from an allowance to the legal reserve which was taken from additional paid-in capital (€159 million), and partly from deferred tax assets concerning provisions transferred from CDC IXIS on November 1, 2004 (€88 million) and not deducted for fiscal purposes.

(4) As described in section 1.2 of the main accounting and consolidation principles for the consolidated financial statements, the acquisition of IXIS North America was eligible for the pooling of interest method as defined in article 215 of CRC regulation n°99-07. In accordance with this regulation, the difference between the acquisition cost of the shares and the entry value of IXIS North America's assets and liabilities was booked against retained earnings.

(5) Including a €140 million interim dividend paid in early December 2004.

Note 15: breakdown of assets and liabilities by term to maturity

Assets

(millions of euros)

	0 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	31/12/04
Due from financial institutions	67,205	4,262	2,602	7,104	81,173
Due from customers	18,540	5,041	2,921	2,589	29,091
Available-for-sale and held-to-maturity securities					
Treasury bills and money-market instruments		64	285	165	514
Bonds and other fixed-income instruments	1,662	900	4,276	10,642	17,480

Liabilities

(millions of euros)

	0 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	31/12/04
Due to financial institutions	58,895	4,725	2,580	3,700	69,900
Due to customers	24,234	1,805	2,645	2,530	31,214
Debt securities					
Bonds issued	1,111	9	3,651	2,661	7,432
Interbank and money-market instruments	22,863	3,026	6,190	7,483	39,562
Other debt securities	3			116	119

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Note 16: breakdown of assets and liabilities by currency

Assets

(millions of euros)

	Euro	US dollar	UK sterling	Others	31/12/04
Due from financial institutions	60,117	15,576	2,235	3,245	81,173
Due from customers	15,787	12,992	187	125	29,091
Available-for-sale and held-to-maturity securities					
Treasury bills and money-market instruments	425	67		22	514
Bonds and other fixed-income instruments	11,568	4,874	364	674	17,480

Liabilities

(millions of euros)

	Euro	US dollar	UK sterling	Others	31/12/04
Due to financial institutions	44,891	20,946	1,619	2,444	69,900
Due to customers	17,908	13,071	71	164	31,214
Debt securities					
Bonds issued	5,288	2,144			7,432
Interbank and money-market instruments	24,139	9,801	1,112	4,510	39,562
Other debt securities		119			119

Note 17: off-balance sheet commitments – spot and forward currency transactions

(millions of euros)

	31/12/04	31/12/03	31/12/02
SPOT TRANSACTIONS:			
euros purchased not yet received	2,249	2,294	2,326
foreign currencies purchased not yet received	5,203	11,184	7,341
euros sold not yet delivered	3,161	4,065	2,310
foreign currencies sold not yet delivered	4,643	9,508	7,690
LENDING AND BORROWING:			
foreign currencies lent not yet delivered	93	110	21
foreign currencies borrowed not yet received	1,163	2,091	1,675
FORWARD CURRENCY TRANSACTIONS:			
euros to be received against foreign currencies to be delivered:			
- euros to be received	55,286	63,169	57,789
- foreign currencies to be delivered	50,226	59,298	55,195
foreign currencies to be received against euros to be delivered:			
- foreign currencies to be received	53,042	63,823	58,310
- euros to be delivered	56,938	66,883	61,091
foreign currencies to be received against foreign currencies to be delivered	59,120	66,541	50,725
foreign currencies to be delivered against foreign currencies to be received	59,217	66,824	50,841
UNACCRUED PREMIUMS/DISCOUNTS:			
- to be received	460	414	445
- to be paid	431	387	478

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Note 18: financial instruments

(millions of euros)

	31/12/04				31/12/03			
	Trading ⁽¹⁾		Hedging ⁽²⁾		Trading ⁽¹⁾		Hedging ⁽²⁾	
	Purchase/ Borrowing	Sale/ Lending	Purchase/ Borrowing	Sale/ Lending	Purchase/ Borrowing	Sale/ Lending	Purchase/ Borrowing	Sale/ Lending
FORWARD CONTRACTS								
Organized markets								
Interest-rate contracts	117,941	133,692	21		42,856	59,065		159
Other contracts	741	5,202			233	370		
Over-the-counter markets								
Interest-rate swaps	2,105,951		28,517		1,246,159		37,215	
Forward-rate agreements (FRA)	93,732	64,401			19,706	27,443		
Other contracts	129	133	165	165	523	522		
OPTIONS								
Organized markets								
Interest-rate options	4,500	1,650	54,809	212,317	104,793	160,279		
Other options	34,183	26,820			77,590	39,747		
Over-the-counter markets								
Interest-rate options, caps, floors, collars	92,314	122,710	91	93	56,193	94,949	91	289
Swaptions	41,813	60,783		93	21,738	30,187		44
Currency options and other options	19,950	24,967	248		19,061	22,405	1	85

(1) Trading transactions cover both specialized portfolio management and isolated open positions.

(2) Hedging transactions cover both micro- and macro-hedging portfolios.

Fair value of financial instruments (continued page 149)

(millions of euros)

	31/12/04	
	Notional	Market value
FORWARD CONTRACTS		
Organized markets		
Interest-rate contracts	251,654	0
Other contracts	5,943	60
Over-the-counter markets		
Interest-rate swaps	2,134,468	(187)
Forward-rate agreements (FRA)	158,133	(19)
Other contracts	592	(26)

Fair value of financial instruments (continued)

(millions of euros)

	31/12/04	
	Notional	Market value
OPTIONS		
Organized markets		
Interest-rate options	273,276	(15)
Other options	61,003	(245)
Over-the-counter markets		
Interest-rate options, caps, floors, collars	215,208	(893)
Swaptions	102,689	230
Currency options and other options	45,165	666

Note 19: financial instruments by term to maturity

(millions of euros)

	31/12/04				31/12/03			
	≤ 1 year	1 to 5 years	> 5 years	Total	≤ 1 year	1 to 5 years	> 5 years	Total
FORWARD CONTRACTS								
Organized markets								
Interest-rate contracts	181,192	65,563	4,899	251,654	87,577	14,503		102,080
Other contracts	4,042	1,716	185	5,943	603			603
Over-the-counter markets								
Interest-rate swaps	1,088,389	542,201	503,878	2,134,468	524,033	382,074	377,267	1,283,374
Forward-rate agreements (FRA)	144,404	13,729		158,133	40,904	6,245		47,149
Other contracts	482	110		592	1,045			1,045
OPTIONS								
Organized markets								
Interest-rate options	271,677	1,599		273,276	257,572	7,500		265,072
Other options	38,760	21,643	600	61,003	98,503	16,530	2,304	117,337
Over-the-counter markets								
Interest-rate options, caps, floors, collars	41,242	108,935	65,031	215,208	39,725	69,661	42,136	151,522
Swaptions	27,835	43,583	31,271	102,689	10,938	25,826	15,205	51,969
Currency options and other options	40,735	4,103	327	45,165	19,621	19,492	2,439	41,552

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Note 20: credit risk

a) Global exposure to credit risk

(millions of euros)

	Gross performing loans and advances	Gross performing loans and advances restructured	Doubtful loans and advances - not impaired	Doubtful loans and advances - impaired	Gross amount 31/12/04	Gross amount 31/12/03
Due from financial institutions	81,173				81,173	51,826
Due from customers	28,998		154		29,152	9,983
Available-for-sale and held-to-maturity securities (fixed-income securities)	17,871		201		18,072	11,253
Commitments given	26,145		10		26,155	19,222
TOTAL	154,187	0	365	0	154,552	92,284

Counterparty risk relating to financial instruments is detailed in part F of this note.
The group did not restructure any receivables at off-market conditions.

b) Provisions for counterparty risk

(millions of euros)

	31/12/02	31/12/03	Allocations/ Reversals	Other movements ^(**)	31/12/04
Due from financial institutions	0	0			0
Due from customers	0	0	6	(67)	(61)
Available-for-sale and held-to-maturity securities (fixed-income securities) ^(*)	(2)	(76)	(2)	0	(78)
Miscellaneous debtors	0	0	(2)		(2)
PROVISIONS DEDUCTED FROM ASSETS	(2)	(76)	2	(67)	(141)
Signature risks on commitments	0	0	0	(1)	(1)
Provisions for country risks	0	0	0	(13)	(13)
Provisions for sector risks	0	0	(5)	(102)	(107)
Other provisions for counterparty risk	0	0	0	(130)	(130)
PROVISIONS RECORDED AS LIABILITIES	0	0	(5)	(246)	(251)
TOTAL PROVISIONS FOR COUNTERPARTY RISKS ⁽¹⁾	(2)	(76)	(3)	(313)	(392)

(*) Provision reversals on held-to-maturity securities are presented as gains and losses on long-term investments.

(**) Other movements arise from the asset transfers undertaken by CDC IXIS on November 1, 2004.

(1) Including provisions on:					
Gross performing loans and advances	0	0	(5)	(245)	(250)
Gross performing loans and advances - restructured					0
Gross doubtful loans and advances - not impaired	(2)	(76)	2	(68)	(142)
Gross doubtful loans and advances - impaired					0

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c) Credit risk - due from financial institutions and customers

(millions of euros)

	Gross performing loans and advances	Gross performing loans and advances - restructured	Doubtful loans and advances - not impaired	Doubtful loans and advances - impaired	Provisions	Net 31/12/04	Net 31/12/03
BREAKDOWN BY GEOGRAPHIC AREA							
Europe	97,929		102		(25)	98,006	61,809
USA	12,123		52		(36)	12,139	0
Asia	119					119	0
TOTAL BY GEOGRAPHIC AREA	110,171	0	154	0	(61)	110,264	61,809
BREAKDOWN BY SECTOR							
Sovereigns and Central Administrations	733					733	758
Local government	557					557	9
Insurance and reinsurance	2,313					2,313	1,802
Financial institutions	78,637					78,637	54,509
Corporate	4,747		102		(25)	4,824	7
Others	23,184		52		(36)	23,200	4,724
TOTAL BY SECTOR	110,171	0	154	0	(61)	110,264	61,809

d) Credit risk - fixed-income securities

(millions of euros)

	Performing loans and advances ⁽¹⁾	Doubtful loans and advances - not impaired	Doubtful loans and advances - impaired	Provisions	Net 31/12/04	Net 31/12/03
BREAKDOWN BY GEOGRAPHIC AREA						
Europe	16,241	201		(78)	16,364	11,167
USA	1,630			0	1,630	
Asia					0	
TOTAL BY GEOGRAPHIC AREA	17,871	201	0	(78)	17,994	11,167
BREAKDOWN BY RATING						
AAA	8,690				8,690	5,981
AA	1,003			0	1,003	1,079
A	4,456			0	4,456	1,604
BBB	1,061				1,061	741
BB	7				7	27
B	230				230	197
Not rated	2,424	201		(78)	2,547	1,538
TOTAL BY RATING	17,871	201	0	(78)	17,994	11,167

(1) Outstandings net of provisions for market risk.

e) Credit risk - commitments by signature

(millions of euros)

	Performing loans and advances ⁽¹⁾	Doubtful loans and advances - not impaired	Doubtful loans and advances - impaired	Provisions	Net 31/12/04	Net 31/12/03
BREAKDOWN BY GEOGRAPHIC AREA						
Europe	23,962	10			23,972	19,222
USA	2,183				2,183	
Asia					0	
TOTAL BY GEOGRAPHIC AREA	26,145	10	0	0	26,155	19,222

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f) Credit risk - financial instruments (over-the-counter)

Information concerning market risks

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

Risks are measured 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, e.g. interest-rate, currency, equity, volatility, etc.

Risks are controlled by comparing these indicators with market limits that must be respected at all times. Daily and weekly reports are then produced for IXIS CIB's Executive Board and the Chairman of the IXIS CIB Supervisory Board.

Information is also systematically provided to the Financial and Internal Control Committee and the Supervisory Board. These bodies meet four times a year.

Banking regulations require that IXIS CIB submits its overall risk coverage ratio to the French Banking Commission and in June 1997, it was authorized to use its own internal model, *Scénarisk*, for calculating the market-risk component of this ratio.

Information concerning counterparty risk on derivative instruments

Counterparty risks are measured by analyzing the probable loss that IXIS CIB would incur in the event of default by its counterparties.

Off-balance sheet transactions executed on organized markets are obviously excluded from this measurement of counterparty risk.

Counterparty risk on financial instruments on interest rates and currencies (including options) is analyzed 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 stipulated in French Banking Commission instruction n° 96-06).

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

- the positive replacement value of the instruments calculated on the basis of their market value;
- an assessment of potential credit risk based on a fraction ("add-on") of the notional value of the instruments, according to the nature and term-to-maturity of the instruments as set forth in the Banking Commission instruction.

The resulting gross credit-risk equivalent is then reduced to reflect:

- netting agreements entered into in accordance with market conventions and which allow netting of positive and negative replacement values at counterparty level;
- cash guaranties received under collateralization agreements.

The resulting net credit-risk equivalent is then weighted according to the regulatory category of counterparty (governments, financial institutions and others, using weightings of 0%, 20% and 50%, respectively), as stipulated in CRB regulation n° 91-05 and appendix III of instruction n° 96-06 concerning the solvency ratio.

(millions of euros)

	OECD governments and Central Banks weighted at 0% ⁽¹⁾	OECD financial institutions weighted at 20%	Other counterparties weighted at 50%	Total 2004	Total 2003
Non-weighted credit-risk equivalent before clearing and collateralization agreements	7,207	50,350	8,194	65,751	54,163
<i>Of which gross positive replacement cost (market value)</i>	2,356	9,661	3,106	15,123	20,621
Effect of netting agreements	(4,045)	(34,772)	(1,776)	(40,593)	(32,121)
Effect of collateralization	(559)	(3,401)	(114)	(4,074)	(2,615)
NON-WEIGHTED CREDIT-RISK EQUIVALENT AFTER NETTING AND COLLATERALIZATION AGREEMENTS	2,603	12,177	6,304	21,084	19,427
	12.3%	57.8%	29.9%		
WEIGHTED CREDIT-RISK EQUIVALENT AFTER NETTING AND COLLATERALIZATION AGREEMENTS	0	2,435	3,152	5,587	5,315

(1) In accordance with regulations, transactions undertaken with institutions affiliated to CNCE are weighted at 0%.

The above table only includes transactions subject to French Banking Commission instruction n° 96-06, namely transactions undertaken on over-the-counter markets and assimilated organized markets.

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Note 21: net interest income on treasury and interbank transactions

(millions of euros)

	31/12/04	31/12/03	31/12/02
Interest on overdrafts	6	2	2
Interest on other loans	596	380	497
Interest on securities purchased under resale agreements	758	519	859
Premiums/discounts	118	96	27
Other interest income	104	76	241
INTEREST INCOME ON TREASURY AND INTERBANK TRANSACTIONS	1,582	1,073	1,626
Interest on deposits	(19)	(85)	(215)
Interest on borrowings	(1,498)	(1,248)	(1,596)
Interest on securities sold under repurchase agreements	(283)	(400)	(668)
Premiums/discounts	(90)	(65)	(12)
Other interest expenses	(83)	(113)	(80)
INTEREST EXPENSES ON TREASURY AND INTERBANK TRANSACTIONS	(1,973)	(1,911)	(2,571)

Note 22: net interest income on customer transactions

(millions of euros)

	31/12/04	31/12/03	31/12/02
Interest on commercial loans and loans to customers	158		
Interest on securities purchased under resale agreements	192	104	86
Other interest income	51	104	74
INTEREST INCOME ON CUSTOMER TRANSACTIONS	401	208	160
Interest on term deposits and borrowings	(50)	(28)	
Interest on securities sold under repurchase agreements	(261)	(123)	(76)
Other interest expenses	(30)		
INTEREST EXPENSES ON CUSTOMER TRANSACTIONS	(341)	(151)	(76)

Note 23: net interest income on bonds and other fixed-income securities

(millions of euros)

	31/12/04	31/12/03	31/12/02
Interest and similar income on available-for-sale securities	210	321	450
Interest and similar income on held-to-maturity securities	94	151	92
Other interest income	8		
INTEREST AND SIMILAR INCOME ON BONDS AND OTHER FIXED-INCOME SECURITIES	312	472	542
Interest on certificates of deposit and medium-term notes	(32)	(93)	(252)
Interest and other expenses on bonds issued	(81)	(19)	
Other interest expenses	(551)	(230)	(72)
INTEREST AND SIMILAR EXPENSES ON BONDS AND OTHER FIXED-INCOME SECURITIES	(664)	(342)	(324)

Note 24: income on equities and other variable-income securities

(millions of euros)

	31/12/04	31/12/03	31/12/02
Income from available-for-sale securities	49	14	16
Income from affiliates and subsidiaries	1		
INCOME ON EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	50	14	16

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Note 25: fees and commissions

(millions of euros)

	31/12/04		31/12/03		31/12/02	
	Income	Expenses	Income	Expenses	Income	Expenses
Interbank and money-market transactions	4					
Customer transactions				(5)		(3)
Securities transactions	77	(31)	33	(4)	34	(5)
Transactions on forward financial instruments		(42)		(18)		(10)
Financial services	35	(11)	31	(37)	38	(23)
Foreign-exchange transactions		(1)		(1)		(1)
Other fees and commissions	3	(5)	6	(17)	12	(25)
NET FEES AND COMMISSIONS	119	(90)	70	(82)	84	(67)

Note 26: net income on trading activities

(millions of euros)

	31/12/04	31/12/03	31/12/02
Net gains or losses from transactions on trading securities	1,337	867	932
Net gains or losses from foreign-exchange transactions	77	(31)	254
Net gains or losses from forward financial instruments	241	360	32
NET GAINS OR LOSSES ON TRADING ACTIVITIES	1,655	1,196	1,218

Note 27: net income on available-for-sale securities and other securities

(millions of euros)

	31/12/04	31/12/03	31/12/02
Net gains or losses on disposal of available-for-sale securities	(344)	(59)	969
Net changes in valuation allowances	5	14	(18)
NET INCOME ON AVAILABLE-FOR-SALE SECURITIES AND SIMILAR SECURITIES	(339)	(45)	951

Note 28: other banking income and expenses

(millions of euros)

	31/12/04		31/12/03		31/12/02	
	Income	Expenses	Income	Expenses	Income	Expenses
Costs recovered and revenues allocated	35	(36)	0	0	0	0
Other operating income and expenses	9	(32)	15	(10)	20	(24)
TOTAL OTHER OPERATING INCOME AND EXPENSES FROM BANKING	44	(68)	15	(10)	20	(24)
NET OPERATING INCOME OR EXPENSES FROM BANKING	(24)		5		(4)	

Consolidated financial statements

Note 29: payroll expenses

(millions of euros)

	31/12/04	31/12/03	31/12/02
Wages and salaries	(198)	(135)	(130)
Pension costs and changes in related provisions	(8)	(8)	(7)
Other social security costs	(51)	(37)	(31)
Incentive plans and profit-sharing	(9)	(9)	(7)
Payroll taxes	(17)	(14)	(15)
Net changes in provisions	(8)		
PAYROLL EXPENSES	(291)	(203)	(190)

Fully- and proportionally-consolidated companies employed 1,474 people as at December 31, 2004 (including 584 outside France) versus 963 people as at December 31, 2003 (including 162 outside France).

Total compensation paid to members of the Executive Board amounted to €3 million in 2004 (versus €2 million in 2003). This amount included a fixed element that is set when members are appointed, together with a variable element. Attendance fees paid to members of the IXIS CIB Supervisory Board in 2004 were not material.

Note 30: cost of risk

(millions of euros)

	31/12/04	31/12/03	31/12/02
Allocations to provisions			
Impairment of receivables	(5)		
Other counterparty risks	(6)	(76)	
TOTAL ALLOCATIONS TO PROVISIONS	(11)	(76)	0
Reversals of provisions			
Impairment of receivables	11		
Other counterparty risks	1		
TOTAL REVERSALS OF PROVISIONS	12	0	0
COST OF RISK	1	(76)	0

Movements in provisions for impairment of receivables and counterparty risks are detailed in note 20.

Note 31: gains or losses on long-term investments

(millions of euros)

	31/12/04	31/12/03	31/12/02
NET GAINS OR LOSSES ON DISPOSALS OF TANGIBLE AND INTANGIBLE FIXED ASSETS	0	0	2
Net gains or losses on disposals of investments in subsidiaries and affiliates	(1)	4	
Net changes in allowances			
<i>Net income (loss) on transactions on investments in subsidiaries and affiliates</i>	<i>(1)</i>	<i>4</i>	<i>0</i>
Net gains or losses on disposal of held-to-maturity securities and other long-term securities	2	1	(2)
Net changes in allowances	(2)		
<i>Net gains or losses on disposal of held-to-maturity securities and other long-term securities</i>	<i>0</i>	<i>1</i>	<i>(2)</i>
NET GAINS OR LOSSES ON TRANSACTIONS ON INVESTMENT SECURITIES AND OTHER LONG-TERM SECURITIES	(1)	5	(2)
GAINS OR LOSSES ON LONG-TERM INVESTMENTS	(1)	5	0

Note 32: income taxes

a) Breakdown of deferred and current tax expense and revenue

(millions of euros)

	31/12/04	31/12/03	31/12/02
Current income taxes	(80)	(71)	(48)
Deferred taxes	(14)	21	8
TAX EXPENSE	(94)	(50)	(40)

Consolidated financial statements

b) Breakdown of deferred tax assets and liabilities

(millions of euros)

	31/12/04	31/12/03	31/12/02
Breakdown of deferred taxes by category			
Deferred expenses (including ORGANIC small business tax and employee profit-sharing)	49	2	4
Other deferred expenses and depreciation and amortization	0	0	1
Other non-deductible provisions	101	26	0
Fair-value adjustments on mutual funds	0	0	3
Other timing differences	6	0	0
TOTAL DEFERRED TAX ASSETS	156	28	8

c) Reconciliation of the French statutory tax rate with the effective tax rate

(millions of euros)

	31/12/04	31/12/03
Income before tax, amortization of goodwill, income from investments accounted for by the equity method and net changes in the fund for general banking risks (millions of euros)	292	162
Normal tax rate applicable to French companies (including additional contributions)	35.4%	35.4%
Difference on items taxed at reduced rate	0.0%	-0.5%
Effect of tax losses	0.0%	0.3%
Effect of different tax rates and calculation methods in other countries	2.8%	-1.4%
Dividend tax credits	-4.7%	-2.7%
Permanent differences and other differences	-1.4%	0.0%
EFFECTIVE TAX RATE	32.1%	31.1%

Note 33: breakdown of income by business segment

(millions of euros)

	Financing	Fixed-income	Equities	Corporate	Consolidated total 31/12/04
NET BANKING INCOME	20	514	211	45	790
Operating expenses	(4)	(265)	(145)	(84)	(498)
GROSS OPERATING INCOME	16	249	66	(39)	292
Cost of risk	(7)	8			1
OPERATING INCOME	9	257	66	(39)	293
Net income from subsidiaries and affiliates accounted for by the equity method				1	1
Gains or losses on long-term investments				(1)	(1)
ORDINARY INCOME BEFORE TAX	9	257	66	(39)	293
Income tax	(3)	(95)	(9)	13	(94)
Net changes in the Fund for General Banking Risks		(6)			(6)
NET INCOME	6	156	57	(26)	193

Consolidated financial statements

Note 34: breakdown of income by geographical area⁽¹⁾

(millions of euros)

	Europe	USA	Asia	Consolidated total 31/12/04
NET BANKING INCOME	688	74	28	790
Operating expenses	(436)	(45)	(17)	(498)
GROSS OPERATING INCOME	252	29	11	292
Cost of risk	(6)	7		1
OPERATING INCOME	246	36	11	293
Net income from subsidiaries and affiliates accounted for by the equity method	1			1
Gains or losses on long-term investments	(1)			(1)
ORDINARY INCOME BEFORE TAX	246	36	11	293
Extraordinary items				
Income tax	(70)	(17)	(7)	(94)
Net changes in the Fund for General Banking Risks		(6)		(6)
NET INCOME	176	13	4	193

(1) Defined according to the location of the subsidiary or branch recording the income or expense.

Note 35: pro-forma financial statements

In a transaction undertaken on November 1, 2004, CDC IXIS transferred its corporate and structured financing interests, its spreadbook, its refinancing business and its equity interests in IXIS North America and Nexgen to CDC IXIS Capital Markets (now renamed IXIS Corporate & Investment Bank).

a) Restated balance sheet as at December 31, 2003

The ensuing changes impacted significantly on the structure of IXIS CIB's balance sheet. In order to make it easier to compare accounts, a 2003 pro-forma balance sheet has been prepared for the new group. The balance sheet has been prepared on the basis of CDC IXIS Capital Markets' consolidated accounts as at December 31, 2003 and of those of IXIS North America (included in CDC IXIS' consolidated accounts in 2003), as well as on the basis of the assets and liabilities representative of the businesses transferred by CDC IXIS.

The increase in capital resulting from these transfers was assumed to have taken place on December 31, 2003. Overnight and term loans granted by CDC IXIS to CDC IXIS Capital Markets were deducted from interbank borrowings (cancellation of reciprocal transactions) during the transfer process. The other eliminations primarily concern reciprocal transactions involving IXIS North America and CDC IXIS or CDC IXIS Capital Markets.

Consolidated financial statements

Assets

(millions of euros)

	CDC IXIS Capital Markets consolidated as at 31/12/03	IXIS North America transfers	CDC IXIS transfers	Others (including elimination of reciprocal transactions)	IXIS CIB consolidated pro-forma as at 31/12/03	IXIS CIB consolidated as at 31/12/04
INTERBANK AND MONEY MARKET TRANSACTIONS						
Cash, central banks and post-office banks	1				1	0
Treasury bills and money-market instruments	13,634	1,348	124		15,106	11,006
Due from financial institutions	51,826	1,495	1,981	(2,069)	53,233	81,173
CUSTOMER TRANSACTIONS						
Commercial loans						531
Other credits to customers and lease transactions	9,983	8,873	5,532	(2,709)	21,679	28,560
BONDS, EQUITIES, OTHER FIXED- AND VARIABLE-INCOME SECURITIES						
Bonds and other fixed-income instruments	37,582	4,377	5,844		47,803	44,783
Equities and other variable-income securities	6,610	5,168	157		11,935	19,132
AFFILIATES AND OTHER LONG-TERM SECURITIES						
Investments in affiliates	34	(413)	603	(93)	131	58
Investments in subsidiaries and affiliates accounted for by the equity method				77	77	73
TANGIBLE AND INTANGIBLE FIXED ASSETS						
	53	39	24		116	83
ACCRUED INCOME AND OTHER ASSETS						
	14,490	7,054	4,604	(800)	25,348	21,660
TOTAL	134,213	27,941	18,869	(5,594)	175,429	207,059

The exchange rate used for the integration of IXIS North America was €1 = \$1.2604.

Liabilities

(millions of euros)

	CDC IXIS Capital Markets consolidated as at 31/12/03	IXIS North America transfers	CDC IXIS transfers	Others (including elimination of reciprocal transactions)	IXIS CIB consolidated pro-forma as at 31/12/03	IXIS CIB consolidated as at 31/12/04
INTERBANK AND MONEY-MARKET TRANSACTIONS						
Due to financial institutions	73,722	5,597	(17,026)	(4,854)	57,439	69,900
CUSTOMER TRANSACTIONS						
Other amounts due to customers	10,408	11,598	2,438		24,444	31,214
DEBT SECURITIES						
Interbank and money-market instruments	9,323	3,181	29,803		42,307	39,562
Bonds and similar debt instruments	670				670	7,432
Other debt securities						119
ACCRUED EXPENSES AND OTHER LIABILITIES	38,577	7,429	327	(804)	45,529	52,490
PROVISIONS FOR CONTINGENCIES AND LOSSES	39	78	138	0	255	364
SUBORDINATED DEBT	727		686	0	1,413	2,540
FUND FOR GENERAL BANKING RISKS (FGBR)						6
SHAREHOLDERS' EQUITY	747	58	2,503	64	3,372	3,432
Common stock	458		1,405	47	1,910	1,909
Additional paid-in capital	10		950	34	994	994
Retained earnings	167	(21)	193	(19)	320	336
Net income	112	79	(45)	2	148	193
TOTAL	134,213	27,941	18,869	(5,594)	175,429	207,059

The exchange rate used for the integration of IXIS North America was €1 = \$1.2604.

■ Consolidated financial statements

b) Restated income statements as at December 31, 2003 and December 31, 2004

With IXIS Corporate & Investment Bank having been created on November 1, 2004, the income statement published for the fiscal year ended December 31 only includes two months of income from the businesses and subsidiaries transferred.

The consolidated income statements for fiscal years 2003 and 2004 have therefore been restated in order to make it easier to compare accounts, by presenting pro-forma figures over two fiscal years of 12 months.

The contribution of the business lines transferred by CDC IXIS has been calculated on the basis of management data, broken down into three components:

- the Financing business line, including the portfolios of corporate loans, excluding local-government loans;
- the Fixed-Income business line, primarily comprising management of the spreadbook;
- the other items transferred essentially concern proprietary activities (investments in subsidiaries and affiliates, issues, cash management and ALM) and unallocated counterparty risk provisions or sector risk provisions.

Cost data has been prepared according to the following assumptions:

- the refinancing rates used by CDC IXIS for the assets transferred (or the reinvestment rates for liabilities) have been retained and their counterparty recorded in the proprietary account;
- payroll expenses have been calculated on the basis of the number of staff effectively transferred to IXIS CIB on January 1, 2005;
- other operating expenses have been apportioned pro-rata to the number of staff transferred.

The contributions from IXIS North America Inc. and Nexgen have been calculated on the basis of the income statements of these sub-groups as incorporated in CDC IXIS consolidated accounts as at December 31, 2003.

Pro-forma income statement as at December 31, 2003

(millions of euros)

	CDC IXIS Capital Markets consolidated as at 31/12/03	IXIS North America	CDC IXIS business lines			IXIS CIB consolidated pro forma as at 31/12/03
			Financing	Fixed- income	Others	
NET BANKING INCOME	633	385	105	22	(19)	1,126
Operating expenses	(400)	(222)	(23)	(4)	(52)	(701)
GROSS OPERATING INCOME	233	163	82	18	(71)	425
Cost of risk	(76)	(8)	(9)		(100)	(193)
OPERATING INCOME	157	155	73	18	(171)	232
Net income from subsidiaries and affiliates accounted for by the equity method					3	3
Gains or losses on long-term investments	5	0	0	(1)	1	5
ORDINARY INCOME BEFORE TAX	162	155	73	17	(167)	240
Income tax	(50)	(77)	(19)	(6)	61	(91)
Net allowances for goodwill amortization					(1)	(1)
NET INCOME	112	78	54	11	(107)	148

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Pro-forma income statement as at December 31, 2004

(millions of euros)

	IXIS CIB consolidated as at 31/12/04	IXIS North America	CDC IXIS business lines			IXIS CIB consolidated pro forma as at 31/12/04
			Financing	Fixed-income	Others	
NET BANKING INCOME	790	333	88	36	12	1.259
Operating expenses	(498)	(183)	(21)		(28)	(730)
GROSS OPERATING INCOME	292	150	67	36	(16)	529
Cost of risk	1	(29)	(17)		(113)	(158)
OPERATING INCOME	293	121	50	36	(129)	371
Net income from subsidiaries and affiliates accounted for by the equity method	1					1
Gains or losses on long-term investments	(1)			1	12	12
ORDINARY INCOME BEFORE TAX	293	121	50	37	(117)	384
Income tax	(94)	(52)	(16)	(13)	44	(131)
Net changes in the fund for General Banking Risks	(6)					(6)
NET INCOME	193	69	34	24	(73)	247

Note 36: IXIS CIB scope of consolidation as at December 31, 2004

Company	Country	Method (1)	% Control 31/12/04	% Interest 31/12/04	% Interest 2003
IXIS CORPORATE & INVESTMENT BANK	France	PARENT	-	-	-
Branches - Frankfurt					
- London					
- Tokyo					
IXIS SECURITIES	France	FULL	100	100	100
CLEA2	France	FULL	100	100	100
ICMOS PANGAEA	Ireland	EQUI	100	100	100
CDC SP - PREVIE SUB-ENTITY	Luxembourg	EQUI	100	100	

Company	Country	Method (1)	% Control 31/12/04	% Interest 31/12/04	% Interest 2003
NEXGEN SUB-GROUP					
NEXGEN FINANCIAL HOLDINGS Ltd.	Ireland	EQUI	38.70	38.70	
NEXGEN RE Ltd.	Ireland	EQUI	38.70	38.70	
UNIVERSE HOLDINGS Ltd.	Cayman Islands	EQUI	38.70	38.70	
NEXGEN MAURITIUS Ltd.	Mauritius	EQUI	38.70	38.70	
NEXGEN CAPITAL Ltd.	Ireland	EQUI	38.70	38.70	
NEXGEN FINANCIAL SOLUTIONS Ltd.	Ireland	EQUI	38.70	38.70	
NEXGEN FINANCIAL SOLUTIONS (ASIA) Pte Ltd.	Singapore	EQUI	38.70	38.70	
MANGO CDO Ltd.	Jersey	EQUI	38.70	38.70	
LIME CDO Ltd.	Jersey	EQUI	38.70	38.70	
LIME 2 CDO Ltd.	Jersey	EQUI	38.70	38.70	
PAPAYA CDO Ltd.	Jersey	EQUI	38.70	38.70	
IXISSM CAPITAL MARKETS SUB-GROUP					
IXIS NORTH AMERICA	USA	FULL	100	100	
IXIS INVESTMENT MANAGEMENT CORP.	USA	FULL	100	98.67	
IXIS CAPITAL MARKETS NORTH AMERICA SUB-GROUP					
IXIS CAPITAL MARKETS NORTH AMERICA	USA	FULL	100	100	
IXIS FUNDING CORP.	USA	FULL	100	100	
IXIS COMMERCIAL PAPER CORP.	USA	FULL	100	100	
IXIS SECURITIES NORTH AMERICA INC.	USA	FULL	100	100	
IXIS FINANCIAL PRODUCTS INC.	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC.	USA	FULL	100	100	
IXIS DERIVATIVES INC.	USA	FULL	100	100	
IXIS REAL ESTATE CAPITAL INC.	USA	FULL	100	100	
IXIS SECURITIZATION CORP.	USA	FULL	100	100	
IXIS CAPITAL ARRANGER	USA	FULL	100	100	
CDC HOLDING TRUST	USA	FULL	100	100	
BEDFORD OLIVER FUNDING	USA	FULL	100	100	
CCAV I	USA	FULL	100	100	
BLOOM ASSET HOLDING FUND PLC	Ireland	FULL	100	100	
CDC PROPERTY TRUST	USA	FULL	100	100	
CDC CRESTED BUTTE HOTEL PROPERTY TRUST	USA	FULL	100	100	
CDC RANDALL PARK MALL PROPERTY TRUST	USA	FULL	100	100	
CALYPSO INVESTMENTS GP	USA	FULL	100	100	
IXIS ANEMONE INC.	USA	FULL	100	100	
IXIS ASSET FINANCE INC.	USA	FULL	100	100	
IXIS PARTICIPATIONS HOLDING, INC.	USA	FULL	100	100	
IXIS PARTICIPATIONS N° I, INC.	USA	FULL	100	100	
IXIS CMNA ACCEPTANCES, LLC	USA	FULL	100	100	
IXIS CMNA INTERNATIONAL PARTICIPATIONS (N° I) LLC	USA	FULL	100	100	
IXIS CMNA IP ASSETS HOLDINGS (LUXEMBOURG) SCA	Luxembourg	FULL	100	100	
IXIS CMNA GILBRATAR LTD.	Gibraltar	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-1 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-2 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-3 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-4 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-5 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-6 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-7 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-8 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-9 TRUST	USA	FULL	100	100	
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-10 TRUST	USA	FULL	100	100	

(1) Consolidation methods - FULL: Full consolidation - PROP: Proportional consolidation - EQUI: Accounted for by the equity method

■ Consolidated financial statements

Statutory auditors' report on the 2004 consolidated financial statements

Year ended December 31, 2004.

To the Shareholders,
IXIS Corporate & Investment Bank
47, quai d'Austerlitz
75648 Paris cedex 13

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report on the consolidated financial statements, together with the statutory auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In accordance with the assignment entrusted to us by the General Meeting of Shareholders, we hereby present our report for the year ended December 31, 2004, concerning our statutory audit of the consolidated financial statements of IXIS Corporate & Investment Bank, 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.

I - Opinion on the consolidated financial statements

We have conducted our audit in accordance with auditing standards applicable in France. These standards require that we plan and perform the audit 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 principles 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 with respect to French generally accepted accounting rules and principles, the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and results of the Group as constituted by the companies comprised in the consolidation.

II - Justification of our assessments

In accordance with article L. 225-235 of the French Commercial Code concerning the justification of our assessments, we draw your attention to the following points:

Accounting rules and principles:

Paragraph 1.2 of the appendix to the consolidated financial statements describes the accounting rules and methods applied for the transfers effected during the year. As part of our assessment of the group's accounting rules and principles, we have verified the appropriateness of these accounting methods and the information provided in the paragraphs and notes appended to the consolidated financial statements, and are satisfied that these rules and principles have been applied correctly.

Accounting estimates:

The provisioning of credit risks and the valuation of financial instruments is an area that entails significant accounting estimates.

- As indicated in paragraph 3.10 of the appendix concerning valuation rules, the group records provisions to cover the credit risks inherent to its business. We examined the control procedures implemented by management for monitoring credit risks, assessing the risks of non-recovery and determining the related specific and general provisions.
- As indicated in paragraph 3.5 of the appendix concerning valuation rules, the group uses internal models to value its positions on financial instruments not listed on organized markets. We examined the control procedures implemented by management for verifying these models and determining the parameters used.

We assessed whether these estimates were reasonable.

The assessments were made as part of our overall audit approach to the consolidated financial statements and therefore contributed to expressing our opinion set out in the first part of this report.

III – Specific verification

In accordance with prevailing professional standards in France, we have also verified the information provided in the Group's Management Report. We have no matters to report with regard to its fair presentation and conformity with the consolidated financial statements.

Paris, April 18, 2005

The Auditors

PricewaterhouseCoopers Audit
Etienne Boris

Mazars & Guérard
Michel Barbet-Massin Charles de Boisriou





Parent company financial statements (extracts)

This chapter contains the most significant extracts from IXIS Corporate & Investment Bank's 2004 parent company financial statements.

The full 2004 parent company financial statements have been certified without qualification by the Company's Auditors and may be obtained on request from the head office of the Company.

// Parent company balance sheet	p. 176
// Parent company income statement	p. 178
// Parent company off-balance-sheet items	p. 179
// Notes to the parent company financial statements	p. 180
// Table of results for last five years	p. 192

■ Parent company financial statements (extracts)

Parent company balance sheet

Assets

(millions of euros)

	Notes	31/12/04	31/12/03	31/12/02
INTERBANK AND MONEY MARKET TRANSACTIONS				
Cash, central banks and post-office banks		-	1	10
Treasury bills and money-market instruments		9,729	13,634	8,262
Due from financial institutions		79,640	51,814	55,543
CUSTOMER TRANSACTIONS				
Commercial loans		531	-	-
Other credits to customers, leasing and similar transactions		21,607	9,983	7,108
BONDS, EQUITIES, OTHER FIXED- AND VARIABLE-INCOME SECURITIES				
Bonds and other fixed-income instruments		39,563	37,612	44,222
Equities and other variable-income securities		11,941	6,604	3,956
AFFILIATES AND OTHER LONG-TERM SECURITIES	2	583	53	31
TANGIBLE AND INTANGIBLE FIXED ASSETS		68	53	40
ACCRUED INCOME AND OTHER ASSETS		16,311	14,385	11,295
Total		179,973	134,137	130,467

Liabilities

(millions of euros)

	Notes	31/12/04	31/12/03	31/12/02
INTERBANK AND MONEY MARKET TRANSACTIONS				
Due to financial institutions		65,969	73,721	82,182
CUSTOMER TRANSACTIONS				
Current account deposits		-	-	-
Other amounts due to customers		20,567	11,630	4,202
DEBT SECURITIES				
Interbank and money-market instruments		34,704	8,148	11,041
Bonds and similar debt instruments		7,163	670	1,230
ACCRUED EXPENSES AND OTHER LIABILITIES		45,409	38,506	30,438
PROVISIONS FOR CONTINGENCIES AND LOSSES		303	20	18
SUBORDINATED DEBT		2,540	727	729
SHAREHOLDERS' EQUITY (EXCLUDING FGBR)	3	3,318	714	626
Common stock		1,909	458	458
Additional paid-in capital		994	10	10
Other reserves		217	52	47
Retained earnings		143	106	20
Interim dividend		(140)	-	-
Net income		195	88	91
TOTAL		179,973	134,137	130,467

■ Parent company financial statements (extracts)

Parent company income statement

(millions of euros)

	31/12/04	31/12/03	31/12/02
INTEREST AND SIMILAR INCOME:			
From treasury and interbank transactions	1,231	1,071	1,624
From customer transactions	341	208	160
From bonds and other fixed-income securities	300	472	542
Other interest and similar income	418	2,289	1,488
INTEREST AND SIMILAR EXPENSES:			
From treasury and interbank transactions	(1,591)	(1,909)	(2,514)
From customer transactions	(316)	(192)	(76)
From bonds and other fixed-income securities	(612)	(299)	(378)
Other interest and similar expenses	(352)	(2,163)	(2,544)
INCOME ON EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	47	14	19
FEE AND COMMISSION INCOME	54	37	51
FEE AND COMMISSION EXPENSES	(76)	(69)	(53)
NET INCOME ON TRADING PORTFOLIOS	1,581	1,173	1,206
NET INCOME (EXPENSES) ON AVAILABLE-FOR-SALE SECURITIES	(331)	(33)	950
OTHER NET OPERATING INCOME (EXPENSES)	(26)	3	(4)
NET BANKING INCOME	668	601	472
OPERATING EXPENSES:			
Payroll expenses	(236)	(180)	(168)
Other administrative expenses	(184)	(185)	(163)
Intra-group transactions	24	15	13
DEPRECIATION AND IMPAIRMENT CHARGES ON TANGIBLE AND INTANGIBLE FIXED ASSETS	(16)	(16)	(11)
GROSS OPERATING INCOME	256	236	143
COST OF RISK	(6)	(76)	-
OPERATING INCOME	250	160	143
GAINS OR LOSSES ON LONG-TERM INVESTMENTS	(2)	0	(4)
ORDINARY INCOME BEFORE TAX	248	160	139
EXTRAORDINARY INCOME	-	-	(14)
INCOME TAX	(53)	(72)	(48)
NET CHANGES IN THE FUND FOR GENERAL BANKING RISKS	-	-	14
NET INCOME	195	88	91
NET INCOME PER SHARE (euros)^{(1) (2)}	4.24	2.94	3.02

(1) IXIS CIB has not issued any capital instruments that would require the presentation of diluted net income per share.

(2) Calculated on the basis of the weighted average number of shares in circulation during the year.

Parent company off-balance sheet items

(millions of euros)

	31/12/04	31/12/03	31/12/02
COMMITMENTS GIVEN			
Financing commitments			
- to financial institutions	4,584	15	-
- to customers	6,217	6,121	6,206
Guaranty commitments			
- to financial institutions	14,056	13,101	11,616
- to customers	1,326	-	-
Commitments on securities			
- securities to be delivered	709	1,702	745
COMMITMENTS RECEIVED			
Financing commitments			
- from financial institutions	4,023	14,615	13,035
Guaranty commitments			
- from financial institutions	2,269	1,982	1,982
- from customers	314	-	-
Commitments on securities			
- securities to be received	3,580	4,951	1,782
OTHER COMMITMENTS			
Commitments given	3,823	4,359	555
Commitments received	18,354	5,644	2,773

■ Parent company financial statements (extracts)

Notes to the parent company financial statements

Parent company financial statements accounting and consolidation principles

1 – Introduction

The annual accounts have been prepared in accordance with regulation 91-01 of the French Banking Regulation Committee (CRBF), as amended by regulation 99-04 of the French Accounting Regulation Committee (CRC).

The financial statements have been prepared in accordance with the provisions of CRC regulation 2000-03.

2 – Changes in scope of consolidation and comparability between fiscal years

2.1 Restructuring of the partnership between Caisse des Dépôts and Groupe Caisse d'Épargne

On May 27, 2004, Caisse des Dépôts group and Groupe Caisse d'Épargne signed the final agreement providing for the restructuring of their partnership and which involved Caisse des Dépôts transferring its equity interests in Compagnie financière Eulia (50.1%) and in its investment banking and asset management subsidiary, CDC IXIS (43.55%), to Caisse Nationale des Caisses d'Épargne (CNCE).

The operation then proceeded with the reorganization of CDC IXIS' activities into three main business lines in the second half of 2004 as follows:

- corporate and investment banking, comprising capital markets and large corporate financing activities. This entity was formed from CDC IXIS Capital Markets (which became IXIS Corporate & Investment Bank as from November 1, 2004), plus corresponding assets, liabilities and off-balance sheet items transferred from CDC IXIS;
- asset management activities under this area were assembled under an asset management holding company (IXIS Asset Management Group);
- investor services: a new subsidiary, IXIS Investor Services, was set up to house the custody, fund administration and issuer services activities that were previously carried out directly by CDC IXIS.

CDC IXIS was subsequently merged into CNCE on December 31, 2004.

2.2 Principles for preparing the parent company accounts

The transfers from CDC IXIS to IXIS CIB undertaken as part of the partnership restructuring described above were effected on the basis of the book value of the assets and liabilities as recorded in CDC IXIS' accounts.

2.3 Comparability of fiscal years

The transfers from CDC IXIS to IXIS CIB engendered by the partnership restructuring process became effective on November 1, 2004. The 2004 income statement consequently includes the last two months of expenses and income for the activities and subsidiaries transferred.

3 – Valuation rules

3.1 Foreign-exchange transactions

In accordance with CRBF regulation 89-01 concerning 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 income 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 and customer 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 income statement on a time-apportioned basis (credit risk accounting is described in section 3.1.1).

■ Parent company financial statements (extracts)

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 CRBF regulation 89-07. 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 time-apportioned basis in the income statement.

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3.3 Securities transactions

Securities are valued in accordance with the regulations defined in CRBF regulation 90-01, as amended by CRC regulation 2000-02.

The provisions of CRC regulation n° 2002-03 concerning the accounting treatment of credit risk (see 2.10 below), apply to fixed-income held-to-maturity and available-for-sale securities which notably entail a commitment by the issuer to pay a sum on a pre-determined maturity date.

In the event of proven credit risk, these securities are classified for accounting purposes as doubtful and the probable loss is recognized by a provision.

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 sold 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 income statement.

Whenever IXIS CIB 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 specialized hedges of instruments that are marked-to-market.

Available-for-sale securities

The portfolio of available-for-sale 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 amortized 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 unrealized 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 income statement over the residual life of the securities, based on the yield-to-maturity method. Provision is made for any unrealized losses on a line-by-line basis.

In the event of proven credit risk, the probable loss not reflected in market value is recognized by a provision.

Held-to-maturity securities

The held-to-maturity 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 amortized using the straight-line method over the residual life of the security.

■ Parent company financial statements (extracts)

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 amortized based on the yield-to-maturity method over the residual life of the security.

At period-end, any unrealized 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 debt on the liability side of the balance sheet, so as to recognize the obligation to repay the securities 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 income statement on a time-apportioned basis.

3.4 Futures and options

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

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

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

Credit risk is provisioned according to contractual terms and market value, or, by default, the terms of CRC regulation 2002-03 (see 3.11 below).

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

Fixed-income and currency swaps

In accordance with CRBF regulation no. 90-15 (as amended by CRC regulation no. 92-04), 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;
- specialized 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 income statement.

Other transactions

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

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

Gains or losses on hedging operations are recorded in the income 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 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 the 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.

■ Parent company financial statements (extracts)

3.6 Securities issued

Accrued interest expenses are credited to an accrued debt account and debited to the income statement.

Issue and redemption premiums are amortized 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 type, 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 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. "credit event") that is pre-defined 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 on a time-apportioned basis with provision for possible unrealized losses. In the case of operations deemed equivalent to options, possible provisions for unrealized 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 on a time-apportioned basis.

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

3.10 Provisions for contingencies and losses

This heading includes:

- provisions for country risks, determined by reference to the Group's risk exposure to the countries concerned or to borrowers in these countries. Criteria used are based generally on an evaluation of the country's economic, financial and socio-political situation;
- provisions for sector risks, intended to cover risks when their probability of occurrence is uncertain and they cannot be measured precisely;
- provisions in respect of staff-related commitments (these being primarily in the form of retirement indemnities and "long-service medals");
- provisions for contingencies and losses that are not linked to banking transactions and which are set aside pursuant to CRC regulation 2000-06 concerning the method of accounting for liabilities. These provisions are intended to cover contingencies and losses that are clearly identified as to their nature and when it is not known precisely when they will arise or their exact amount.

■ Parent company financial statements (extracts)

3.11 Credit risk

Since January 1, 2003, credit risk has been accounted for in accordance with CRC regulation n°2002-03 of December 12, 2002. The application of this regulation has had no impact on the financial statements.

The regulation concerns all transactions generating credit risk (loans, held-to-maturity and available-for-sale securities, commitments and financial instruments traded on over-the-counter markets, and whose value is positive).

For a given counterparty, credit risk is defined as the existence of a potential loss linked to the possibility of the counterparty defaulting on the commitments undertaken.

Credit risk is deemed to be proven once it is probable that the Company will receive either none or only part of the sums due in respect of commitments undertaken by the counterparty and specified in the initial contract.

The principal and interest receivable from a counterparty are re-classified as doubtful once credit risk is proven on the counterparty. Doubtful receivables are provisioned on the basis of their market value or the current value of anticipated losses after taking account of guarantees already received, requested or likely to be so.

The provisions set aside are deducted from the amount of the corresponding doubtful receivables. They are recorded as liabilities in the balance sheet where they concern off-balance sheet commitments or futures and options. The provisions are booked under "Cost of risk" in the income statement.

3.12 Long-term equity investments and subsidiaries

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.

3.13 Foreign branches

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

3.14 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.

3.15 Subordinated debt

This section includes all debt materialized by perpetual loans or securities, 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 income statement.

3.16 Pension commitments

Provisions are set aside for the rights of employees to a payment on retirement using an actuarial method that takes into account the age and seniority of the personnel, the mortality rate and probable remaining service with the group until retirement and the estimated change in salary.

3.17 Income tax

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

Parent company financial statements (extracts)

Note 2: investments in subsidiaries, affiliates and long-securities

(millions of euros)

	31/12/04					31/12/03					31/12/02	
	Book value of securities	Advances	Valuation allowance	Net book value	Share of equity %	Book value of securities	Advances	Valuation allowance	Net book value	Share of equity %	Net book value	Share of equity %
COMPANIES IN WHICH IXIS CIB HOLDS A SIGNIFICANT NET INVESTMENT												
IXIS North America	413	-	-	413	100	-	-	-	-	-	-	-
NEXGEN	93	-	-	93	38	-	-	-	-	-	-	-
IXIS Securities	19	-	-	19	100	19	-	-	19	100	19	100
Informatique CDC	-	16	-	16	NA	-	26	-	26	NA	-	NA
Euronext	12	-	-	12	1	-	-	-	-	-	-	-
Cepar I	7	-	-	7	57	-	-	-	-	-	-	-
Captiva	5	-	-	5	100	5	-	-	5	100	-	-
M5 (AKA)	4	-	-	4	4	-	-	-	-	-	-	-
Fideme	4	-	-	4	14	-	-	-	-	-	-	-
IXIS Asia Limited	3	-	-	3	100	-	-	-	-	-	-	-
IXIS Midcaps	-	-	-	-	0	2	-	-	2	50	1	50
Other investments	6	1	-	7		1	-	-	1		11	
TOTAL INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND LONG-TERM SECURITIES	566	17	(0)	583		27	26	0	53		31	
Including listed securities ⁽¹⁾	12	-	-	12	1	NS	-	-	-		NS	

(1) The market value of listed securities amounted to €24.4 million as at December 31, 2004.

Note 3: changes in shareholders' equity and fund for general banking risks

(millions of euros)

	Fund for general banking risks	Capital ⁽¹⁾	Additional paid-in capital ⁽¹⁾	Retained earnings	Legal reserve ⁽¹⁾	Other reserves	Interim dividend ⁽²⁾	Net income	Shareholders' equity (excl. FGRR)	Total shareholders' equity
Shareholders' equity as at December 31, 2002	0	458	10	20	18	31		91	628	628
Appropriation of 2002 net income				86	5			(91)		
2002 net income								88	88	88
Shareholders' equity as at December 31, 2003	0	458	10	106	23	31		88	716	716
Appropriation of 2003 net income				37	4			(41)	0	0
Capital increase ⁽¹⁾		1 451	984		159				2 594	2 594
2004 dividend in respect of 2003 net income								(47)	(47)	(47)
Other changes							(140)		(140)	(140)
2004 net income								195	195	195
Shareholders' equity as at December 31, 2004	0	1 909	994	143	186	31	(140)	195	3 318	3 318

(1) The Extraordinary General Meeting of October 29, 2004 created 92,138,700 new shares each with a nominal value of €15.25, all with the purpose of serving as payment for the partial business transfer undertaken by CDC IXIS. This capital increase raised the share capital by €1.405 billion to €1.863 billion and was accompanied by additional paid-in capital of €1.109 billion less a €159 million allocation to the legal reserve, which raised the said legal reserve to €186 million.

The Extraordinary General Meeting of December 9, 2004 created 3,068,565 new shares each with a nominal value of €15.25, all with the purpose of serving as payment for the partial business transfer undertaken by Sanpaolo IMI. This capital increase raised the share capital by €47 million to €1.910 billion and was accompanied by additional paid-in capital of €34 million.

As a result of these transactions, IXIS CIB's share capital rose from 30,000,000 shares to 125,207,265 shares, each with a nominal value of €15.25 and representing total capital of €1,909,410,791.

(2) Including a €140 million interim dividend paid in early December 2004.

■ Parent company financial statements (extracts)

Table of results for the last five years

(euros)

	2000	2001	2002	2003	2004
CAPITAL AT YEAR-END					
Registered capital	457,347,052	457,500,000	457,500,000	457,500,000	1,909,410,791
Number of ordinary shares outstanding	30,000,000	30,000,000	30,000,000	30,000,000	125,207,265
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)	437,923,678	391,609,393	471,909,637	601,379,604	668,169,425
Income before tax, profit-sharing, depreciation/ amortization and provisions	188,507,300	105,484,611	181,929,851	261,791,881	280,550,769
Income tax	68,362,394	8,505,933	48,179,877	72,038,563	52,785,754
Income after tax, profit-sharing, depreciation/ amortization and provisions	96,430,121	102,621,443	90,614,206	87,841,485	195,215,034
Dividends distributed	55,613,401	121,200,000		46,500,000	189,290,338
DATA PER SHARE					
Income after tax and profit sharing, but before depreciation/amortization and provisions ⁽¹⁾	3.77	3.14	4.41	6.06	4.77
Income after tax, profit-sharing depreciation/ amortization and provisions ⁽¹⁾	3.21	3.42	3.02	2.93	4.24
Dividend per share	1.85	4.04		1.55	1.51
STAFF					
Average employees during the year	648	675	817	812	934
Total payroll for the year	82,676,634	99,102,638	114,389,908	118,892,818	159,852,274
Social charges (social security and social welfare projects etc.)	28,871,205	30,385,471	32,854,968	38,772,046	51,702,203

(1) Calculated on the basis of the weighted average number of shares in circulation during the year.

■ Additional information

I - General information on the issuer

I.1. Corporate name and registered office:

IXIS Corporate & Investment Bank

Registered office: 47, Quai d'Austerlitz – 75648 Paris cedex 13

I.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 Commercial Code (*code de commerce*). The Company has the status of credit institution licensed as a Bank, in accordance with Book V of France's Monetary and Financial Code (*code monétaire et financière*).

I.3. Term

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

I.4. Purpose (article 2 of statutes)

The Company's purpose is to carry out banking and financial operations for its own account and on behalf of its national and international clients, with all French or foreign physical persons or legal entities, whether already existing or created in the future. These operations include:

- undertaking all types of banking and related transactions such as those defined in Book III Part I of France's Monetary and Financial Code, and any legislation or regulations that may supplement or amend these measures, with the exception of providing payment systems for customers or managing such systems;
- providing all types of investment and related services such as those defined in Book III Part I of France's Monetary and Financial Code, and any legislation or regulations that may supplement or amend these measures;
- all spot or forward transactions on raw materials, merchandise, foodstuffs or greenhouse gases;
- insurance brokerage in all insurance lines;
- 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;
- more 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.

■ Additional information

1.5. French company registration number (RCS)

RCS: Paris 340 706 407
Code APE: 671 E

1.6. Fiscal year

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

1.7. Statutory allocation of income

A sum equivalent to 5% of the year's net income, 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 income is composed of net income for the fiscal year, less any previous losses and sums assigned to the reserve in accordance with the law, plus any income carried forward from previous periods.

After approving the financial statements and the distributable income, the Shareholders' Meeting decides either to allocate this income 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 income 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 - Employee profit-sharing plans

Contractual profit-sharing

During the last five years, IXIS Corporate & Investment Bank (formerly CDC IXIS Capital Markets) has concluded two contractual profit-sharing agreements:

- a first agreement signed on June 25, 1999 and covering the 1999, 2000 and 2001 fiscal years
- a second agreement signed on June 14, 2002 and covering the 2002, 2003 and 2004 fiscal years.

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

- 2000: €2.70 million
- 2001: €3.30 million
- 2002: €5.487 million
- 2003 : €5.361 million
- 2004: €5.831 million (provision)

By virtue of an endorsement to the contractual profit-sharing agreement of June 14, 2002, signed on June 29, 2004, the amount of contractual profit-sharing is determined solely on the basis of the Company's net income.

Legal profit-sharing

IXIS Corporate & Investment Bank (formerly CDC IXIS Capital Markets) concluded a fixed-term legal profit-sharing agreement on December 20, 2001, in respect of the 2000 fiscal year. This agreement provides for the application of the common law formula for calculating the special reserve for legal profit-sharing. The Company paid out the sum of €6.09 million in 2001 in respect of legal profit-sharing for the 2000 fiscal year. In an endorsement to this agreement, IXIS Corporate & Investment Bank (formerly CDC IXIS Capital Markets) paid out the remaining €1.052 million available for legal profit-sharing in 2002.

■ Additional information

In addition, a Group legal profit-sharing agreement was signed on October 30, 2002, in respect of which the following amounts were paid out to the employees of IXIS Corporate & Investment Bank (formerly CDC IXIS Capital Markets):

- €1.340 million in respect of fiscal year 2001.
- €2.508 million in respect of fiscal year 2002.
- €2.752 million in respect of fiscal year 2003.
- €2.133 million (provision) in respect of fiscal year 2004.

3 - Responsibility for the reference document and the audit of the financial statements

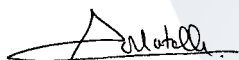
3.1. Person responsible for the reference document

Anthony ORSATELLI
Chairman of the Executive Board

3.2. 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



3.3. Statutory Auditors' opinion on the reference document

This is a free translation into English of the statutory auditors' opinion on the reference document issued in the French language and is provided solely for the convenience of English speaking readers. This opinion should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as statutory auditors of IXIS Corporate & Investment Bank, pursuant to articles 211-1 to 211-42 of Book II of the general regulations of the AMF (*Autorité des Marchés Financiers*), we have verified the information on the financial position and the historical accounts presented in this reference document, in accordance with the professional standards applicable in France.

This reference document was prepared under the responsibility of the Chairman of the Executive Board of IXIS Corporate & Investment Bank. The role with which we have been assigned is to issue an opinion on the fairness of the information contained herein regarding the financial situation and the accounts.

We have undertaken our procedures in accordance with the professional standards applicable in France. These procedures consisted of assessing the fairness of the information about the financial position and the accounts and verifying that this information agrees with the audited financial statements. We also read other information contained in the reference document to identify any material inconsistencies in the information relating to the financial position and accounts and to highlight any manifestly erroneous information which we might detect based on the overall knowledge of the Company that we acquired in the course of the audit. This reference document does not contain any forward-looking information determined in accordance with a structured process.

The annual and consolidated financial statements for the year ended December 31, 2004 prepared by the Executive Board were audited by us in accordance with the professional standards applicable in France and we certified them without qualification or observation.

The annual and consolidated financial statements for the year ended December 31, 2003 prepared by the Executive Board were audited by us according to the professional standards applicable in France. We certified them without qualification with an observation on the changes in accounting methods resulting from the application of CRC regulation n°2002-03 concerning the accounting treatment of credit risk.

The annual and consolidated financial statements for the year ended December 31, 2002 prepared by the Executive Board were audited by us according to the professional standards applicable in France and we certified them without qualification or observation.

On the basis of the procedures performed, we have no observation to make other than those mentioned above regarding the fair presentation of the information about the financial position and accounts in this reference document.

Paris and La Défense, April 25, 2005

The Auditors

PricewaterhouseCoopers Audit
Etienne Boris

Mazars & Guérard
Michel Barbet-Massin Charles de Boisriou

■ Additional information

Other information

The reference document also includes:

- The Statutory Auditors' report on the consolidated financial statements as at December 31, 2004 (pages 172-173 of the reference document) comprising the Statutory Auditors' justification of their assessments in accordance with article L. 225-235 of the French Commercial Code.
- The Statutory Auditors' report (page 106 of the reference document), prepared in accordance with the final paragraph of article L. 225-235 of the French Commercial Code and which concerns the report of the Chairman of the IXIS Corporate & Investment Bank Supervisory Board describing the internal control procedures relating to the production and processing of accounting and financial information.

3.4. Information policy

Person responsible for information: Mr. Michel Berthezène
Tel: 33 (0) 1 58 55 52 25

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

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THE COMPANY'S OFFICES

Following the Company's move to new premises at Paris Austerlitz in 2003, the restructuring of the partnership in 2004 saw it assume operations from two office buildings, namely the Austerlitz building, where IXIS Corporate & Investment Bank is headquartered, and the Athos building at Paris Tolbiac.

The capacity and facilities offered by these premises now enable all the Bank's Paris-based teams to be housed on two physically proximate sites.



This reference document was filed with the *Autorité des Marchés Financiers* (the French Securities and Exchange Commission) on 26/4/2005, in accordance with the AMF's general regulations (articles 211-1 to 211-42) (AMF filing n° D.05-0547). It may be used to support a financial operation if it is complemented with an operation note stamped by the *Autorité des Marchés Financiers*.