IXIS
CORPORATE & INVESTMENT BANK

2005 ANNUAL REPORT

GROUPE
CAISSE D'EPARGNE

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 intermediation, structured finance, financing, engineering and research services.

The Bank has developed its specialties in increasingly complex markets where it can leverage its expertise and deliver real value-added to clients. This value-added is embedded in the quality of the Bank's 2,000 staff, their ability to react swiftly, their strong client-oriented advisory skills and their high degree of accessibility. IXIS Corporate & Investment Bank's financial engineers also harness their strong technical acumen to devise innovative and made-to-measure products that respond to market changes and emerging client needs.

The Bank maintains a global presence through its Paris head office, and branches or subsidiaries in Europe (Frankfurt, Dublin, London, Luxembourg, Milan), North America (New York) and Asia (Hong Kong, Singapore, Tokyo).

Contents

Key figures

Consolidated results [1]

audited figures

(millions of euros)	2005	2004	2003
Net banking income	1,342	790	633
Gross operating income	498	292	233
Consolidated net income	353	193	112
ROE (average equity)	10%	17% [2]	16%
ROE (average consumed equity)	16%	17%	14%

Consolidated equity

(millions of euros)	31.12.2005	31.12.2004	31.12.2003
Consolidated shareholders' equity [3]	3,704	3,432	747
Regulatory capital	5,871	5,622	1,377

Senior long-term ratings

Transactions guaranteed by Caisse des Dépôts

Rating agency:	31.12.2005
Standard & Poor's	AAA
Moody's	Aaa
Fitch	AAA

Other transactions

Rating agency:	31.12.2005	Outlook
Standard & Poor's	AA	Stable
Moody's	Aa2	Stable
Fitch	AA	Negative

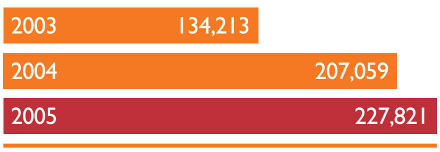
[1] At the end of 2005, IXIS Corporate & Investment Bank's scope of consolidation comprised IXIS Corporate & Investment Bank, IXIS Capital Markets (United States), IXIS Securities, IXIS Asia Limited (Hong Kong) the Group's equity holding in Nexgen, as well as several dedicated business-line subsidiaries and special-purpose entities (the full scope of consolidation is provided in note 37 to the consolidated financial statements).

[2] Based on the pro-rata book value of consolidated shareholders' equity

[3] Net of minority interests and excluding the FGBR

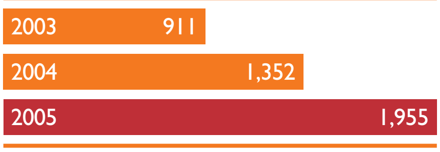
Consolidated balance sheet total as at December 31

(millions of euros)



Consolidated headcount as at December 31

(permanent employees)

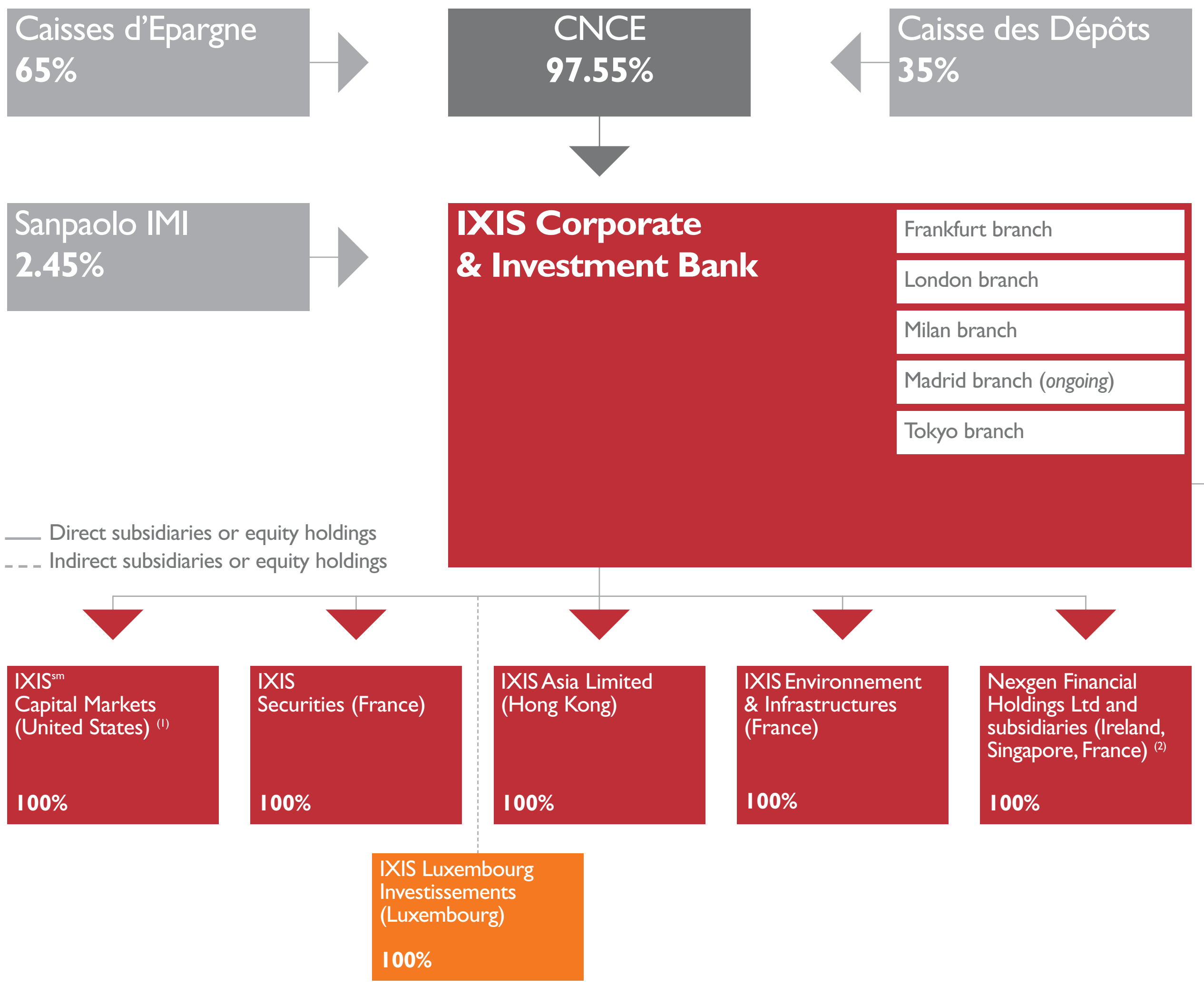


IXIS Corporate & Investment Bank was ranked the 10th safest bank in the world in Global Finance magazine's annual survey of 500 banks. The ranking criteria were based on the ratings of Fitch Ratings and Standard & Poor's and of Moody's Investors Service.

Capital ownership

Since January 1, 2005, IXIS Corporate & Investment Bank has been a 97.55%-owned direct subsidiary of Caisse Nationale des Caisses d'Epargne (CNCE). The remaining 2.45% is owned by the Sanpaolo IMI bank.

IXIS Corporate & Investment Bank's main subsidiaries and equity holdings as at March 31, 2006



(1) IXIS℠ Capital Markets is a service mark encompassing IXIS North America Inc. and its subsidiaries

(2) Takeover effective on 24.03.06

Our business lines

A year of success and progress

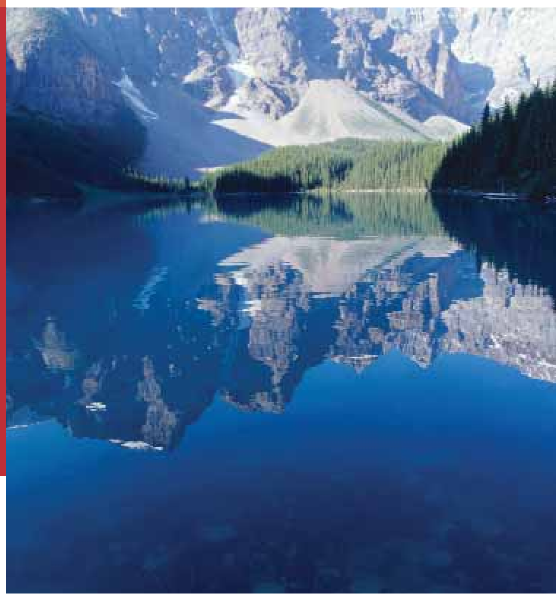
Innovative operations

The first European carbon fund…

IXIS CIB has particular flair in environment and infrastructure projects. At end of 2005, it had raised a total subscription of €142.7 million in the European Carbon Fund from 14 financial institutions. Managed by IXIS Environnement & Infrastructures, the fund aims to purchase 100 million tons of CO_2 in carbon credits. It is negotiating forward purchases of carbon credits from projects that help climate change in Asia, Latin America and Africa: renewable energy, methane avoidance, reduction of industrial gas emissions. The European Carbon Fund has concluded the largest private transaction on carbon credits with Rhodia.

Fund amount

€142.7m



ABN Amro's benchmark first covered bond issue…

The ABN Amro transaction launched in September was lead-managed by IXIS CIB Fixed Income and won the IFR **Bond deal of the year** prize for 2005. The transaction was the first-ever issue of Dutch covered bonds. The issue was placed with 175 investors in 20 countries in the space of a just a few hours. The deal consolidated our position among leading players in the covered bond market.

Bond issue

€2bn

The first motor insurance risk securitization…

In November 2005, IXIS CIB arranged the securitization of the loss risk on a portfolio of motor insurance policies for AXA France IARD. It is the first insurance risk securitization to be granted an AAA rating on a stand-alone basis. The transaction transfers to the international capital markets €200 million worth of loss risk on about three million vehicles, representing 1 billion euros of premium income. IXIS CIB now has a template to transfer the risk on all types of insurance products throughout the euro zone.

Loss risk

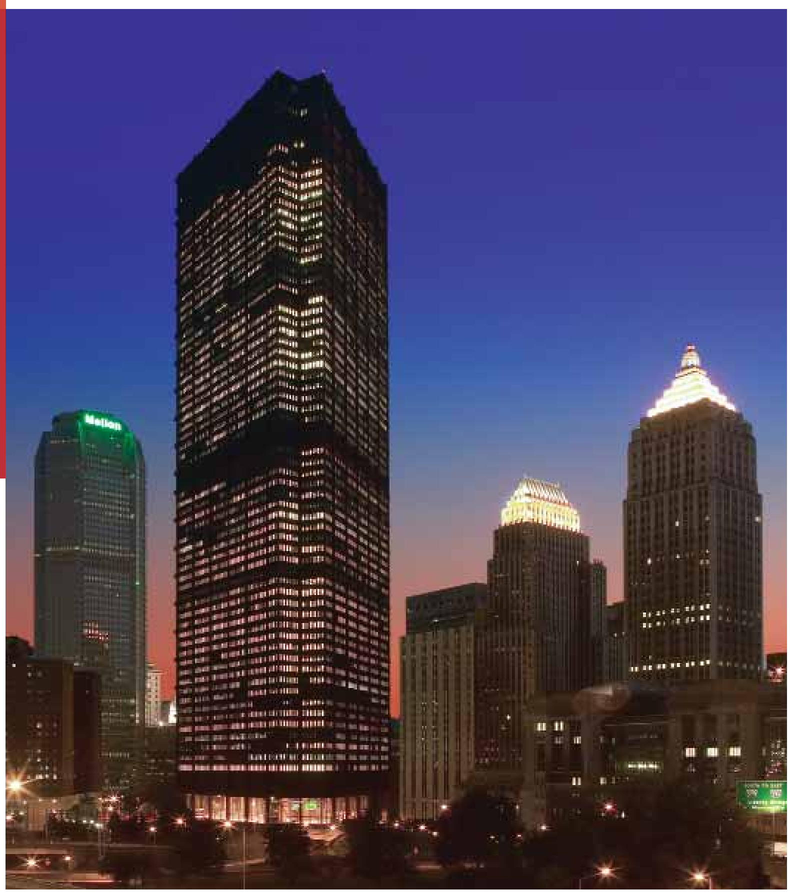
€200m

Financing the US Steel Tower, Pennsylvania's largest office building…

IXIS Capital Markets made a $228 million floating-rate, five-year loan to Apollo Real Estate Advisors to recapitalize the 64 floor office building, home to US Steel and HJ Heinz. The financing was structured as a mortgage and mezzanine loan. The proceeds were used to refinance existing mortgage debt and provide capital for additional leasing at the property. After closing, IXIS Capital Markets placed the investment grade portion of the loan in a commercial mortgage securitization, one of eight such securitizations in 2005.

Real estate financing in 2005

€3.4bn



Presentation of Groupe Caisse d'Epargne

IXIS Corporate & Investment Bank is a subsidiary of Groupe Caisse d'Epargne.

Underpinned by a platform of 30 mutually-owned Caisses d'Epargne banks in metropolitan France and the Caisse Nationale des Caisses d'Epargne (CNCE) – the Group's central institution and holding company – Groupe Caisse d'Epargne is now a universal bank ranking among the very top-tier of French banks.

Groupe Caisse d'Epargne pursues a multi-business line, multi-business strategy geared to leveraging its extensive presence in France and its operations in the world's major financial centers. The Group serves the full spectrum of clients, ranging from retail clients to large corporations, and spanning professionals, SMBs, local governments and institutions, etc.

The major stages of the Group's development have been achieved through a blend of organic and acquisition-led growth.

In addition to the Caisses d'Epargne, the Group's main commercial banking operations are:

- Crédit Foncier, a provider of specialist real-estate financing that absorbed Entenial in 2005;
- Banque Palatine (formerly Banque Sanpaolo), which commands a particularly strong position in the SMB market;
- La Compagnie 1818, which concentrates on private banking.

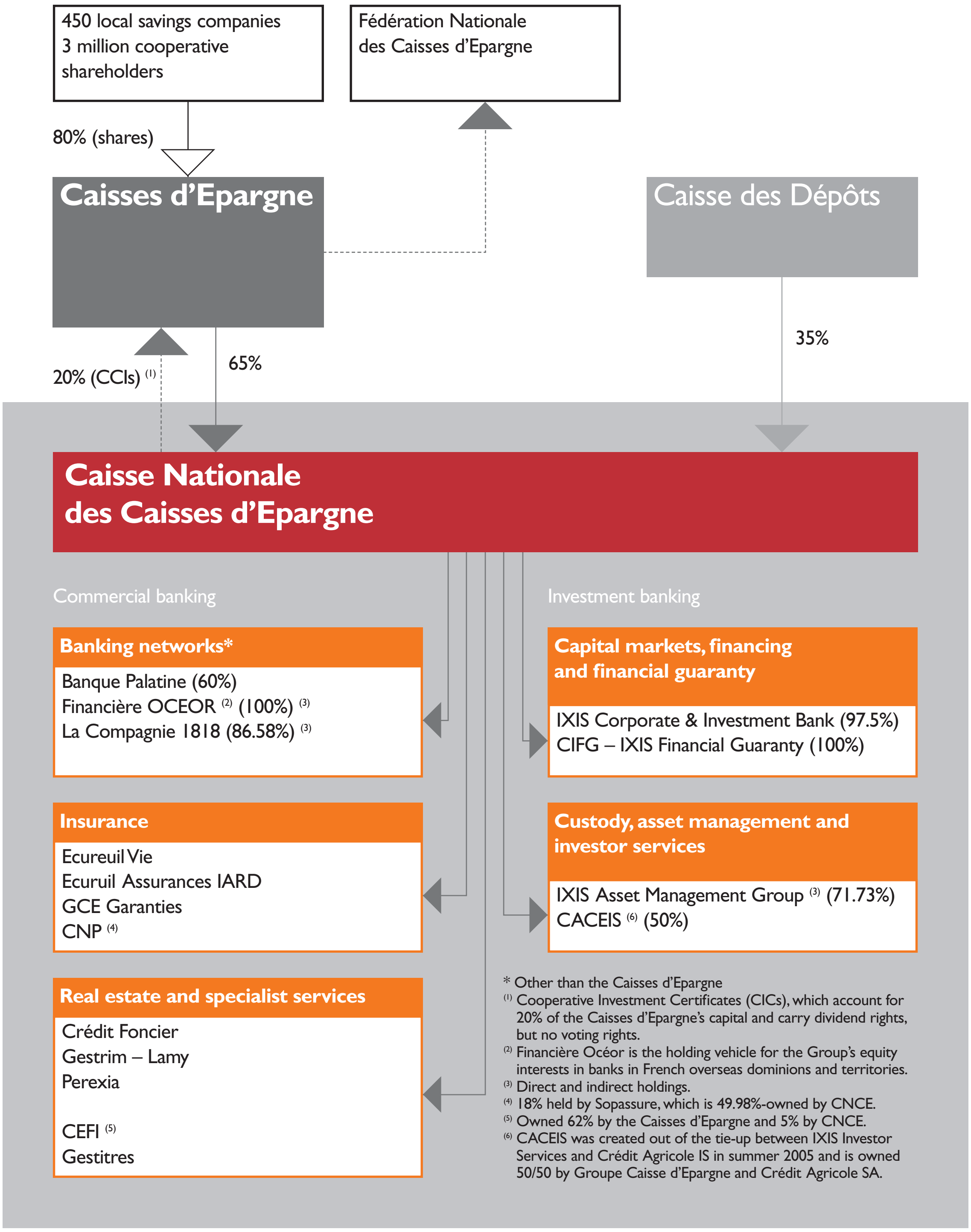
Apart from IXIS Corporate & Investment Bank, Groupe Caisse d'Epargne conducts its investment banking activities through IXIS Asset Management Group and CACEIS, the latter having been created through the pooling of Groupe Caisse d'Epargne and Crédit Agricole's depository banking, custody, fund administration and corporate trust activities.

Groupe Caisse d'Epargne posted a marked increase in results in 2005, the first year in which its investment banking subsidiaries and new commercial banking structures were consolidated over the full 12 months.

Profit-earning capacity advanced 22% to €2.2 billion during the year. NBI rose 6% to €10.3 billion and included a €2.7 billion contribution from the investment bank. The capital base also expanded to €19.4 billion at year-end, thereby underlining the Group's solidity. This solidity is also mirrored in the Group's portfolio of businesses and underpinned by a prudent risk policy that provides it with one of the strongest profiles among French banks.

The exclusive negotiations begun with Banques Populaires in March 2006 and concerning the NATIXIS project mark a new stage in the development process led by Groupe Caisse d'Epargne.

Groupe Caisse d'Epargne simplified organization chart (31.12.2005)



* Other than the Caisses d'Epargne
(1) Cooperative Investment Certificates (CICs), which account for 20% of the Caisses d'Epargne's capital and carry dividend rights, but no voting rights.
(2) Financière Océor is the holding vehicle for the Group's equity interests in banks in French overseas dominions and territories.
(3) Direct and indirect holdings.
(4) 18% held by Sopassure, which is 49.98%-owned by CNCE.
(5) Owned 62% by the Caisses d'Epargne and 5% by CNCE.
(6) CACEIS was created out of the tie-up between IXIS Investor Services and Crédit Agricole IS in summer 2005 and is owned 50/50 by Groupe Caisse d'Epargne and Crédit Agricole SA.

Offices worldwide

LUXEMBOURG

The subsidiary **IXIS Luxembourg Investissements** was set up in 2005.

LONDON

The London branch carries out most of IXIS Corporate & Investment Bank's investment banking business, and specifically the sales of fixed-income and equity derivatives.

Total staff increased by 46% in 2005.

DUBLIN

Nexgen head office – full takeover as at 24.03.2006.

NEW YORK

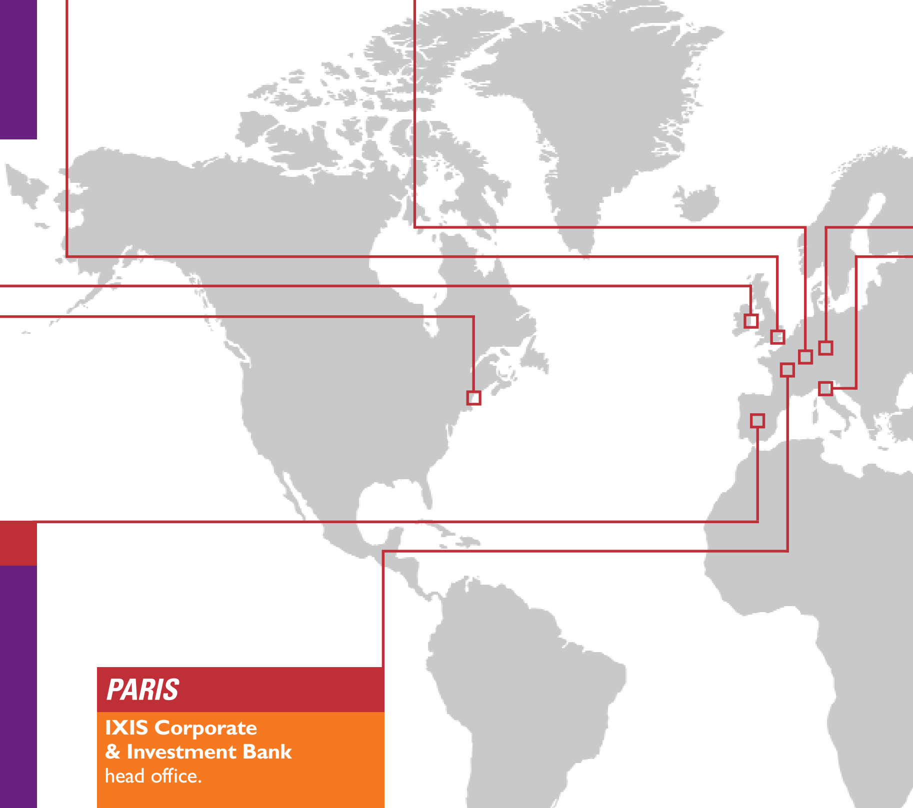
IXIS Capital Markets
A 400-person workforce predominantly located in New York offer an extensive range of specialist products and services, i.e. structured finance, asset-backed securities (ABS), sales and trading of securities and derivative products as well as investment products.

MADRID

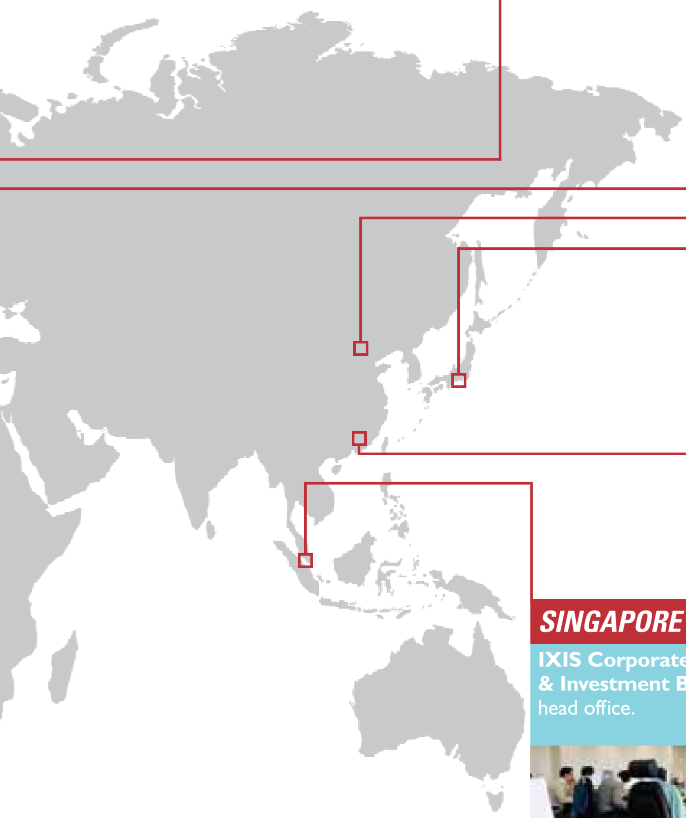
The new branch is expected to open in the second half of 2006.

PARIS

IXIS Corporate & Investment Bank head office.



LUXEMBOURG LONDON DUBLIN NEW YORK MADRID PARIS



FRANKFURT

The Frankfurt branch is specialized in fixed-income products, specifically covered bonds. Start up of the real estate corporate finance business in 2005.

MILAN

Branch opened in 2005.

BEIJING

A sales office is being opened in Beijing.

TOKYO

Flagship of the Bank's expansion in Asia, the Tokyo branch specializes in fund structuring and sales of fixed-income and equity derivatives.

HONG KONG

The IXIS Asia Limited subsidiary opened in 2004.

SINGAPORE

IXIS Corporate & Investment Bank head office.

Message from the Chairman of the Supervisory Board

Since IXIS joined Groupe Caisse d'Epargne in 2004, corporate and investment banking has been at the forefront of our strategic priorities. Considerable resources have been assigned to achieving the ambitious objective of positioning Groupe Caisse d'Epargne – via IXIS Corporate & Investment Bank – as a reference on all the world's major financial marketplaces.

2005 results testified to the wisdom of this strategy, with IXIS Corporate & Investment Bank delivering 13% of Groupe Caisse d'Epargne's total net banking income and 18% of its net income. These results were all the more impressive in that they were achieved against a backdrop of growth for Groupe Caisse d'Epargne as a whole, both in terms of net banking income (+6% to €10.3 billion) and profit-earning capacity (+22% to €2.2 billion).

They were also attained amidst moves to step up IXIS Corporate & Investment Bank's international expansion. The opening of new offices in Milan and Luxembourg and the consolidation of our positions in London in Asia strengthened our presence in major financial marketplaces and on high growth-potential markets. The continued expansion of our business in the US also underlines IXIS Corporate & Investment Bank's ability to succeed in the most highly competitive and innovative markets.

This outstanding growth is an integral part of the far-reaching changes currently being experienced by Groupe Caisse d'Epargne. The Group is already active on the full spectrum of business lines and client types, and is now targeting the new objective of becoming a front-ranking banking industry player capable of participating in European financial-sector restructuring, thanks to a combination of sustained growth and high levels of profitability.

Our target of achieving further growth now requires us to possess a listed vehicle. This explains why Groupe Caisse d'Epargne has embarked on a new stage of its transformation process. This process should witness the creation of a new European banking champion in 2006, with IXIS Corporate & Investment Bank as one of its spearheads.

Charles Milhaud
Chairman of the Supervisory Board

Message from the Chairman of the Executive Board

Ten years already: not a typical ride, but one negotiated in exemplary fashion

Since being founded in 1996, IXIS Corporate & Investment Bank has experienced an uncommon ride for the French bank industry, but one that has been negotiated in exemplary fashion.

During those 10 years, we have managed to multiply net banking income by 10 and net income by 26, while achieving steady growth and maintaining our profitability during difficult market periods. With €353 million in net income and return on average consumed equity of 16% in 2005, we recorded our best performance for the fourth consecutive year in 2006.

We have also employed proactive investments in human and technical resources since our inception to increase our workforce fivefold and gradually develop our network of overseas offices.

IXIS Corporate & Investment Bank now commands a significant presence on the world's major financial marketplaces via our four branches (London, Frankfurt, Milan and Tokyo), our New York-based group, which had a record year in 2005, and subsidiaries in Europe and Asia.

Against this backdrop, one of our major objectives in 2006 will be to reap the rewards of the investments undertaken or initiated in 2005: Lazard, Nexgen. We also plan to expand our presence abroad, notably by opening a branch in Madrid, setting up a representative office in Peking and creating a subsidiary in Dubai.

IXIS Corporate & Investment Bank is Groupe Caisse d'Epargne's investment banking arm and a leading player in financial markets. We command the highest ratings and are ranked among the safest 10 banks in the world by Global Finance.

This status testifies to the benefits of a strategy underpinned by a stringent risk policy. Our success also stems from our global business-line organization, our focus on growing our business as a multi-specialist on selected high value-added activities (intermediation, structuring, financial engineering, etc.) and our investments in very high-quality personnel.

Our goal remains to build growth through a blend of innovative excellence, expertise in assessing and responding to client needs and our desire to create value for shareholders.

Anthony Orsatelli
Chairman of the Executive Board

Operational organization chart

IXIS Corporate & Investment Bank (March 2006)

Anthony Orsatelli Chairman of the Executive Board

Bernard Migus Chief Executive Officer

Michel Berthezène Member of the Executive Board

Nicolas Fourt Member of the Executive Board

Pierre Jenny Member of the Executive Board

Jean-Paul Oudet *

Human Resources Catherine Benet

Business Development Patrick Brault

Horizontal Functions

- **Finance** Geoffroy Sartorius
- **Third Party Asset Management** Robert Tellez
- **Legal** Christian Le Hir
- **Accounting** Jean-Marie Lay
- **Results** Laurence Giraudon
- **Financial Control** Stéphane Bussy

Capital Markets and Advisory

- **Senior Bankers** François Fournier, Patrick Bouchayer
- **Relations with Groupe Caisse d'Epargne** Serge Heringer
- **Corporate Finance** Luc Giraud **
- **Financial Engineering** Sébastien Clerc
- **Fixed Income** Stéphane About **
- **Equities & Arbitrage** Etienne Bur **
- **Structured Products** Laurent Dubois **

International

- **London** Yann Gindre
- **Frankfurt** Hans-Jorg Patzschke
- **Milan** Jobst Lehmann/Alessandro Bergamo
- **Luxembourg** (1) Alain Devresse
- **Dublin** (2) Xavier Daudin
- **Tokyo** Martin Bouffard
- **Hong Kong** (3) Michel Labrousse
- **Singapore** (4) Ravi Viswanathan

IXIS Securities Etienne Bur
IXIS Midcaps Sixte de Gastines

Credits and Financing

- **Acquisition and Asset Finance** Thomas McGrath
- **Project and Infrastructure Finance** Sébastien Clerc
- **Real Estate Finance** Michel Koch
- **Structured Credit & Securitization** Jean Michel Beacco
- **Credit Investment Management** Kurt Jais-Nielsen

IXIS Capital Markets (United States) Luc de Clapiers, Ramine Rouhani, Jean Dominjon

Operations

- **Back Offices** Christophe Guy
- **IT Systems** Edith Biron
- **IT Systems Security** Valérie Tudoux
- **Logistics and Real Estate** Lise Rembert

(reporting to the Chairman)

- **Economic and Financial Research** Patrick Artus
- **Quantitative Research and Development** Michel Crouhy
- **Compliance** Catherine Patou
- **Internal Control** Pascal Gaillochet
- **Risks** Christian Gissler
- **Senior Risk Officer** Alain Canac

(1) IXIS Luxembourg Investissements (2) Nexgen Financial Holdings (3) IXIS Asia (4) Nexgen Financial Solutions Asia
* Attends Executive Board meetings ** Members of the Executive Committee

Composition of corporate governance bodies
(as at December 31, 2005)

SUPERVISORY BOARD AND SPECIALIZED COMMITTEES	Supervisory Board	Financial and Internal Control Committee	Compen-sation Committee
Charles Milhaud, Chairman Of The Executive Board, CNCE *Date first appointed: January 31, 2005*	Chairman	–	Chairman
Francis Mayer, Chief Executive Officer, Caisse des Dépôts *Date first appointed: January 31, 2005*	Vice-Chairman	–	–
Nicolas Mérindol, Member of the Executive Board, CNCE *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 Member of the Executive Board, CNCE	Member	–	Member
SANPAOLO IMI Spa *Date first appointed: January 31, 2005* Permanent representative (since January 31, 2005): Pietro Modiano, Chief Executive Officer, Sanpaolo IMI Spa	Member	–	–
ECUREUIL PARTICIPATIONS *Date first appointed: January 31, 2005* Permanent representative (since February 4, 2005): François Chauveau Group Finance Director, CNCE	Member	Member	–
François Audibert, Chairman of the Executive Board, Caisse d'Epargne Aquitaine Nord *Date first appointed: January 31, 2005*	Member	–	Member
Marc-Antoine Autheman, *Date first appointed: January 31, 2005*	Member	–	–
Jean Bensaïd, Deputy Director, Group Finance and Strategy, Caisse des Dépôts *Date first appointed: January 31, 2005*	Member	Member	–
Patrick Buffet, Executive Vice-President, Groupe Suez *Date first appointed: January 31, 2005*	Member	–	–
Bernard Comolet, Chairman of the Executive Board, Caisse d'Epargne Ile-de-France Paris *Date first appointed: January 31, 2005*	Member	–	–
Eric Flamarion, Group Finance Director, 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	–	–
Emmanuelle Roux, Special Advisor, Group Finance and Strategy, Caisse des Dépôts *Date coopted: December 15, 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		
Matthieu Pigasse, Partner-Manager, Lazard *Date first appointed: March 22, 2005*	Non-voting member		
Patrick de Saint-Aignan, Advisory Director, Morgan Stanley *Date first appointed: March 22, 2005*	Non-voting member		
EXECUTIVE BOARD			
Anthony Orsatelli *Date first appointed: November 3, 1998*	Chairman		
Bernard Migus *Date first appointed: November 3, 1998*	Chief Executive Officer		
Michel Berthezène *Date first appointed: January 14, 2004*	Member		
Nicolas Fourt *Date first appointed: November 13, 1998*	Member		
Pierre Jenny *Date first appointed: May 6, 2004*	Member		

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

Economic and financial environment

Inflationary backdrop to monetary policy
A major economic theme of 2005 was undoubtedly the return of inflation. Two years of surging oil prices (+43% in 2005 and +32% in 2004), fed through to a sharp acceleration in prices. In the US, inflation reached 3.5% at year-end after peaking at 4.7% in September, while in the euro zone, it attained 2.5% in the final quarter and largely exceeded the European Central Bank's medium-term target of 2%.

> Euro-zone inflation of 2.5% above the ECB's 2% target

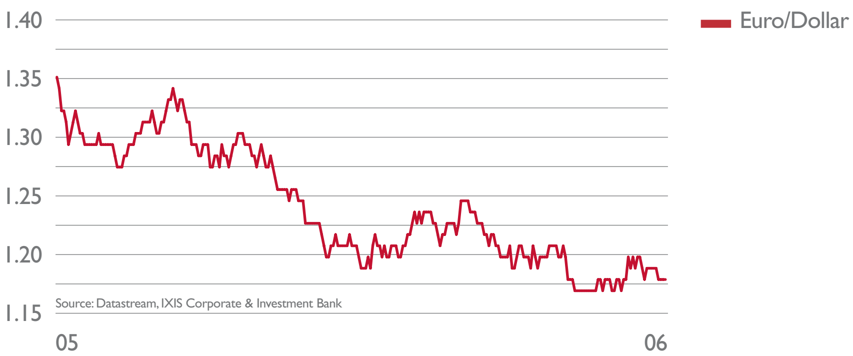
Central banks were on their guard against these price rises and were particularly concerned by the risk of higher energy prices feeding through to the rest of the economy. Despite being aware of this risk, the Federal Reserve chose not to alter its strategy of moderate increases in interest rates begun in mid-2004. Nevertheless, the Fed's last report in December omitted any further mention of the accommodating nature of its policy, thus suggesting the imminent end of the interest-rate normalization process. The US central bank's readability therefore remains excellent, especially in view of the favorable reception reserved for Ben Bernanke's appointment as successor to Alan Greenspan in February 2006.

Acceleration in household credit
Whereas US monetary tightening appears to be coming to an end, the euro zone registered its first rate hike in December. The decision to end the status quo that had lasted more than two and a half years was officially ascribed to a second-phase effect, namely the fear of higher prices triggering wage claims. However, with job markets barely stabilized, the ECB seems to have been highly influenced by its monetarist vision. European money supply (the second pillar of monetary policy) grew by 8% in the year to end-2005, notably fuelled by the rise in household lending. However, the quarter-point hike in the repo rate does not appear to point to a long series of hikes later on. Jean-Claude Trichet nevertheless underlined that the ECB would remain watchful of developments in the coming months.

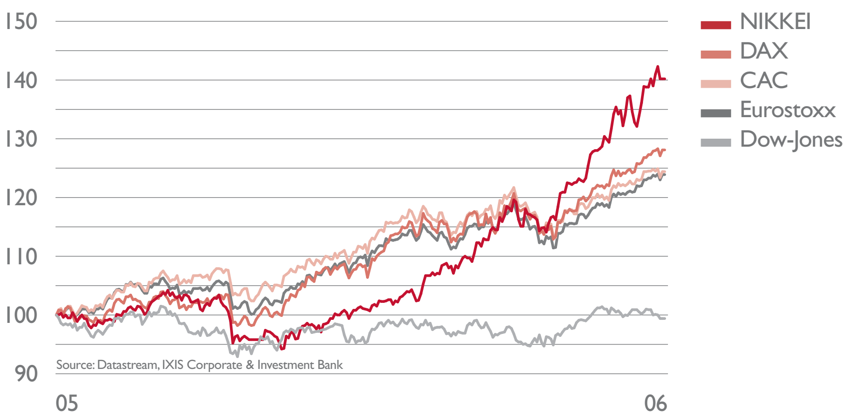
> European money supply up 8% at end-2005

Lastly, despite Japan's struggle to shake off deflation, the combination of a marked improvement in the job market and a number of official announcements suggests that Japan's zero interest-rate policy will be abandoned at the end of 2006.

EUR/USD



Stock market index (100 at 1.1.05)



Equities return to favor along with normalization of the global economic cycle

Growth solid, but imbalanced

Global growth remained solid in 2005 (3.2% versus 4.2% in 2004) in spite of a number of ever-widening imbalances (borrowing, external accounts, inflated asset prices).

The US economy again grew at a robust pace (3.5%), while the euro zone continued to show wide disparities (France 1.5%, Germany 1% and Italy 0.1%), and disappointed overall (1.4%). Japan was spurred by the booming Chinese economy and also by a greater propensity for household consumption. At 2.3%, Japanese growth now looks to be better-balanced and seems durable now that it is underpinned by a solid job market.

Household debt levels impaired economic performance everywhere, especially in countries where job markets were struggling to recover (euro-zone countries, but also in the US where nominal wages increased only slightly). Additional debt was used to support housing investment or consumption, especially in countries where scope exists to convert real-estate gains into more borrowing.

As a result, the level of growth in 2006 looks bound to depend on the resilience of these various components of demand and on interest rates.

Interest-rate markets with hybrid risk

This risk should not be overestimated given that the global environment in 2005 featured a combination of a heavy US external deficit and savings surpluses in Asia, Latin America and oil-producing countries. The US external deficit was duly funded by China and OPEC countries, which witnessed a sharp increase in their currency reserves. The corollary of this was that US long-term interest rates saw minimal pressure, with 10-year rates ending the year at 4.5%, having risen from 4.15% at the end of January despite key rates being hiked by more-than 200 basis points. The US yield curve is now flat. In the euro zone, the yield on 10-year Bunds finished the year at 3.45%, 10 points lower than in January.

Lively FX markets

The dollar benefited from central bank purchases (apparently signifying less difficulty in funding the external accounts) and from the short-term rate differential in the dollar's favor. The euro lost close to 10% of its value against the dollar, although some of these losses were due to the euro zone's political environment (referendum on the European Constitution, elections in Germany, etc.).

The biggest surprise was the yen's slide against the dollar despite the improved Japanese economy and the strength of the Nikkei (+31.7% in yen and +16.5% in dollars versus +4.9% only for the S&P500). All in all, the dollar gained 15% against the yen. Many investors and institutions appeared to play the short-term rate differential with the US, as witnessed by the massive short-term capital outflows throughout 2005.

> Sharp fall in the yen against the dollar at year-end

Brighter equity markets

Barring the notable exception of the US (+4.9% for the S&P500), equity markets posted double-digit gains in 2005, with the Nikkei advancing 40%, the Eurostoxx 26% and the Footsie 21%. These were the best showings since 1999 and saw European indices regain their mid-2001 levels. The bulk of the progress was made in the second half of the year, following the flight to quality in mid-May. Emerging markets joined in the party, with indices in Eastern Europe (+56%) and Latin America (+34%) faring particularly well.

Equities returned to favor in spite of an apparently less attractive backdrop than in the previous year (slower growth, interest-rate risk, recurrent pressure on raw material prices, modest upward revisions in EPS). The rebound reflected the end to investors' major aversion for equity risk which began with the explosion of the high-tech bubble and which ended with objective risks at modest levels (low default rates, high profits, low interest rates).

The main feature remained European indices' outperformance relative to US indices. Part of this was due to the dollar's gains, with the rest driven by the move to erase valuation gaps, these being biggest in Europe.

> European equity markets outperformed

Management report




Business lines in 2005

Analysis of consolidated income

Consolidated income statement
(audited figures)

Millions of euros	2005	2004	2003
Net banking income	**1,342**	**790**	**633**
Operating expenses	(844)	(498)	(400)
Gross operating income	**498**	**292**	**233**
Ordinary income before tax	503	293	162
Consolidated net income	**353**	**193**	**112**

Comments on the income statement

IXIS Corporate & Investment Bank's first full year of operation in 2005 [1] confirmed the strategy drawn up in November 2004 and its focus on accelerating business growth in France and abroad, while safeguarding margins.

Net banking income totaled €1.342 billion in 2005, a 7% increase relative to 2004 on a pro-forma basis. This growth was achieved through strong momentum in several areas of business.

Equity and arbitrage activities fared well (+21% relative to 2004 on a pro-forma basis), buoyed by a diversified derivatives offering increasingly geared to international clients. The product range was notably tailored to the needs of new countries like Korea and Taiwan.

Fixed income also had an excellent year in 2005 (+24% relative to 2004 on a pro-forma basis), fuelled by growth in both volumes and profitability on trading and structuring activities. The team notably won the IFR covered bond deal of the year prize for its lead-manager role in the ABN AMRO issue. The Bank also now stands second in the AFT rankings of primary dealers in French government securities after gaining three places during the year.

The Bank completely reorganized its financing and credit activities during the second half. The ambitious targeted action plan reaped its first rewards with 28 lead arranger mandates obtained in 2005 versus 23 in 2004, while the Bank was also ranked as France's leading bank for CDO-type products by ABalert.

Further growth was achieved in the international arena. The North American subsidiary, IXIS Capital Markets, turned in strong figures in 2005, with revenues rising 10% in dollar terms on the back of improved credit and securitization business.

[1] The business transfers from CDC IXIS took place on November 1, 2004.

Operating expenses were kept to €844 million, despite some sizeable investments during the year:

> The Bank increased its international presence by opening a branch in Milan and a subsidiary in Luxembourg, while also continuing to develop its existing operations in New York, Tokyo, Hong Kong, London and Frankfurt;
> Resources were stepped up, especially via a 14% [1] increase in worldwide headcount (36% of new hires were made outside France);
> IT systems were energetically overhauled in order to match growth in underlying business (securities lending/borrowing, project launches in the complex credit and financing areas), and to respond to new market standards and regulations (IFRS, Basle II, operational risks);
> Following the restructuring undertaken in 2004, the Bank sought to rationalize its internal organization, notably via measures to bring greater horizontality to the back office.

Against this backdrop, the cost-income ratio held steady at 63% and testified to the cost control efforts of the last few years.

Gross operating income climbed to €498 million.

After factoring in increased tax expense (most of which stemmed from growth in operating income), consolidated net income progressed to €353 million.

[1] Excluding transfers from CDC IXIS of January 1, 2005.

Parent-company income statement
(audited figures)

Millions of euros	2005	2004	2003
Net banking income	**956**	**668**	**601**
Operating expenses	(525)	(412)	(365)
Gross operating income	**432**	**256**	**236**
Consolidated net income	**331**	**195**	**88**

Parent-company net income was fairly close to consolidated net income. With the North American subsidiary, IXIS Capital Markets, having paid out all of its 2004 earnings in 2005, the main differences between the two figures arose from the impact of deferred taxes and the one-year dividend-related performance time-lag between the parent company and consolidated accounts.

Subject to shareholder approval, IXIS Corporate & Investment Bank plans to distribute all of its 2005 earnings in 2006 (an interim dividend of €106 million was paid out in December 2005).

THE FIRST EVER INFLATION-LINKED BOND ISSUE

IXIS CIB was associate lead-manager for Veolia Environnement's recent €600 million bond issue. The transaction was a first for the market and its combined credit and inflation component attracted a large number of investors.

Fixed income

IXIS Corporate & Investment Bank once again performed dynamically on the different interest-rate products in France and on major financial marketplaces in 2005. Our leadership on several markets is a tribute to the quality of our personnel.

Over-the-counter interest-rate and currency derivatives trading

Further significant growth in volumes and profitability was achieved on interest-rate derivatives and notably structured derivatives in 2005. IXIS Corporate & Investment Bank extended its euro-swap positioning and continued to expand on inflation products. This progress was again driven by the close fit between the Bank's products and client needs, which stems from the ability of our trading, research, structuring and sales teams to respond swiftly to client requirements.

2005 saw the Bank join the TradeWeb electronic trading platform, the leading network for online interest-rate transactions. IXIS Corporate & Investment Bank is the 9th largest supplier of liquidity on the TradeWeb euro interest-rate swap market and is France's first member of the network. TradeWeb has enjoyed sustained growth in terms of volume, transaction numbers and clients since its March 2005 launch. IXIS Corporate & Investment Bank's presence on TradeWeb enables us to enhance our positions on flow products.

> France's first member of TradeWeb on euro interest-rate swaps

Measures to strengthen our various teams were used to further develop our business in Asia (in Hong Kong and Tokyo), primarily on complex yen and dollar products.

We also improved our internet offering in order to respond to growing client needs in the valuation area (IFRS).

Fixed income (continued)

> Second largest primary dealer of French government securities (AFT rankings)

Government debt
IXIS Corporate & Investment Bank remained highly active in the euro-zone government debt market and further enhanced its position in this area. According to the official Agence France Trésor rankings, the Company improved its standing among primary dealers of French government securities from 5th to 2nd in 2005.

IXIS Corporate & Investment Bank also participated in the resumption of OAT quotations for retail investors on the Paris stock exchange by becoming market maker.

Primary bond market
IXIS Corporate & Investment Bank bolstered its position on the euro primary market during the year with 126 public issues representing €27 billion in overall volume.

> Still the global top five on the covered bonds market

We also confirmed our dominant position in the covered bond market in 2005, where we again ranked in the top five worldwide with close to €11 billion in issuance.

The Bank also achieved further growth on the corporate market, especially by lead-managing the first issue of bonds linked to European inflation on behalf of Veolia Environnement.

> Lead-managed the first issue linked to European inflation on behalf of a corporate

In the international arena, IXIS Corporate & Investment Bank continued to develop its business, particularly in covered bonds in Spain, the UK, Holland and Germany, but also with municipalities in Italy and private placements in Asia and Switzerland.

The Bank distinguished itself on the ABN Amro transaction involving the first issue of Dutch covered bonds and for which it was selected as lead manager. The transaction was awarded the IFR prize for the best covered bond deal of the year by International Financing Review.

> Co-lead managed the first-ever ABN AMRO covered bond deal, which was commended by IFR

We also underscored our presence in Spain through a successful issue for the region of Andalusia.

Lastly, 2005 featured a number of important securitization deals (CDO, RMBS).

Greater synergies with the Caisses d'Epargne

A team was set up during the year with the remit of putting IXIS Corporate & Investment Bank's expertise to work for the benefit of the Caisses d'Epargne and other Group subsidiaries. The team is active in the intermediation and sales areas, and also provides advice on asset allocation and furnishes support for the Group's local government offerings. The offering of products and services was enhanced, notably for the Caisses d'Epargne.

IXIS Corporate & Investment Bank assists the Caisses d'Epargne in optimizing and diversifying their investment of surplus equity on the markets.

The Bank also designs CDO-type (collateralized debt obligation) products to enable the Caisses d'Epargne to balance their sector exposure and better diversify their risks

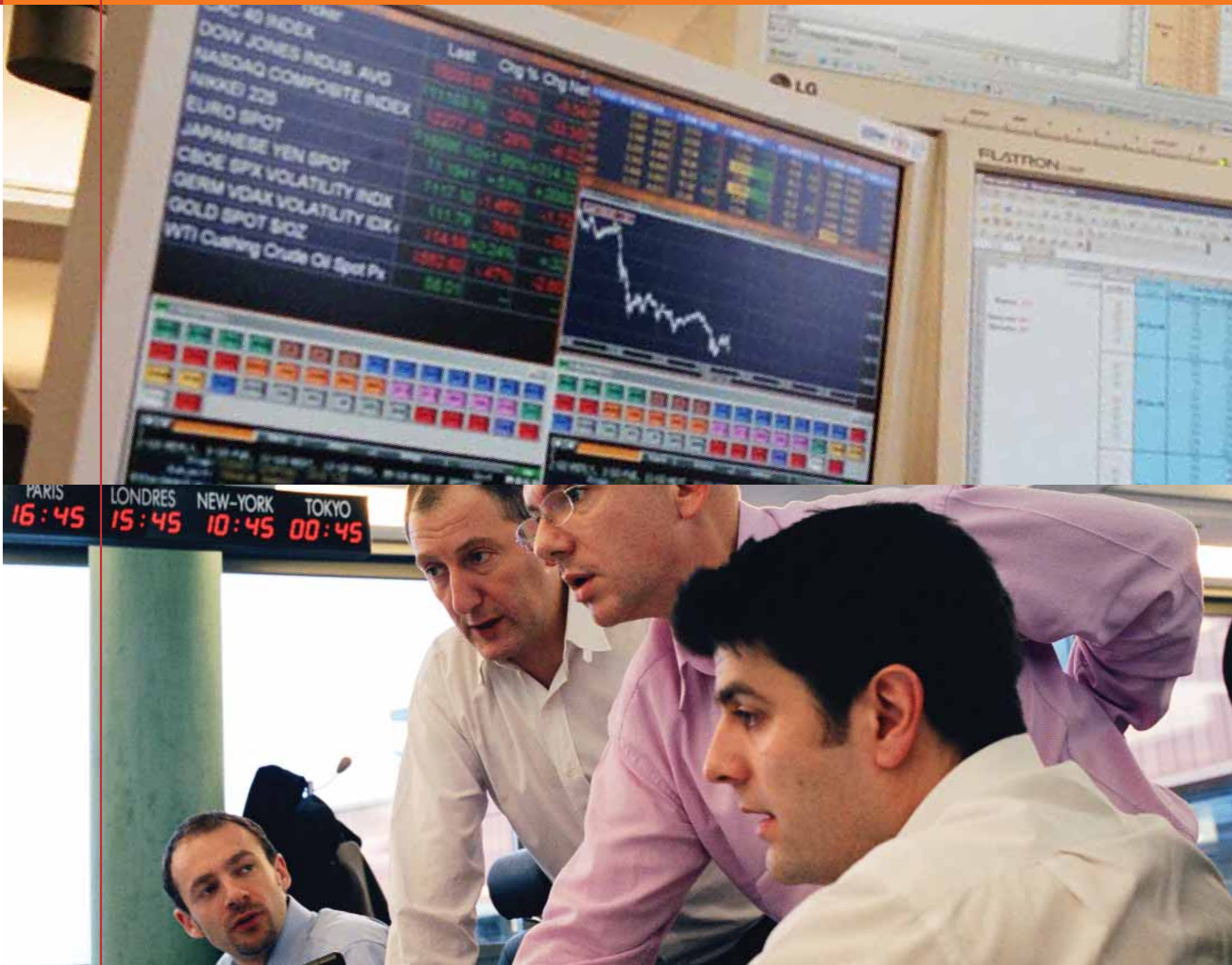
Secondary credit market

IXIS Corporate & Investment Bank again strengthened its presence on credit markets with some outstanding performances in both volume and profitability terms on the asset-backed securities (ABS) segment.

The Bank maintained its leading position on the covered bond segment by ranking second in MTS electronic trading. Our trading teams significantly increased the number of sectors and securities traded on the secondary corporate debt market.

A NEW GENERATION OF SYNTHETIC CONVERTIBLE BONDS

IXIS CIB has created a new bond, an Equity & Credit Linked Asset, which combines a share conversion option with the remuneration associated with the underlying risk credit. The equity and arbitrage team has launched a first issue of this type: a five-year, €100 million issue, convertible into Rhodia shares, with a 3% coupon.



Equity and arbitrage

The Bank's equity and arbitrage teams capitalized on attractive conditions and outstanding showings by European and Asian stock markets (DJEuroStoxx 50: +20%; Nikkei: +40%), to record a fine year in 2005.

High value-added derivatives
IXIS Corporate & Investment Bank trades and distributes high value-added complex equity derivatives, both for the purposes of hedging (options on equities or indices) and investing (options on baskets of equities or indices, options on funds, guaranteed capital CPPI products).

Business continued to grow at a healthy pace in 2005. The momentum stemmed from new development projects, greater innovation on the product front and investments geared to optimizing the technical know-how of our trading and engineering teams.

Efforts notably focused on internationalizing and enhancing the offering to clients. These initiatives led to the creation of two offshore issuing vehicles with a view to broadening the product range and tailoring it to the needs of new clients abroad.

We also bolstered our sales presence in Asia by reinforcing our Tokyo operations with a base in Hong Kong, and underpinning them with a global, coordinated organization. This addition enabled us to make significant incursions into Korea and Taiwan.

> Inroads into Korea and Taiwan in the derivatives field

Equity and arbitrage (continued)

Expanding the footprint and innovating in arbitrage
IXIS Corporate & Investment Bank is active across a large spectrum of arbitrage activities, encompassing interest rates, equities, indices, convertible bonds, listed options and bonds.

2005 was a tough year for arbitragists, as witnessed by the performances of hedge funds. The convertible bond market suffered from the corporate sector's lack of interest for this method of financing and from reduced volatility.

Our convertible teams nevertheless played their hand well and demonstrated their resilience in fairly unhelpful conditions.

> IXIS Corporate & Investment Bank structured a new-generation synthetic convertible bond product – the ECLA (Equity & Credit Linked Asset) – which combines an equity-conversion option and a return associated with the underlying credit risk

Our teams also underlined their innovative talent by creating a new product – the ECLA (Equity & Credit Linked Asset) – which is a genuine synthetic convertible bond combining equity and credit components in one single investment instrument.

Conditions for M&A arbitrage were better in 2005, thanks to an increase in the number of deals. After years in the doldrums, 2005 marked the real return of mergers and acquisitions, a field in which French companies – like Pernod Ricard – took a proactive approach to cross-border deals.

> Equity finance teams now also operate out of New York and Tokyo

Lastly, the equity finance teams took advantage of the reputation built up with European clients over the last few years to establish a global business line. This involved setting up shop in New York and Tokyo and consequently broadening IXIS Corporate & Investment Bank's offering to clients in those markets.

IXIS Securities

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.

> 18 nominations in the top five of the *Agefi* Grand Prix *2005 de l'Analyse Financière*

> IXIS Securities ranked 4th best French broker in the *Agefi* Top Ten Brokers survey for the second consecutive year

Confirmation as a top-tier French broker

IXIS Securities once again recorded excellent results in the Agefi financial newspaper's Grands Prix 2005 de l'Analyse Financière. All in all, it garnered 18 top-five nominations, including three first places and six second positions. This enabled IXIS Securities to retain its status as France's fourth-best broker according to the Agefi Top Ten Brokers poll of investors.

These excellent results confirmed the company's position as a major French broker, recognized across the full spectrum of activities. Further prestige came from the Thomson Extel survey in June 2005, which ranked IXIS Securities among the 20 best European brokers.

Highly efficient sales and marketing functions

Efforts were continued during the year to strengthen and internationalize sales teams, with a particular focus accorded to the UK and Germany. IXIS Securities again increased the density of its client coverage. The company arranged close to 500 marketing events during the year, including some 20 conferences. One notable fact was the increasing number of foreign issuers trusting IXIS Securities to manage their road shows out of Paris.

> Strong growth with US and UK clients

Healthy business levels in France and abroad

With major indices staging recoveries – although these were counterbalanced by modest volatility – IXIS Securities continued to expand its market share both in France and abroad. Revenues earned from US and UK clients rose sharply, notably under the impetus of hedge funds.

IXIS Midcaps, the midcap specialist wholly-owned by IXIS Securities, continued to expand through good showings in secondary and primary activities. IXIS Midcaps now sports the Small & Midcaps Expert label attributed by Euronext.

Reaping the benefits of group membership

IXIS Securities stepped up efforts to leverage synergies with other components of the IXIS Corporate & Investment Bank Group during 2005. Numerous events were organized jointly with the credit research department and with the team of economists led by Patrick Artus.

IXIS Securities also provided valuable research, marketing and sales support in numerous primary transactions featuring the Lazard-IXIS collaborative venture.

FINANCING THE ACQUISITION OF BUFFALO GRILL

IXIS CIB arranged and set up a €223 million euros multi-tranche financing facility for the acquisition of Buffalo Grill by the investment funds Colony Capital and Colyzeo. This was in association with the management and other investors to refinance the existing debt and support the company's expansion in Europe with the opening of new restaurants.

Financing and credit

2005 witnessed plenty of changes in IXIS Corporate & Investment Bank's credit activities, whether in terms of organization, strategy or personnel. The pay-off from these measures started to emerge in the second half.

Organizational and strategic changes
The various underlying credit activities were re-assembled in the Structured Finance & Credit Markets department in June 2005. This operation was consistent with the 2005-07 action plan drawn up by the department at the start of the year. The plan provides for an ambitious and targeted roll-out of client-driven activities, underpinned by IXIS Corporate & Investment Bank's structured financing and structured derivatives know-how.

Financing activities are now organized by business line with a view to offering European clients value-added structured products in the various areas selected for development, i.e. acquisition and LBO financing, asset financing, infrastructure and project financing, public-private partnerships, real estate financing and public sector financing.

Structured credit market activities were split into two in order to effect a clearer separation between proprietary transactions and those executed on behalf of clients:

> structured credit activities (credit derivatives, collateralized debt obligations or CDOs, securitization, etc.) are geared to both corporates and investors, precisely because product structuring provides a means of transferring and transforming risks between the different categories of client;

> proprietary activities encompass market arbitrage operations and a new activity aimed at dynamically managing IXIS Corporate & Investment Bank's credit risk exposure (Credit Portfolio Management).

> New organization based on 6 business lines

As a result of these changes, financing and credit activities were re-grouped into six business lines:

> Commercial Lending & Syndication: syndicated and bilateral financing for large accounts and local government, and cross-business line syndication;

> Leveraged, Acquisition & Asset Finance: structured and leveraged acquisition financing geared to corporates and private equity funds, and asset financing;

> Infrastructure & Project Finance: project advisory services and financing, for European companies involved in infrastructure development and for the European public sector, notably via public-private partnerships (PPPs);

> Real Estate Finance: real estate financing for real estate professionals and large corporates seeking to optimize the financing of their real estate assets;

> Structured Credit & Securitization: structuring and intermediation of credit risks involving the various existing instruments (complex credit derivatives, CDOs, conduit securitization, ABSs, CMBSs, securitization swaps, etc.);

> Credit Investment Management: proprietary arbitrage on credit instruments and optimization of credit risk portfolios (credit portfolio management).

Financing and credit (continued)

Active recruitment

In line with the action plan, the Credit department was significantly reinforced in 2005 with the arrival of several experienced managers in the various fields selected for development by IXIS Corporate & Investment Bank.

The recruitment of immediately operational staff in both the front office and support functions ensured the department possessed the resources to match growth in business. As at year-end 2005, the Credit department front office was operated by a staff of almost 150 in Europe and Asia, a near-doubling compared to a year previously.

The Bank also created two new teams during the year, one a middle office team devoted to financing and the other a credit portfolio management unit. At the same time, the risk analysis, legal support and back office teams were reinforced. All of these measures combined to achieve optimal security for our activities.

Encouraging first results

Healthy financing production

Business levels were brisk throughout 2005. The portfolio expanded by 18% (excluding public sector financing), with all the growth coming from structured financing.

The respective breakdowns of the financing portfolio in 2004 and 2005 show proportional increases in both acquisition and real estate financing in 2005:

	2004	2005
Corporate financing	66%	60%
Acquisition financing	16%	17%
Project financing	18%	23%

> Financing: 28 lead-arranger mandates in 2005

The Bank obtained a total of 28 lead-arranger mandates in 2005 versus 23 in 2004. It also signed 17 sole bookrunner mandates (Buffalo Grill, Unibail, Compagnie des Alpes and AIXAM transactions) and also participated in restricted-member pools alongside major international banks (APRR, Alstom and Bacou Dalloz transactions).

High-performing structured products

IXIS Corporate & Investment Bank now ranks 10th worldwide in this field and was recognized as France's leading bank in the CDO-type product segment (according to ABalert) in 2005. In addition to developing and distributing structured credit products for European clients, the Bank also undertook its first transactions with Asian clients during the year.

IXIS Corporate & Investment Bank is now equipped with an origination, execution and sales platform capable of handling the whole range of CDO structured products and which is operational in the three continents of North America, Europe and Asia.

> 10th Worldwide and 1st among French banks for CDO-type products according to ABalert

IXIS Corporate & Investment Bank wins three Deal of the Year prizes in the infrastructure financing field

Two prizes were won from Project Finance International Magazine and Euromoney Project Finance Magazine for a financing package structured and executed with Banesto for the Perpignan-Figueras rail concession. The €1 billion-plus deal was designed to finance 44 km of railroad and an 8 km tunnel to link the French and Spanish high-speed train networks.

Euromoney Project Finance Magazine also awarded the Bank its Transport-Road Deal of the Year prize for a financing package structured and executed for the 20 km A41 highway concession linking Annecy and Geneva.

A total of 25 people in Europe cover the production of an extensive range of investment products (managed and non-managed CDOs, cash and synthetic CDOs, correlation products, hybrid products), employing a large array of underlyings (corporate, ABS, leveraged loans, private equity, etc.).

All European personnel engaged in quantitative and credit research, credit derivatives trading and trading of correlation and structured products for the business line are now grouped together at the Paris office. This geographical concentration not only shortens product development timescales, but also enhances the Bank's ability to innovate to the benefit of clients.

Lastly, in the proprietary management field, the creation of the Credit Portfolio Management desk paved the way for a dynamic credit risk management policy, ranging from the origination of financing to the divestment of exposure on the market or its transformation into investment products.

Despite the absence of any major trends in the credit market in 2005 – barring the resurgence of sector risk (auto sector) and some abrupt movements (notably on derivatives in the second quarter) – the Bank's proprietary activities fared well during the year.

Participation in headline deals

IXIS Corporate & Investment Bank conducted or participated in numerous headline credit deals including:

> Europe's first claims risk deviation securitization on an auto insurance portfolio on behalf of AXA France IARD. This especially innovative deal was ranked ABS Deal of the Year 2005 – Europe by ISR magazine;

> An arranger-coordinator mandate to provide financing for Eiffage as part of the privatization of highway companies in France;

> A sole arranger mandate to provide financing for Colony Capital's takeover of Buffalo Grill, via a structured LBO deal secured against real estate assets;

> The financing of France's largest windfarm, in cooperation with the specialist environment fund, FIDEME, and the German operator, Volkswind;

> The launch of the Meursault CDO in Spring 2005, which offered investors indexing of the principal to a managed made-to-measure corporate credit portfolio, plus a variable coupon, linked to the iTraxx Europe index. This was the first public deal of its type and involved broad pan-European placement with network banks and insurers;

> A mandate as sole arranger, bookrunner and counterparty for an RMBS securitization swap for 15 Italian independent cooperative credit banks represented by ICCREA Banca. This transaction serves as a reference for the Bank's future development in the Italian market.

NEW JOINT VENTURE IN ASIA

SPARX Asset Management and IXIS CIB have agreed to form a joint venture to create a hedge fund platform of single manager funds in Asia.

The joint venture will further advance IXIS Corporate & Investment Bank's top-tier position in the fund structuring business.

Structuring

Fast-growing fund structuring activity

IXIS Corporate & Investment Bank harnesses its ability to provide capital guarantees or leverage on hedge funds for the benefit of clients.

The Bank's alternative fund structuring business consolidated its position in a more competitive market with stable overall volumes in 2005. The bank's leadership was illustrated by a higher proportion of restructuring transactions, which featured unwinding of options and extended maturities.

This activity was also developed with the Caisses d'Epargne in 2005, in a genuine partnership approach.

At the same time, the Bank stepped up its international presence, notably through new developments in the US, Italy and Australia, while new prospects were also taking shape in Germany.

IXIS Corporate & Investment Bank expanded in Asia by setting up new strategic cooperation agreements, especially with SPARX Asset Management, Japan's foremost independent asset manager.

> Joint-venture agreement signed with IXIS Asset Management to create IXIS Alternative Investments

IXIS Corporate & Investment Bank and IXIS Asset Management signed an agreement at the end of 2005 that provided for the creation of a joint venture, IXIS Alternative Investments. The new company, most of whose staff will be based in London, has been set up to focus on four alternative investment management activities, i.e. a platform of managed funds offering a risk control service to alternative fund investors, a fund of funds activity constructed according to client needs, funds incubation and the distribution of these various products. IXIS Alternative Investments also plans to develop an Asian fund platform with SPARX Asset Management.

New innovative solutions for clients

IXIS Corporate & Investment Bank took an active role in structuring balance-sheet and real estate solutions, particularly within the following fields:

Alternative Risk Transfer

The team strengthened its weather derivatives know-how in 2005 and further diversified its product offering on other risks (auto insurance, terrorism, life insurance), via the financing of insurance structured products.

One example of this involved arranging a transaction to optimize a French insurer's solvency margin by securitizing an auto portfolio (on behalf of AXA IARD), in liaison with the Bank's credit teams.

During the course of the year, the Bank put the finishing touches to the EOLIA 1 funds portfolio which was launched in 2004 and also began marketing work for EOLIA 2.

Risk Solutions

IXIS Corporate & Investment Bank developed a financial engineering advisory activity geared to devising balance sheet management/ optimization, regulatory and legal solutions for issues associated with co-investment projects. As part of this initiative, the Bank set up a Luxembourg-based subsidiary, IXIS Luxembourg Investissements.

Real Estate

IXIS Corporate & Investment Bank played a major role in sale & lease back transactions in 2005, notably via a sizeable presence in the German market. IXIS Capital Partners, the asset management subsidiary that manages IXIS Corporate & Investment Bank's real estate venture capital funds, chalked up some fine successes which included two important real estate transactions, one with KarstadtQuelle AG and the other with Barmer.

Two new private equity mandates

During the course of the year, the Bank started up a private equity mandates activity for in-house and external funds, with two sizeable mandates, one of which was an LBO fund with Apax and one for mezzanine financing with the European fund, IFE Conseil.

SUCCESSFUL GAZ DE FRANCE IPO

Lazard-IXIS was one of the global co-ordinators-lead managers for the Gaz de France privatization. The transaction was oversubscribed 30 times by institutional investors and proved highly popular with retail investors.

Corporate finance

Equity Capital Markets in good shape

2005 was a record year for equity primary markets in France, especially in terms of sums raised, which amounted to around €34 billion [1], close to the highs of 2000. Highlights of the year included the Gaz de France and EDF IPOs, which together represented over €10 billion.

> €19.7 billion of funds raised in total in 2005

The Lazard-IXIS brand quickly makes its mark

IXIS Corporate & Investment Bank set up its partnership with Banque Lazard in 2004. In attractive conditions, Lazard-IXIS had a particularly successful year in 2005, taking part in transactions that raised €19.7 billion in total and covered a wide spectrum of deals including IPOs, capital increases, convertible bond issues and block divestments.

Lazard-IXIS was selected as lead manager/global coordinator for the opening of Gaz de France's capital and for the Rue du Commerce and Mercialys IPOs. It also acted as co-lead manager for the SANEF, Meetic, EDF and Eutelsat IPOs.

In terms of **capital increases**, Lazard-IXIS notably lead-managed the Euro Disney and Poweo transactions and took part in the France Telecom and Suez operations.

In the **convertible bond market**, Lazard-IXIS lead-managed a €437 million convertible bond issue for Cap Gemini, which ranked as one of France's four biggest issues during the year.

Lastly, in the **block divestment field**, Lazard-IXIS was involved in the divestment of €84 million worth of Nexity stock and managed Areva's sale of €100 million of AssystemBrime shares.

Providing equity markets remain in good shape in 2006, Lazard-IXIS expects to maintain the good positions built up since its inception in June 2004, especially in terms of mandates acquired and planned transactions.

IXIS Corporate & Investment Bank invested $200 million in the form of shares and equity security units in May 2005, in a deal that will eventually give it a 6.7% stake in Lazard Ltd.

IXIS Corporate & Investment Bank took part in:
> 5 of the 6 transactions involving companies valued at over €1 billion
> 7 of the 10 IPOs involving companies valued at over €150 million

(1) Source: Thomson Financial

Corporate finance (continued)

Advisory services for M&A and market transactions in the infrastructure and real estate fields

IXIS Corporate & Investment Bank managed to reap concrete rewards from its corporate finance advisory offering in the utilities and infrastructure sectors. The newly assembled team intervened in several M&A deals, but also in the structuring and financial engineering areas in both France and Europe. Most of these assignments were still ongoing at the end of the year.

IXIS Corporate & Investment Bank also took on a team specialized in providing advisory services for M&A and capital market transactions in the real estate sector in mid-2005. This new expertise now enables the Bank to help real estate operators manage their portfolios in an optimal manner against a fast-changing fiscal backdrop in Europe.

In November 2005, IXIS Corporate & Investment Bank acted as advisor, lead manager and bookrunner along with Merrill Lynch International on a transaction conducted on behalf of Société de la Tour Eiffel. The transaction enabled this French listed real estate investment company – whose real estate assets are valued at e700 million – to raise e157 million of fresh equity, part of which was destined to fund its acquisition of Locafinancière.

Takeover of Nexgen, a specialist in innovative solutions for corporates.

Nexgen Financial Solutions (Nexgen) is an Irish financial group founded in 2001 and specializing in the design and execution of made-to-measure, structured and innovative financial solutions for corporates, insurers, financial institutions and high net-worth individuals. Nexgen generally acts as a counterparty in the execution of its solutions.

IXIS Corporate & Investment Bank acquired a 38% stake in Nexgen and became its largest shareholder in December 2002, alongside the founders and the original Singaporean shareholders. In the three years since that time, the two companies have built up a close collaborative relationship which has seen them undertake transactions jointly for major European clients.

Financial engineering: major player in structuring and placing environment and infrastructure investment funds

During 2005, the Bank structured and placed two investment funds – the European Carbon Fund [1] and FIDEPPP – and thus positioned itself as a leading player for equity investments in the areas of environment market financial instruments and PPP-financed infrastructure.

FIDEPPP: €165 million raised

The Fonds d'Investissement pour le Développement des Partenariats Public Privé (FIDEPPP) is France's first investment fund positioned on France's emerging public-private partnership sector. It was set up to enable Groupe Caisse d'Epargne to help central and local governments undertake their infrastructure projects and thus consolidate the Group's role as a pivotal player in local development.

FIDEPPP was fully subscribed by Groupe Caisse d'Epargne entities. It will pave the way for some €4 billion of public investment in infrastructure projects of prime importance for sustainable development in France in the education, health, justice, transport, culture, environment, communication networks and other fields.

FIDEPPP is geared to taking equity investments in projects of significant size, alongside financial and industrial partners.

In view of the increasing amounts of capital required for these transactions and Groupe Caisse d'Epargne's desire to expand the range of services offered to companies, IXIS Corporate & Investment Bank and Nexgen signed an agreement that provides for Nexgen's takeover by the Bank.

Subject to approval from market regulators, the deal should be completed by the end of the first quarter 2006.

This acquisition enhances IXIS Corporate & Investment Bank's know-how in a number of fields and especially as regards:

> relations with large accounts (note that Nexgen had signed a cooperation agreement in 2003 with the Lazard group, a partner of Groupe Caisse d'Epargne);

> the execution of made-to-measure, complex and non-repetitive financial transactions, a field in which Nexgen has developed specific technology both on the IT and procedures sides;

> transactions in South-East Asia and Australia, where Nexgen has been present for a number of years.

Nexgen employs a team of 70 professionals based in Dublin, Paris, Singapore and Milan.

Following the takeover of Nexgen, certain capital markets personnel are liable to join the Bank's Corporate Finance business line in 2006.

[1] See page 51

Expanded presence in Europe and Asia

IXIS Corporate & Investment Bank strengthens its international presence

The Frankfurt, London, Tokyo and Milan branches, together with the Hong Kong and Luxembourg subsidiaries, employed 240 staff at year-end 2005. They extend IXIS Corporate & Investment Bank's business lines in Europe and Asia and reinforce its international distribution capacity.

Frankfurt

The Frankfurt branch specializes in covered bonds (especially German *Pfandbriefe*) and is highly active on interest-rate products. The branch represents the hub for the Bank's expansion in Eastern Europe.

Trading activities and the Frankfurt branch in general have traditionally been fast-growing, but both had to deal with tougher conditions and heightened competition in 2005. The financial market was affected by the revival in tension on credit markets following the ratings downgrades on General Motors and Ford, and the terrorist attacks in London.

At the same time, the covered bond market witnessed the growing use of electronic trading platforms.

IXIS Corporate & Investment Bank's branch nevertheless remains a key player on the Frankfurt market on the two segments where it operates.

The Frankfurt sales force is currently being strengthened in the interest-rate derivatives area, with a view to starting up distribution activities in Eastern Europe from 2006. This is one of the major strands of the branch's growth strategy.

New know-how

As part of the growth momentum emanating from Paris, two new business lines were added to Frankfurt's range of expertise in 2005:

> Corporate Finance started up activities at the local level in October,
> Real Estate Investment Banking business issued its first loan in December.

These two fields of expertise are expected to make significant contributions to the Bank's overall earnings as from 2006.

London

The London branch sells derivatives and has gradually introduced a broad range of investment banking activities.

The branch doubled in size during the year, both in terms of headcount and office space. At the end of 2005, the London branch employed over 100 staff.

One notable addition was a head of equity derivatives sales for the Europe/Middle East region. On the equity trading side, a hybrid products desk was set up at the start of the year and a proprietary trading team was transferred from Paris, all with some highly satisfactory results.

The ICMOS Pangaea hedge fund also obtained its license from the FSA and will soon be in a position to open up to outside investors.

The interest-rate product sales activity was considerably reinforced with the arrival of a four-strong Scandinavian sales team.

A commercially successful year

The London branch chalked up several notable successes during the year, including a lead-manager and bookrunner mandate for the Bank of Ireland's second covered bond issue. This deal helped rank IXIS Corporate & Investment Bank fourth among lead managers for public issues of UK & Ireland covered bonds [1], for which origination is conducted out of London.

The biggest developments concerned the creation of a four-strong CMBS desk within the financing and credit business line. A commercial and healthcare real estate financing activity was launched with the recruitment of six specialists and obtained several mandates. A team of quantitative arbitragists in credit indices was also set up to complement the proprietary ABS and CDO trading/arbitrage team and made a contribution to the branch's fine results.

IXIS Alternative Investments, the joint venture between IXIS Corporate & Investment Bank and IXIS Asset Management, is due to open for business in 2006. The venture will serve as the Group's alternative management platform and be an important growth vector for the branch.

In addition, IXIS Capital Arranger made satisfactory progress, as did sales of US CDOs to European investors and CIFG Europe's financial guaranty business.

Plans for 2006 include transferring the fund advisory business to London and extending the range of products handled by the trading room.

Milan

IXIS Corporate & Investment Bank took its international development drive onto a new plane by setting up shop in Milan in 2005. The goal with the Milan branch is to provide the same products and services as in Paris, starting with real estate financing and interest-rate product sales. The next two activities to be added will be local government financing and project financing.

The Milan branch employed some 15 staff at the end of 2005.

IXIS Luxembourg Investissements

IXIS Corporate & Investment Bank set up a Luxembourg-based subsidiary, IXIS Luxembourg Investissements, in April 2005.

IXIS Luxembourg Investissements is a limited liability company incorporated under Luxembourg law and was founded in order to invest in financial assets targeted within the framework of optimized financing solutions. The company had a staff of three at the end of 2005.

[1] Source: Dealogic

Tokyo

The Tokyo branch is the spearhead of the Bank's development in Asia and specializes in fund structuring and the sale of interest-rate and equity derivatives.

IXIS Corporate & Investment Bank considerably reinforced its Japanese operations in 2005. The investments undertaken to expand staff and the quantitative research functions are geared to ensuring all the branch's business lines can deliver a broader range of products to traditional clients in 2006.

The efforts made in the exotic interest-rate derivatives field paid off in terms of additional market share on certain yen options. With the type of products demanded by clients expected to remain stable, the branch is confident of growing future earnings.

At the same time, the equity and index derivatives business sharply increased its contribution to earnings, thanks to robust demand for structured mono- and multi-underlying products in Japan, the rest of Asia and Europe. Personnel in this area will again be reinforced in order to capitalize on market potential.

The Tokyo branch also placed several sizeable credit derivatives transactions originated from Paris and New York with Japanese institutional investors in 2005. Local structuring capability is to be added in early 2006.

The highlight of the year in the alternative management field was the joint venture agreement signed between IXIS Corporate & Investment Bank and SPARX Asset Management (Japan's largest independent investment manager with $9 billion of assets under management), and which was geared to creating a hedge fund platform in Asia.

Expanded presence in Europe and Asia (continued)

> Alternative management in Asia: joint venture signed in 2005 with SPARX Asset Management, Japan's leading independent asset manager
> New offices opened in Milan and Luxembourg

Hong Kong: IXIS Asia Limited

IXIS Asia Limited is a wholly-owned subsidiary of IXIS Corporate & Investment Bank and was licensed by the Hong Kong authorities in 2004. Its foremost objective is to develop structuring and sales of IXIS Corporate & Investment Bank products in Asia ex-Japan. The core target markets are the Chinese-speaking world (China, Taiwan, Hong Kong, Singapore) and South Korea.

The Hong Kong subsidiary uses Paris's trading resources for interest-rate and credit transactions and Tokyo's trading resources for equity derivatives. The subsidiary employed some 15 staff directly in Hong Kong at the end of 2005, most of whom were autonomous sales and structuring personnel. Headcount is slated to increase further in Hong Kong in 2006.

IXIS Asia operates in three broad areas:
> the distribution of interest-rate and credit derivatives and structures for institutional clients and distributors;
> the sale of equity-based derivatives and structures for retail networks or private banks;
> the structuring of complex transactions on other alternative underlyings.

Although conditions in the Asian market were not as good for these asset classes in 2005, IXIS Asia managed to initiate transactions with numerous Chinese clients and establish distribution agreements with various retail networks in Hong Kong and Taiwan. IXIS Asia notably launched a specialist issuing vehicle in Hong Kong – IXIS Financial Instruments Limited – which is currently used to issue bonds linked to the region's equity markets.

The subsidiary also launched a legally-innovative equity derivatives products in September 2005. The new product – dubbed High Flyer – uses the regulatory provisions of the new Safe Harbour Rule for private placements of HK$500,000 or over (around €50,000), a level that nevertheless permits distribution to the public. The product is distributed by ABN Amro Bank and Wing Lung Bank in Hong Kong.

First steps in China

Subject to approval from the Chinese authorities, IXIS Corporate & Investment Bank is looking at taking a stake in TX Investment Consulting (TX), a registered Securities Investment Consulting Company. A number of cooperations are currently being set up.

TX Investment Consulting employs 150 staff in five offices in Beijing, Shanghai, Guangdong, Shandong and Shenzhen. It provides financial information via a data base on Chinese listed companies, investment advice and research, merger and acquisitions advisory services and fund distribution services. These last three activities are carried out under licenses granted by the CSRC (China Securities Regulatory Commission). Earnings have always been in the black since the company's inception.

The cooperation with TX will open up new opportunities for IXIS Corporate & Investment Bank, notably by giving it access to:
> China's first pension funds, major Chinese companies and insurers to whom TX provides investment advice;
> the major corporations accompanied by TX before and after their IPOs;
> the many financial institutions (banks and securities firms) to whom TX distributes funds for their retail clients;
> the vast program of privatizations earmarked for the next few years thanks to the current expansion of the Shanghai and Shenzhen stock markets.

IXIS Capital Markets (United States)

IXIS Capital Markets: IXIS Corporate & Investment Bank's North American arm

IXIS Capital Markets provides innovative, made-to-measure capital-market and financing solutions to institutional investors, major issuers, corporations and high-net-worth individuals.

Since its foundation in 1990, the firm has positioned its business to respond to market opportunities that offer attractive returns on its equity capital and allow for greater customer focus. The firm's specialist products and services include financing and asset securitization, asset- and fund-linked structured products, securities and derivatives sales/trading and investment products. IXIS Capital Markets' 400-person workforce is predominantly located in New York, with select activities being operated out of Los Angeles and Chicago.

Record performance in 2005
IXIS Capital Markets delivered strong performance in 2005, exceeding the record levels achieved in 2004. Net banking income advanced 10% to $524 million and operating income before taxes reached $201 million. The firm continued to gain market share in targeted areas of the capital markets and deepened partnerships with existing and new clients. Its sound financial results provide testimony to the efforts made to grow its business, to add value to its clients and to maintain discipline in how it manages risk and capital.

> Record results with revenues rising 10%

Structured Finance
IXIS Capital Markets substantially strengthened its presence in the structured finance markets. The firm securitized $8.6 billion of asset-backed securities (ABS), of which $3.3 billion were home equity ABS and $5.3 billion were other, non-mortgage ABS.

> $8.6 billion of ABS securitized and $6 billion of CLOs placed

Also in the ABS sector, IXIS Capital Markets structured and placed $6 billion of collateralized loan obligations (CLOs), advancing its position within league tables to sixth [(1)] place for global issuance. When ISDA (The international Swaps and Derivatives Association) released its "pay-as-you-go" (PAUG) form of confirmation for synthetic ABS in June 2005, it offered a unique opportunity for IXIS Capital Markets to further maximize its extensive portfolio management experience with structured finance assets. The firm closed a $500 million synthetic ABS CDO backed by credit default swaps and certain other assets for which it will act as collateral manager.

Within the commercial real estate sector, the firm originated a record $3.4 billion of fixed- and floating-rate loans and mezzanine financing for property acquisitions and recapitalizations in the United States, bringing its total loan production to $13.7 billion since June 1999. IXIS Capital Markets sold and securitized over $3.2 billion of commercial mortgage assets to eight securitizations totaling $17.5 billion.

[(1)] Source: Asset-Backed Alert

IXIS Capital Markets (United States) (continued)

IXIS Capital Markets formed a strategic relationship with CharterMac, a leading real estate finance company and provider of capital solutions to developers and owners of multifamily housing and investments for institutional and retail investors. In 2005, the firm provided credit intermediation to limited partnerships of CharterMac that are designed to generate low-income housing tax credits.

Structured products
IXIS Capital Markets' structured fund products business flourished in 2005, offering both principal protection and structured leverage products for asset managers of, and investors in, actively-managed alternative investments. It continued to deal mainly with established hedge funds and funds of hedge funds, which exhibit strong risk management practices and moderate-to-low volatility of performance.

Recognition of IXIS Capital Markets as a prominent provider of structured product solutions is the driver of growth of its business. IXIS Capital Markets' strength lies in the quality of its risk management, structuring capabilities and its dedicated team. The firm's stable-value-fund wrap business also generated strong growth, increasing 24% to close the year with $26 billion in wrapped assets and confirming its standing as a primary provider of fixed-income wrappers in the marketplace. These products give corporate and public-institution defined-contribution pension plans the ability to offer their participants an attractive alternative to money-market investments.

> Stable-value-fund wrap business up 24%, with the portfolio reaching $26 billion

On the municipal front, the firm participates across the spectrum of municipal products from bonds, derivatives, and structured financing solutions to guaranteed investment contracts (GICs). A competitive provider in the new issue market, IXIS Capital Markets closed an additional $5 billion of municipal GICs—customized investments that mitigate interest-rate risk for state and municipal issuers.

> $5 billion of new GICs concluded with US municipalities

Equities

IXIS Securities North America, the firm's broker-dealer, strengthened its equity cash and derivatives business by increasing its marketing efforts and offering. Its European equity sales business, which offers French and Pan-European equity research and stock order execution to the North American marketplace, increased commissions by 13% over the prior year's results and increased its coverage among major US and Canadian institutional investors.

The firm's sales team provides North American clients with full access to local French market expertise and the high-quality research produced by its Paris-based affiliate, IXIS Securities, and its team of 50-plus analysts and strategists. In 2005, the firm hosted 33 meetings for the asset management community throughout the year. The meetings featured many of the top management officials of publicly-traded companies on the SBF 120 Index and the sector analysts of IXIS Securities.

Its equity derivatives business, including barrier options, continued to build momentum with high-net-worth retail and institutional clients, adding marketing resources and products. The firm also launched an equity financing desk in 2005.

Planning for the future

To accommodate its business growth and its attendant security needs, IXIS Capital Markets leased new office space in Jersey City, New Jersey, to add to its headquarters in Manhattan.

The new facility, now being developed for occupancy mid-2006 will fulfill three functions:

> house office space for several support groups,
> act as a business continuity site for some 300 employees in case of an emergency in the firm's head office in Manhattan,
> include a state-of-the-art data center.

The new data center, with infrastructure and expansion space for the firm's needs in the foreseeable future, is expected to assume the role of a fully redundant, primary data center by the end of 2006, allowing the existing data center at 9 West 57th Street to provide back-up for all of the firm's data processing and storage needs.

Financial functions

IXIS Corporate & Investment Bank's finance department monitors and manages the Bank's general risks. It is organized into three functions: asset-liability management, refinancing management and monitoring of equity stakes and investments.

Asset-liability management (ALM) optimized at several levels

A highly precise analytical tool

During 2005, IXIS Corporate & Investment Bank laid the foundations of its asset-liability management feeding system designed to monitor all balance-sheet and off-balance items via the specific *Risk Pro* tool. This ambitious project is geared to analyzing all the Bank's consolidated balance sheet and off-balance sheet transactions to the finest level of detail and consequently requires the *Risk Pro* tool to be fed directly and extensively by all the Bank's management software.

The detailed analysis furnished by this system enables the Bank to monitor its general risks (interest-rate, currency and liquidity risk) to a very precise level.

Reflecting its international expansion drive, IXIS Corporate & Investment Bank paid particular attention during the year to the currency risk to revenues and overheads entailed by its geographic diversification.

A new medium – and long-term liquidity management section

Asset-liability management involves overseeing the various mandatory regulatory indicators (liquidity ratios, capital and long-term resources ratios, monitoring of major risks, etc.) and transmitting the elements of information needed for operational units to refinance their activities in an optimal manner.

Reflecting these objectives, a medium – and long-term liquidity management section was set up in 2005 in order to group together all medium and long-term internal refinancing needs and thereby manage them on an overall and optimal basis. As part of this initiative, the cost of medium and long-term resources is now invoiced directly to the consuming business line through financing that is set up between the medium- and long-term liquidity management section and the business line at the outset of transactions. The refinancing rate for these transactions reflects the average cost of the Bank's liabilities for the maturity concerned.

The Asset-Liability Committee, organized by the finance department, also meets on a monthly basis to analyze changes in the balance sheet, the use of equity and, more generally, all the structural risks run by the Bank. The Committee also validates any changes in the internal system for refinancing the various business lines.

The asset-liability management function also provided input to the RAROC (Risk Adjusted Return On Capital) project begun at the start of the year.

International standardization of monitoring mechanisms

Outside France, a new finance department offshoot was incorporated into IXIS Capital Markets in New York in 2005. One of the unit's prime objectives is to equip this important subsidiary with its own asset-liability management mechanism, based on the same analytical principles and tools used by IXIS Corporate & Investment Bank in Paris.

After receiving an award for an EMTN issue structured on interest rates in 2004, IXIS Corporate & Investment Bank was again singled out in 2005 for an equity-linked EMTN issue by MTN-I, a magazine specializing in providing financial information on structured EMTN issues.

This new prize testifies to the versatility of IXIS Corporate & Investment Bank's signature and its ability to innovate and adapt it to the private placement segment. It also underlines the expertise and professionalism of our personnel in this area.

Comprehensive refinancing management

An overall view of the different market segments

Refinancing management encompasses two distinct aspects that are nevertheless managed in coordinated fashion, i.e. short-term money-market refinancing, and medium- and long-term transactions refinanced by issuing debt securities.

There was no change in the principles applied to short-term refinancing between 2005 and 2004. Plentiful market liquidity throughout 2005 ensured business was refinanced under attractive conditions.

IXIS Corporate & Investment Bank's geographic expansion prompted it to seek a more diversified access to the market and refinancing instruments, especially in US dollars.

As part of this objective, IXIS Capital Markets' treasury function in New York was re-housed within the finance department offshoot created on site, thereby reproducing the organizational model applied within IXIS Corporate & Investment Bank.

The finance department also continued efforts to optimize collateral management as a whole:
> in the form of repurchases geared to refinancing portfolios directly,
> by the regular use of central bank auction mechanisms,
> by monitoring and managing the collateral needed for settlement systems to function.

Medium- and long-term financing transactions are conducted via several medium-term note programs. Apart from the European Medium Term Notes (EMTN) program that has been used by the Bank for several years, new specific programs – IXIS Special Products (EMTN), IXIS Financial Instruments (EMTN) and IXIS Financial Products (USMTN) – were opened in order to target specific types of client. All programs benefit from the IXIS Corporate & Investment Bank guarantee and thereby offer identical counterparty risk quality.

Better market exchange tools

Access to CLS Bank in third-party mode began as planned in early 2005 and thereby enhanced security for currency transaction settlements.

Monitoring of equity stakes and investments

The Finance department monitors IXIS Corporate & Investment Bank's subsidiaries from a financial standpoint, e.g. refinancing of business, equity allocation, financial guaranty, regulations, feeding the ALM mechanism, etc. It can also provide back-up in setting up specific transactions or new projects.

All the information needed to carry out this function was defined according to precise rules, including the details concerning the constitution of decision-making bodies, on which the finance department is generally represented. The finishing touches are now being made to this organization.

The finance department also organizes the Bank's Investment Committee. The Committee specifies the terms and conditions under which investment decisions (acquisition of equity stakes and financial investments) decided within the framework of the Bank's overall policy are effected. The finance department is responsible for ensuring these terms and conditions are complied with.

Research

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 consequently devoted to this field, so much so that one research specialist is devoted to every two or three traders or 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 an independent center of multi-disciplinary expertise that makes it an important contributor to the Bank's development, both in image and sales terms.

Client-driven expertise

During the year, the research team reinforced its role in evaluating and analyzing markets, essentially for clients and market players. The range of research publications is distributed primarily to domestic and international clients and may be consulted on the Bank's website.

The research unit contributed to the robust growth in the Bank's commercial relations by delivering economic news presentations and taking an active role in major events organized on a regular basis for clients by IXIS Corporate & Investment Bank's sales teams.

> Two additions to the range of ***Monthly Notes***;

A diversified and evolving range of publications

The range of *Monthly Notes* was enhanced with two new publications – *United Kingdom* and *Asset Allocation* – in 2005. A quarterly publication titled *Hedge Fund Trends* was also launched midway through the year.

> ***Hedge Fund Trends***, a new quarterly publication launched in mid-2005;

The range of publications is organized by theme:

- News: including *Flashes*, which provide in-depth themed analysis of economic trends, and Special Reports;
- Markets: this section comprises *Markets Weekly*, which assesses the week's key macroeconomic data, *Daily Round-up*, the quarterly *Hedge Fund Trends* and the monthly *Inflation-linked*;
- Economic conditions: encompassing those *Monthly Notes* providing economic analysis or economic forecasts by region or currency zone (United States, Asia, the euro zone, etc.);
- Indicators: and notably the *Leading indicator of French economic activity* and the *Risk-perception index*;
- Academic publications: including *Special Papers* and *Working Papers*.

The team continued its collaboration with the Credit Research unit in 2005, notably via the monthly *Spreads and Credits* report and the new *Asset Allocation publication*.

Stringent quantitative analysis
Quantitative analysis techniques are used to analyze and forecast market trends. Studies of interest-rate markets focus on term structures. Specific attention is paid to the factors determining yield spreads between sovereign bonds and public – or private-sector bonds. Yield spreads between sovereign bonds and swap rates are also monitored carefully, along with break-even inflation. Another important focus of research concerns interest-rate derivatives and alternative products.

Devising investment strategies
The research department provides advice and analysis on investment and arbitrage strategy on interest-rate markets. Strategic recommendations may have various timeframes, from very short term to long term. They can be coupled with technical analyses, based on relative value or fundamental terms, or result from a combination of several approaches. These investment strategies are distributed in publications of varying frequency (daily, weekly etc.). The department also contributes to the design of structured products, by using economic and financial scenarios proposed by country specialists.

Live research
Our economists provide daily analysis and comment on market 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.

IXIS Corporate & Investment Bank's quantitative research needs are furnished by highly-qualified financial engineers, dubbed "quants" in trading-room jargon. Quantitative research teams in Paris primarily work with desks handling complex or innovative products, e.g. one group is located on the fixed-income desk, another on the structured credit products desk and the third on the equities desk. At IXIS Capital Markets in New York, they are grouped together within the Financial Engineering unit.

The complexity of financial innovations and the speed at which they spread on extremely competitive markets make it vital to have a highly-qualified team of financial engineers capable of responding swiftly to demand from trading desks and the market. Research and financial engineering have become the drivers of the financial innovation process.

The financial engineer's key role is to design mathematical and statistical models for calculating the value of financial products and transactions, especially derivatives and complex structured transactions. Even more important for these models is their ability to accurately calculate hedging for the risks entailed.

Financial engineers collaborate closely with the IT department to incorporate these models into official position-monitoring systems. Once the models are in place, they are constantly adapted to structurers' needs according to the specific pay-offs on certain transactions.

Balance sheet, off-balance sheet items and regulatory ratios

Analysis of consolidated balance sheet and off-balance sheet items (audited data)

Consolidated balance sheet (billions of euros)	2005	2004	Year-on-year change amount	%
Assets				
Loans and money market	20.8	34.7	(13.9)	-40.1%
Non-financial customer receivables	8.9	4.9	4	81.6%
Securities received under repo	76.0	70.2	5.8	8.3%
Trading securities	72.2	54.5	17.7	32.5%
Available-for-sale securities	16.6	17.2	(0.6)	-3.5%
Held-to-maturity securities	2.3	3.2	(0.9)	-28.1%
Other assets	31.0	22.4	8.6	38.4%
Total assets	**227.8**	**207.1**	**20.7**	**10.0%**
Liabilities				
Borrowings and money market	50.2	63.7	(13.5)	-21.2%
Securities sold under repo	45.5	37.5	8	21.3%
Securities issued	51.5	47.1	4.4	9.3%
Debt securities	45.9	29.4	16.5	56.1%
Other liabilities	28.4	23.5	4.9	20.9%
Shareholders' equity and subordinated debt	6.3	5.9	0.4	6.8%
Total liabilities	**227.8**	**207.1**	**20.7**	**10.0%**

Comments on the consolidated balance sheet

The balance sheet total amounted to almost €228 billion at year-end 2005, a €21 billion (10%) increase relative to a year earlier.

The US subsidiary accounted for €10 billion of this balance-sheet growth, of which close to €5 billion stemmed from the stronger dollar, which rose 13% during the year.

The rest of growth on the asset side in the US came from expansion in securitization business and structured transactions, while the increase in liabilities originated from debt related to equities and to US municipalities.

The remaining growth stemmed from European activities and more specifically from increases in non-financial customer receivables, trading securities and securities received under repo (share loans, market-making on government debt and assets linked to indexed issues). Debt securities, securities issued and securities sold under repo showed a symmetrical increase.

Lastly, accruals (other assets and other liabilities) rose sharply as a result of growth in business on forward financial instruments (the notional amount increased almost 50% in 2005).

In terms of balance-sheet structure by term to maturity, items under one year amounted to 83.1% of assets and liabilities at year-end 2005 versus 85.2% and 82.5%, respectively, a year earlier.

Off-balance sheet instruments

The notional amount of instruments traded on organized markets totalled €895 billion at year-end 2005 versus €592 billion a year earlier. Growth stemmed primarily from IXIS Corporate & Investment Bank's European activities, for which the portfolio expanded by €189.5 billion (including €144.2 billion of interest-rate options).

The notional amount of OTC-traded instruments rose by around €1,299 billion to €3,955 billion at year-end 2005. Expansion was driven by the Fixed Income business line, which registered a €1,000 billion increase during the year.

Note that the notional amount of contracts identified for accounting purposes is merely an indication of the volume of the group's business on the market for financial instruments and does not reflect the market risks attached to these instruments.

The equivalent weighted credit risk on derivatives amounted to €5.2 billion at year-end 2005 versus €5.6 billion a year earlier (-7%).

Regulatory ratios

All regulatory ratios comply with statutory requirements.

Capital adequacy ratio

The capital adequacy ratio worked out to 190% on a consolidated basis at year-end 2005 versus 203% a year earlier.

The minimum capital requirement amounted to €3.093 billion compared to consolidated net shareholders' equity of €5.871 billion at year-end 2005 (versus a minimum requirement of €2.771 billion and equity of €5.622 billion at year-end 2004).

Of the overall €322 million increase in minimal capital requirement during the year, €178 million was for market risk and €144 million for credit risk.

Liquidity ratio

The liquidity ratio stood at 347% at year-end 2005 versus 237% a year earlier. It remained above the regulatory minimum of 100% throughout 2005.

Major risks

As at December 31, 2005, no risk exceeded 10% of shareholders' equity.

Equity and investment capital ratio

This ratio is subject to a minimum requirement of 60% and stood at 151% at year-end 2005, versus 153% a year earlier.

Sustainable development

IXIS Corporate & Investment Bank embraces Groupe Caisse d'Epargne's sustainable development policy.

The concept of responsible finance is incorporated into IXIS Corporate & Investment Bank's management, corporate governance and long-term strategy.

IXIS Environnement & Infrastructures

IXIS Environnement & Infrastructures: a pivotal role in financing sustainable development

IXIS Environnement & Infrastructures is a wholly-owned subsidiary of IXIS Corporate & Investment Bank and an asset manager licensed by France's market regulator, the AMF. It specializes in financing environment and infrastructure projects, notably in the form of equity capital. The funds managed bring together front-ranking investors and operate in France and the rest of the world. They are consistent with Groupe Caisse d'Epargne's sustainable development policy.

Two funds were managed in 2005, one of which, FIDEME, was managed directly, while the other, the European Carbon Fund (ECF), was managed under a mandate. The two funds together represent over €180 million of assets devoted to sustainable development and are managed by a 20-strong team of energy, climate and infrastructure specialists.

FIDEME: €45 million directly managed

The FIDEME (*Fonds d'investissement de l'environnement et de la maîtrise de l'énergie*) investment fund was set up at end-2002 to finance renewable energy and waste recovery projects using near-equity. The fund associates the French public institution, ADEME, with some 15 banks including the promoters, IXIS Corporate & Investment Bank and Banca OPI.

By the end of 2005, FIDEME had financed some 20 projects, primarily windfarms, but also hydraulic power plants and a waste recycling unit, and had contributed to producing over 220 megawatts (MW) of renewable energy in France.

IXIS Environnement & Infrastructures is a recognized player in renewable energy financing with a project portfolio exceeding €60 million. It is currently examining a possible capital increase for FIDEME with a view to ensuring it can meet the financing needs of a sector that has become strategically important following the rise in fossil fuel prices.

The European Carbon Fund: €142.7 million managed under mandate

IXIS Environnement & Infrastructures was awarded a mandate in early 2005 to manage the European Carbon Fund, a mutual fund registered under Luxembourg law, which was structured and placed with front-ranking investors by IXIS Corporate & Investment Bank.

The team of specialists in the weather and emerging-market project financing fields identified over 150 million tons of CO_2 credits for purchase on projects permitting the transfer of low greenhouse-gas emissions technologies in countries like Brazil, China, Chile, India and Morocco. These projects will come to fruition in 2006. A first transaction covering several hundred thousand tons was concluded with a subsidiary of Veolia Environnement in Lithuania.

The team is examining potential long-term partnerships with European industrial companies keen to pursue an exemplary approach with regard to sustainable development and the reduction in greenhouse gas emissions.

In its role of long-term investor, the European Carbon Fund is the first wholly-private operator on the world market for CO_2 emission rights. It is capable of purchasing credits using formulas that combine a minimum fixed price and a variable element depending on movements in the price of the assets on the European market.

The European Carbon Fund is a natural partner for the 12,000 European industrial facilities subject to greenhouse gas regulations and was set up to provide the liquidity needed by this new market and the coverage required by European industry. Its extremely diverse investor base endows it with exceptional European coverage, both in terms of the purchases of credits and their planned divestment between 2008 and 2012.

IXIS Corporate & Investment Bank supports cultural and scientific innovation and becomes one of the leading sponsors of Paris's *Musée du quai Branly*.

IXIS Corporate & Investment Bank's sponsoring activities involve providing support for various cultural and heritage projects. During the year, the Bank was keen to provide support for Paris's *Musée du quai Branly*, which is due to open in June 2006.

The Bank is specifically sponsoring two projects:

> the museum's documentary internet portal will allow for online consultation and research on all of the 300,000 objects in the museum's collections. Technologically, the portal was a real challenge and will be the first of its type;

> the central mezzanine devoted to multimedia and geared to disseminating scientific knowledge and facilitating educational activities.

Via these two modern and innovative projects, IXIS Corporate & Investment Bank became a major sponsor of the museum in 2005 and remains true to its pursuit of innovativeness.

Overview

IXIS Corporate & Investment Bank's overall risk policy remained governed in 2005 by a constant quest to maintain high credit ratings, within the framework of the Bank's target return on equity. This quest is reflected in the credit and market risk limits approved by the Executive Board.

Creation of a unified Risk department
IXIS Corporate & Investment Bank's overall Risk Control function was reorganized on December 1, 2005, in a move that saw the creation of a unified Risk department. The department brings together the credit, market and operational risk teams and controls all the Group's activities in Paris, London, Frankfurt, Milan, New York, Hong Kong and Tokyo.

This unified organization is geared to providing senior management with faster, more objective, more effective and better-reasoned information on the risks run by IXIS Corporate & Investment Bank. It also facilitates joint market/credit/operational risk approaches on structured transactions.

The Risk department is responsible for supervising and controlling overall risks, while the business lines have first-tier responsibility for the choice and management of risks. The Risk department is strictly independent of operational reporting lines and 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 the Bank and its operational subsidiaries are exposed.

It also 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.

The department has functional authority over the first-tier risk control units within the business lines or subsidiaries.

Since December 1, 2005, the Risk department has comprised five main elements:

> **credit risks**, which is responsible for analyzing and rating counterparties, examining credit and limit requests, as well monitoring credit/counterparty risks on a consolidated basis;

> **market risks**;

> **operational risks**, which is charged with measuring operational risks and monitoring the action plans geared to reducing the frequency and severity of such risks;

> **risk analytics**, which develops and operates risk methods and tools (internal software: *Scénarisk* for market risks, AMeRisC for counterparty risks and *R2* and *B2C* for regulatory risks).

> **New York risks**, which monitors IXIS Capital Markets' market, credit/counterparty and operational risks. This unit has close functional ties with the others mentioned above.

The Risk department is also responsible for the New Product and New Activities Committees that are designed to ensure the feasibility of new products or activities prior to their launch and notably to validate risk measurement methods, their corresponding limits and the full spectrum of internal control procedures (risks, compliance, back-office processes, legal, fiscal, accounting, etc.).

The Risk department also manages the Basle II project via the risk analytics unit. The department participates in the market questionnaire (QIS5.0) concerning the impact of Basle II regulations on equity capital and consequently prepared a first consolidated estimate of capital consumption in compliance with Basle II regulations for IXIS Corporate & Investment Bank during the year.

Risk supervision was both expanded and fine-tuned in 2005 by:

> enhancing the internal ratings system in accordance with international standards;

> developing additional features in the internal market-risk model, i.e. the introduction of new pricers geared to improving the proportion of trading portfolios revalued;

> improving methods of calculating specific risk and enhancing the database of risk factors;

> setting up an Operational Risk Committee.

Market risks

Systems in operation

IXIS Corporate & Investment Bank's Market Risk function is totally independent from operational units and is responsible for establishing the principles for measuring market risk, and examining and monitoring the corresponding limits mechanism in accordance with Group standards. It reports directly to the Head of Risks.

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, Milan and London).

Market risks are controlled via an elaborate risk measurement system, precise procedures and detailed monitoring.

The overall mechanism is under the authority of the Market Risk Committee, chaired by the Chairman of the Executive Board. The Committee's remit is to:
> examine the risk entailed,
> establish the different limits and the associated allocations to individual operators,
> validate risk measurement methods and monitoring procedures,
> ensure market risk procedures are respected.

The Market Risk Committee meets monthly.

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 2,500 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 2005.
> **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.).

Backward-looking control

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 Executive Board and the Executive Committee. The risk situation is also presented weekly to the Chairman of the Executive Board and monthly to the Market Risk Committee.

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/FX risk and specific equity risk) via its own internal *Scénarisk* model.

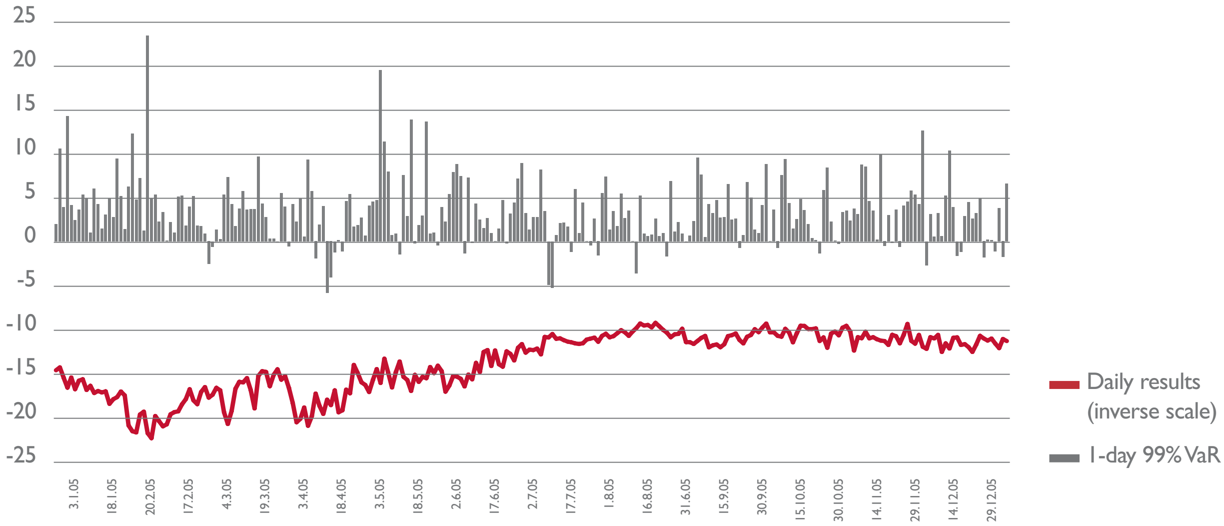
Other duties

Market Risk also has the following duties:
> second-tier validation of management income produced by the Results department,
> validating valuation models (pricers),
> establishing securities fair-value adjustment policy (for liquidity risk, statistical risk, non-hedgeable parameters, modeling risks, etc.),

Quantitative data on market risks

Between January 1, 2005, and the end of the year, 1-day 99% VaR for IXIS Corporate & Investment Bank's trading portfolios averaged €13.9 million with a high of €22.2 million. These figures were within the Group's limits of €20 million for average VaR and €25 million for spot (daily) VaR.

IXIS Corporate & Investment Bank – Portefeuille de négociation (Montant en millions d'euros)



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 can be used to check that daily results (shown on the inverse scale) exceeded potential losses (as defined by the VaR indicator), on no more occasions than that permitted by the statistical limit (in this case, no more than 4 excursions beyond this limit are permitted for 250 data items).

As at December 31, 2005, the breakdown of 1-day 99% VaR by class of risk (millions of euros) was as follows:

1-day 99% VaR (millions of euros)	31.12.2005	2005 average
Interest-rate risk	5.4	8.2
Equity risk	6.0	5.2
Equity specific risk	2.7	2.9
Interest-rate specific risk	8.3	8.2
Currency risk	0.3	0.4
Netting effect	(11.2)	(11.0)
Consolidated VaR	11.5	13.9

In addition, the main stress tests carried out on positions as at December 31, 2005 yielded the following data concerning the impact on the income statement in absolute value terms:

Variation of interest rates (EUR +40bps, GBP +80bps, USD +60bps, other currencies +60bps)	€77.1 million
Variation of interest rate volatility: (homothety of +50%):	€36.6 million
Variation of paper/swap spreads: (+35bps on AA and above; +90bps for others)	€410.4 million
Variation of indices/equities and index/equity volatilities: (25% decline in indices, homothety of +20% for short term and 10% for long term)	€284.8 million

Market risks (continued)

Credit derivatives

As at December 31, 2005, the credit-derivatives portfolio represented an overall notional amount of €118.7 billion and was composed of credit-default swaps, credit-linked notes and credit-indexed loans. The portfolio included €54.2 billion of credit risk bought and €64.5 billion of credit risk sold.

Notional amounts on the credit derivatives portfolio as at December 31, 2005 (excluding intra-group transactions):

Position/regulatory portfolio type (euros)	Banking	Trading	Total
Credit risk bought	**231,451,334**	**53,932,489,241**	**54,163,940,575**
up to 1 year	20,669,719	3,888,531,153	3,909,200,872
1 to 5 years	210,781,615	40,603,288,	89440,814,070,509
over 5 years	0	9,440,669,194	9,440,669,194
Credit risk sold	**1,081,170,098**	**63,458,307,004**	**64,539,477,102**
up to 1 year	111,597,307	4,734,329,933	4,845,927,240
1 to 5 years	145,799,439	42,115,580,612	42,261,380,052
over 5 years	823,773,352	16,608,396,459	17,432,169,811
Overall position	**1,312,621,**	**117,390,796,245**	**118,703,417,677**
up to 1 year	132,267,	8,622,861,	8,755,128,111
1 to 5 years	356,581,055	82,718,869,506	83,075,450,561
over 5 years	823,773,352	26,049,065,653	26,872,839,005

These instruments generate a market risk (a spread risk on the underlyings) that is captured by the habitual VaR 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-hedgable 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).

Credit risks

Systems in operation

The mechanism for analyzing, measuring and controlling credit risks is incorporated into the overall organization of IXIS Corporate & Investment Bank's new Risk department set up on December 1, 2005.

Credit risk is defined in the strict sense as the risk of incurring a loss at a given point of time in the future, following default by a counterparty. Credit risk also incorporates the risk of a deterioration in the quality of the counterparty's signature over the duration of transactions initiated by IXIS Corporate & Investment Bank for its own account.

Organization and operation

The Credit Risk department is housed within IXIS Corporate & Investment Bank's overall Risk department and has responsibility for analyzing counterparties, examining credit requests, and measuring and controlling credit risk exposure throughout the whole of IXIS Corporate & Investment Bank. Analytical expertise is structured on a sector basis in a way consistent with the organization of business lines. Analyses are carried out according to a range of specific internal rating methodologies, which includes methodologies for financial institutions (banks, insurers, funds and securitization), corporates and specialized financing (LBOs, and project, asset management and real-estate financing).

The Credit Risk department examines credit risk on a forward-looking basis and controls it on a backward-looking basis throughout the investment bank. This supervision is conducted on a first level on the IXIS Corporate & Investment Bank entity and on a second level on the operational units of its subsidiaries and branches, over which Credit Risk has functional authority.

The decision-making process

Credit Risk's responsibilities include conducting analysis and setting internal ratings for the Bank's counterparties, as well as proposing limits for credit committees. It also furnishes research and internal ratings for 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.

There were no changes during 2005 in the key principles that have guided the decision-making process for the last few years, namely:

> business lines have first-tier responsibility for choosing and managing risks;
> requests from the business lines are examined independently by the Credit Risk function;
> contradictory debates take place between the business lines and Credit Risk;
> decisions are made either via a named delegate or a Credit Committee;
> business lines have the right to appeal decisions up to the highest level Credit Committee in the Bank (chaired by the Chairman of the Executive Board or his assigned representative);
> credit analyses are conducted according to a standard format and validated by credit committees;
> internal ratings are established according to methodologies validated by the Bank's Credit Committee;
> exposure and ratings are reviewed annually by the Credit Committee;
> alert, watch list and loan provisioning procedures are used.

The Credit Committee and delegation architecture was confirmed in 2005, with efforts made to involve advisory bankers and take 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.

Internal ratings

Within the framework of the Basle II project, the Bank applied, and, in certain cases, rounded out methodologies for analyzing and assigning internal ratings in 2005. 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, both in terms of limits and internal ratings. During this process, business lines subject to limits are asked to update their needs. Credit Risk pays particular attention to improving the ratio between limits granted and their effective usage and to increasing the proportion of internal ratings for counterparties in the portfolio.

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

The Credit Risk function also maintains and updates a list of counterparties under credit watch, which is fed upstream by the business lines and downstream by the Credit Risk function. This watch list is distributed regularly to the Executive Board, the business lines and the Bank's internal control bodies.

Credit risks (continued)

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

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.

Profitability of credit transactions
Details of the expected return on equity are mentioned for all financing transactions presented in committee.

In line with previous years, internally-developed tools were used to calculate the amounts of regulatory capital consumed for different types of transaction and individual transactions.

As regards recurrent market transactions, the cost of risk is calculated according to the counterparty's internal rating, plus a reserve assigned in order to cover future credit risk.

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 a sector of industry.

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

Risk-management tools were reinforced and the role of backward-looking risk control confirmed during the year. The introduction of the *Fermat* expert reporting software during 2005 optimized the management of limits and improved the consolidated view of risks for the Bank's shareholder.

Risk and credit-limit monitoring is facilitated by an internally-developed, dedicated software tool (AMeRisC), which all operators can access. 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.

Quantitative information on credit risks
Key exposure figures as at December 31, 2005
(IXIS Corporate & Investment Bank, proprietary business, risk equivalent in millions of euros)

1. Summary

Risk exposure (1) (millions of euros)	
IXIS Corporate & Investment Bank (overall)	**104,405**
IXIS Corporate & Investment Bank (Europe, Asia)	**80,101**
Capital Markets	57,081
–> Balance sheet	*42,332*
–> Off-balance sheet	*14,749*
Financing	23,020
IXIS Capital Markets (New York)	**23,634**
IXIS Luxembourg Investissements	**670**

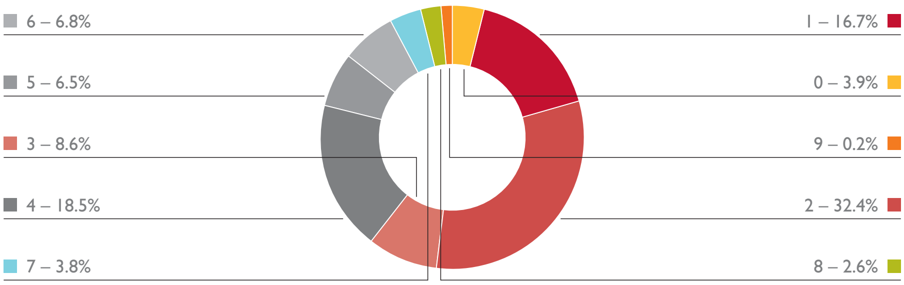
(1) Risk exposure is defined as the risk measured on the initial point of the exposure profile (current risk). IXIS Capital Markets' risk exposure is calculated according to the regulatory measure.

2. Risk exposure by internal rating

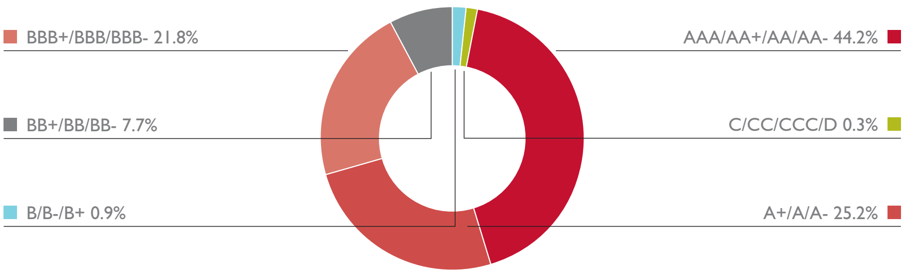
The system used by the Bank to rate French local government and other public counterparties does not employ the standard rating scale used for other client segments. Instead, an internal scoring mechanism developed by Groupe Caisse d'Epargne's Ecolocale subsidiary is used to establish a preliminary rating for these counterparties. The analyst subsequently intervenes to either validate or amend the score assigned by this mechanism. The scale of scores ranges from 0 to 9, with 0 being the best possible rating and 9 the worst.

As regards the exposures needing to be taken into account for the calculation of minimum capital requirements for covering credit risk as stipulated in the Basle II accord, 97.43% of IXIS Corporate & Investment Bank Europe and Asia's capital markets exposures and 98.38% of its financing exposures were internally rated.

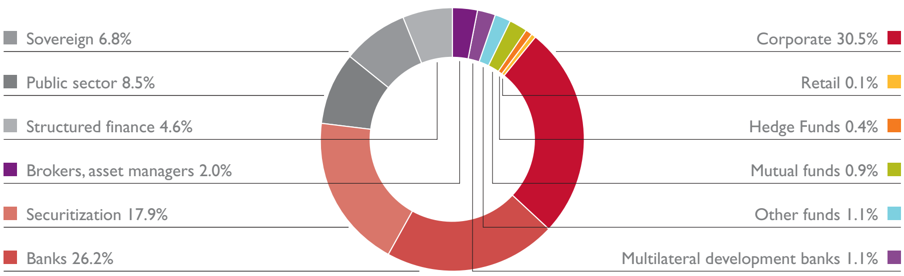
Loans to French local government and public counterparties by internal rating.



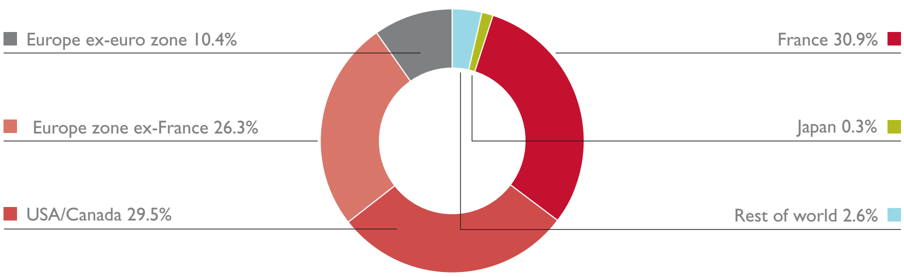
Loans to French local government and public counterparties by internal rating.



3. Risk exposure by counterparty



4. Risk exposure by geographic region



Operational risks

In line with the approach pursued by Groupe Caisse d'Epargne, IXIS Corporate & Investment Bank strove to foster an operational risk control and management culture within the Bank in 2005.

The new Basle II context

The new Basle accord henceforth requires operational risk – along with market risk and credit risk – to be factored into the calculation of minimal capital requirements. The French regulator proposes three possible approaches for calculating the amount of capital required for operational risks, i.e. the basic indicator approach, the standard approach or the advanced measurement approach. These different approaches enable institutions to lower the capital requirements (18% of net banking income for capital markets and financing activities), in exchange for their implementing a mechanism for analyzing, measuring and managing operational risks.

Before calculating the capital required for operational risks, the institution must map out potential risks, register incidents in a database and identify the indicators of risk.

The managerial aspects of the Basle II approach involve implementing action plans and monitoring operational risk indicators, via the Bank's senior managerial bodies. The quantitative aspects entail developing and applying a model for measuring the economic impact of such risks.

The criteria of eligibility for each of these points and approaches are set out in the Basle accord. Most of them have been retained and, in certain cases, specified in greater detail by France's *Commission Bancaire*. They evaluate the degree of permanent, effectiveness and efficiency of the Bank's operational risk control mechanism.

In line with the approach pursued by Groupe Caisse d'Epargne, IXIS Corporate & Investment Bank adopted the advanced measurement approach (AMA) and organized itself with the aim of satisfying AMA criteria.

Organization of operational risk monitoring and management

Operational risk monitoring and management is organized around three bodies, namely the Operational Risk Committee, the Risk department's Operational Risk function and the network of operational risk correspondents.

The Operational Risk Committee is the executive body responsible for monitoring and controlling the Bank's operational risks. Membership of the Committee is decided by IXIS Corporate & Investment Bank's Executive Board: the Committee is chaired by the member of the Executive Board in charge of Operations, and comprises the Head of Risk, the Head of Operational Risk, representatives of the front and back offices, of the Compliance department, of the Organization department, of the IT Systems department and the Head of IT Systems Security. Its principle task is to discuss the proposed action plans and validate their launch. The Operational Risk Committee met on five occasions in 2005.

Over 300 people at all echelons of the Bank have been sensitized to the subject of operational risk monitoring and management. The Operational Risk function held numerous risk mapping meetings and training sessions in all the Bank's different units during 2005. An operational risk control and management charter was also disseminated throughout the network of correspondents (50 people). These initiatives were conducted not only at headquarters, but also in the branches and the subsidiaries, both in France and abroad. They encourage staff to report incidents and identify potential weaknesses in processes.

The result for the Bank's production and control units has been a significant contribution to the data entered in standardized databases, both for actual incidents and potential risks. This has enabled Operational Risk to identify processes in need of greater security and led to priority being assigned to a list of over 50 action plans.

These same databases are also used as the sources for the Risk department's operational risk reports. The qualitative aspect concerns the report on the content of committee meetings (the nature of risks entailed and the proposed action plans). The quantitative aspect is prepared in the form of a bi-monthly report, which presents an estimate in figures of the cost of operational risks observed in the Bank. Several breakdowns are provided, by business line, by occurrence, by amount, by cause, etc.

Working towards a model for measuring the economic impact

The risk mapping meetings help identify operational risks within two types of perimeter, i.e. business line and geographic situation.

A method for calculating the associated impacts is then applied to each type of risk (computer, human error, fraud, etc.). The particular method used depends on the indicators of activity for the perimeter concerned and is often inspired by those used for market and credit risks. The impacts of these risks and their potential frequency are gauged against the incidents database, or if need be, against external databases or through contact with industry experts.

The economic impact of operational risks is calculated by combining the annualized impacts of all risks while taking into account any dependencies.

Covering risk through insurance

Exhaustive coverage

IXIS Corporate & Investment Bank used its insurance program to maintain exhaustive risk coverage via policies with leading insurers during the year. The program took account of the transfer of certain policies linked to the activities transferred from CDC IXIS at end-2004.

As a result, IXIS Corporate & Investment Bank renewed all of its existing insurance protection acquired on the market.

The Bank's insurance policies are designed to remedy any significant adverse impacts resulting from fraud, embezzlement or damage, or from cases entailing the liability of the Company and its employees.

Insurance risk coverage primarily comprises the following types of policies:

> Fraud and professional civil liability: these policies provide a €60 million guarantee against financial losses resulting from fraud or from claims against the company's civil liability for cases of professional fault causing prejudice to third parties;
> Operating civil liability: covers tangible, material or immaterial prejudice caused to third parties;
> Directors and officers' civil liability: protects against the financial consequences of claims made against directors or officers and resulting from professional faults entailing their civil, personal or joint and several liability;
> Multi-risk buildings and office equipment: covers damage to buildings and their contents, including IT and telephone equipment. These items are insured for their replacement value;
> Loss of banking activity: compensates for financial prejudice sustained following material loss or damage.

Audit to foster worldwide standardization

With the assistance of insurance brokers, IXIS Corporate & Investment Bank undertook a comprehensive audit of its insurance risk coverage policy during the year. The audit had a twofold objective:

> improve coverage and guarantees in light of the new possibilities available on the market;
> use a global program to standardize coverage of the different structures comprising IXIS Corporate & Investment Bank.

After analysis by IXIS Corporate & Investment Bank's Executive Board, the results from the audit were used to develop a new insurance policy that came into force on January 1, 2006.

Operational risks (continued)

Controlling legal risk

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, Milan and Frankfurt branches, as well as by any subsidiary which does not have its own legal department. Outside counsel is called upon if needed.

The department also provides legal services to support functions (especially the back office) alongside the Human Resources department (labor law) and the Corporate Legal Affairs department.

Legal's remit is to ensure the security of transactions and identify the potential legal consequences for IXIS Corporate & Investment Bank. On this respect, it participates in the various internal committees (New Products Committee, Credit Committee for financing transactions, Master Agreements and Collateralization Committee).

These responsibilities require it to develop models and internal procedures and also conduct legal supervision of the fields of activity concerned.

Legal also maintains and enhances the expertise of its legal personnel, notably via training sessions concerning legal news and developments and via working groups that involve professional associations within the market. 2005 was a particularly busy year in this respect, with the advent of the Prospectus Directive leading to substantial changes in the procedures and documentation required for offers and listings within the European Union.

Legal periodically reports to the Bank'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 disputes:
There are currently no exceptional events or lawsuits, other than those described in the notes to the 2005 financial statements, liable to have an unfavorable effect on IXIS Corporate & Investment Bank's revenues, profits or financial situation, or those of its subsidiaries.

IT Systems Security

In early 2005, the Executive Board reacted to IXIS Corporate & Investment Bank's expansion by deciding to align IT systems security with the best regulatory and international standards.

The IT Systems Security function was duly reinforced and converted into a dedicated unit present in all the Bank's offices. The function is coordinated by a Paris-based IT security executive who reports directly to the Executive Board member in charge of Operations.

IXIS Corporate & Investment Bank's new function covers three areas of IT security geared to fulfilling the Bank's data protection needs, i.e. physical (access control, badges, etc.), infrastructure (firewalls, antivirus tools, etc.) and operational (back-ups, etc.). It is also in charge of business continuity and managing user authorizations. Other duties include controlling security (snap audits, intrusion tests, etc.), training personnel in IT security and heightening their awareness of the associated issues, and providing a security, technology and regulatory watch service on all continents.

Prevention and control

Periodic internal control and internal audit

IXIS Corporate & Investment Bank's Internal Control function was reorganized in 2005 in order to comply with the new requirements of CRBF regulation 97-02 and the principles defined within Groupe Caisse d'Epargne.

Internal control is conducted:
> at a first level: within operational and support functions, which are responsible for preparing and applying appropriate risk control measures for their activities, under the supervision of their respective hierarchies,
> at a second level: by bodies charged with permanent control, namely the Risk and Compliance departments and the IT Systems Security (ITSS) function.

Periodic controls are carried out at a third level on all activities (including permanent internal control), via IXIS Corporate & Investment Bank's Internal Audit function.

Reinforcement from internal audit

Alongside the actions of the permanent control departments responsible for monitoring and controlling risks at the highest level of their respective areas of responsibility, internal audit has a general duty to assess the suitability and degree of security of the Bank's internal control and risk management systems.

The Bank's Internal Audit function reports to the Chairman of the Executive Board and conducts its duties in accordance with Groupe Caisse d'Epargne's Audit Charter.

The audit plan is structured according to the map of "auditable" entities (business lines, support functions, horizontal processes, branches, subsidiaries, etc.) and comprises three components:
> regulatory requirements for cyclical examinations of activities,
> assessment of the associated risks,
> results of past controls.

IXIS Corporate & Investment Bank's Internal Audit function is staffed by a multi-disciplinary team specialized in capital market and financing transactions, and the associated support functions. It has several responsibilities:
> assess the solidity of operational, risk management, control and compliance processes on the Bank's business lines and activities and those of its subsidiaries;
> verify that the internal control mechanism is effectively suited to key issues, notably those linked to the development of new products or activities;
> make regular checks on the state of progress concerning the implementation of issued recommendations and their concrete translation into operational 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, and some of which 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 horizontal processes or which are linked to regulatory requirements, but also particular issues resulting, for example, from the development of new technologies.

Audits undertaken in 2005

Audits in 2005 notably concerned:
> primary market transactions for third parties, activities on structured credit markets, interest-rate arbitrage and commercial real-estate investment fund structuring (business line audits),
> the results reconciliation mechanism and the security of electronic trading platform processes (horizontal audits),
> support functions: Legal and Cost Control (function audits).

Measures were also undertaken to assess the extent to which recommendations issued by the different control bodies (and concerning the back office, corporate financing, etc.) were effectively implemented and thereby identify any additional efforts required in these areas.

Work specific to Group General Inspection focused more particularly on the Bank's subsidiaries (IXIS Securities, IXIS Capital Markets) and foreign branches (London, Frankfurt, Tokyo), the Finance department, accounting, structuring activities and the implementation of Basle II regulations (loans).

The main conclusions of these audits and inspections were periodically transmitted to the Financial and Internal Control Committee, which is responsible for overseeing the quality of all components of the internal control system and reporting its observations to the Supervisory Board.

Prevention and control (continued)

Outlook for 2006
Periodic control measures in 2006 (coordinated between IXIS Corporate & Investment Bank's Internal Audit function and Group Inspection) will maintain audit coverage of the Bank's activities, especially by ensuring that internal control and permanent monitoring systems are consistent with risk control requirements and are also regularly updated to take account of development of the Bank's various activities and the related issues.

Compliance

Creation of a new Compliance department
A new Compliance department was created in early 2005, in order to comply with amended CRBF regulation 97-02 relating to internal control.

The new department reports directly to the Chairman of the Executive Board and supervises the risk of non-compliance as well as managing IXIS Corporate & Investment Bank's Compliance function.

The department is organized on a business line basis and also has separate units devoted to money laundering and permanent compliance controls.

During 2005, the department strove to set up a permanent Compliance Control function geared to satisfying new internal control regulatory requirements and further enhancing its internal compliance standards and procedures.

Permanent Compliance Control
In line with internal control regulations, the Compliance department is responsible for undertaking permanent controls designed to ensure laws, rules and the decisions of managerial bodies are applied correctly, throughout IXIS Corporate & Investment Bank's various activities, departments and entities.

The department's work in these areas is underpinned by an organizational network in the Bank's foreign branches and subsidiaries, and is based on a common control methodology. A risk-mapping exercise was undertaken in close collaboration with the Bank's business lines in order to establish the appropriate risk indicators and types of controls, on a standard-by-standard basis.

Underpinned by the specific control unit set up in 2005, Compliance worked during the year on developing control indicators concerning the application of rules and regulations, starting in the area of financial regulations.

The 2006 action plans is geared to developing the controls already instigated in 2005 and implementing sizeable regulatory projects, notably in accordance with European directives.

Changes in the Compliance function
Compliance continued efforts to harmonize internal standards and procedures among different group entities (or implemented them for recently formed entities), while taking into account:
> the Financing business line's development and reorganization;
> the recent Lazard-IXIS cooperation;
> changes in the compliance network notably linked to the creation of new offices abroad.

New standards were also prepared concerning client prospecting and the use of electronic communication media by market personnel. Different versions were created from the existing standards so as to adapt procedures for certain departments.

Measures were initiated in the second half of 2005 with a view to sensitizing employees to new market rules and regulations, with a particular onus on the transposition of the Market Abuse Directive into the regulations of the different countries concerned. These measures are to continue in 2006.

From a general standpoint, efforts were taken in each business line to ensure prospective transactions satisfied the applicable compliance rules prior to undertaking such transactions, by integrating the Compliance function further into the decision-making process.

Lastly, employees sensitive to the issue of money laundering continued to receive online training using the tool developed by the *Fédération Bancaire Française* (FBF).

2006 action plan
In addition to the constant efforts to update standards and procedures in light of changes in financial and market regulations or the launch of new activities, the Bank plans to focus on the following areas in 2006:
> continue work to implement the provisions of the Market Abuse Directive;
> evaluate the internal consequences of the application of this directive on the market for financial instruments;
> draw up a charter for applying compliance standards within the network.

Human resources

IXIS Corporate & Investment Bank and its subsidiaries and branches employed a total of 1,955 staff in France and abroad at end-December 2005.

The arrival of close to 400 staff from CDC IXIS on January 1, 2005 as part of the takeover by Groupe Caisse d'Epargne altered IXIS Corporate & Investment Bank's profile and saw it incorporate back office personnel, some support function staff and financing employees.

> Consolidated headcount up 17%

These arrivals were joined in November by the advisory bankers employed in Groupe Caisse d'Epargne's investment banking arm.

The vast majority of staff in France have managerial status (92% of total headcount), with personnel split equally between front-office and support functions.

Sharp growth in headcount, especially outside France

Efforts to reinforce personnel in order to match growth in the Bank's business (especially in financing), led to a 16.7% increase in consolidated headcount during the year. This growth was achieved with a reduction in staff turnover from 11.5% in 2004 to 8.9% in 2005.

> London staff up 46%

Outside France, staffing levels in the various branches also rose, by a substantial 46% in London and a more moderate 9% in Tokyo. Headcount remained stable in Frankfurt. Numerous recruitments were made to resource recently-created entities like IXIS Asia in Hong Kong, IXIS Luxembourg Investissements and IXIS Corporate & Investment Bank's new branch in Milan.

> One third of employees outside France at end-2005

Headcount by socio-professional category as at December 31, 2005
(permanent staff)

Managerial status	1,205
Superior-level technicians	51
Employees	57
Total France	**1,313**
Outside France: Branches, IXIS Asia, IXIS Luxembourg Investissements	241
IXIS Capital Markets (United States)	401
Total	**1,955**

In the US, IXIS Capital Markets increased headcount by a sizeable 11%.

All in all, IXIS Corporate & Investment Bank employed 642 staff outside France at end-2005 versus 546 at end-2004.

Labor relations

A highlight of 2005 was the progress made in constructing labor relations with a more diversified union representation. The negotiations prompted by the decision to change IXIS Corporate & Investment Bank's industry-wide collective labor agreement and the arrival of CDC IXIS employees will be completed in the first half of 2006. They should result in a company-wide agreement applicable to all personnel and which will round out the AFB collective labor agreement for the banking industry.

Negotiations concerning contractual and legal profit-sharing agreements are the first to have taken place this year, within the framework of the Bank's new configuration. These agreements are consistent with collective profit-oriented objectives.

The renewal of personnel representative bodies at the start of the year ensured personnel representation reflected IXIS Corporate & Investment Bank's new make-up.

Laying the foundations of a formal international mobility policy

Human Resources is involved in the issues raised by the Bank's expansion, especially in foreign markets. During 2005, IXIS Corporate & Investment Bank started to lay the formal foundations of a geographic mobility policy for staff. These efforts are geared to standardizing procedures and positioning the Group suitably with respect to competitors.

Back office

> New horizontal back office

Reorganization geared to delivering optimal service
The back office currently employs some 270 staff, split between personnel handling industrial products, those processing complex products and IT project management staff.

The back office is responsible for recording, controlling, confirming and accounting for transactions involving the three main product categories:
> derivatives, cash management, FX,
> securities,
> bank financing.

The back office was reorganized in 2005 with a view to satisfying two objectives:
> providing optimal responses to the needs generated by the growing volume and complexity of the Bank's transactions,
> ensuring a consistent approach is applied between back and front offices.

The main strands of this reorganization involved:
> creating a horizontally functioning back office, comprising all the functions poolable across product lines (bank reconciliations, collateralization, broking fees, etc.), the ultimate aim being to enhance the productivity and security of settlement channels and reduce the number of suspense transactions generated;
> reinforcing back-office support functions (back office, IT project management, general affairs), in order to control operational risks detected in the back office. IT project management was overhauled so as to develop synergies between project teams and users.

The back office uses SUMMIT technology for fixed-income and FX business, and SOPHIS architecture for equity derivatives. CALYPSO and ACBS software are currently being installed to cope with growth in credit derivatives and financing business, respectively.

The back office also strengthened its settlement instruction control procedures during the year, paying particular attention to IT systems security.

IT systems

Some significant projects concerning the front office, the back office, support functions and IT systems infrastructure were undertaken in 2005.

IXIS Corporate & Investment Bank also reviewed its project management procedures and formalized its IT security mechanism.

Front office

Efforts to extend front office IT systems continued across all activities, with progress focusing on three main fronts:

> enhancing security of pricing and hedging activities,

> reducing operational risks in deal capture tools

> reducing financial risks by automating hedging functions.

IXIS Corporate & Investment Bank also launched a project geared to equipping its credit derivatives activities in a manner consistent with its front-to-back IT systems architecture.

Elsewhere, IXIS Corporate & Investment Bank generalized use of its market access platform with a view to strengthening its presence on electronic markets. This brought the Bank rapid connection to the cash equities and futures markets on which it operates (Euronext, Xetra, Eurex, LIFFE).

It also paved the way for it to join the TradeWeb electronic trading platform as France's first operator on euro interest-rate swaps.

Implementation of the new order-management system for broking activities was also completed in 2005.

IXIS Corporate & Investment Bank developed two tools designed to handle growth in business with corporate and institutional clients:

> a tool for helping to structure and sell complex products,

> a tool for managing relationships with major clients. More specifically, this tool is capable of analyzing commercial strategy, as well as undertaking comprehensive and industrial management of marketing actions and permitting shared monitoring of progress in executing sizeable transactions.

In response to the increasing performance requirements regarding the distribution of financial information, the Bank upgraded its real-time data distribution platform and adapted it to the constraints imposed by real-time data suppliers.

IT systems (continued)

Back office and support functions

Two important projects were begun in the back office in 2005:

> the first was geared to coping with growth in credit derivatives business. A software tool was selected and is earmarked for roll-out in 2006;

> the second was designed to cope with the expansion of financing business and involved software capable of responding to front, middle and back-office issues.

At the same time, the channel for processing firm and temporary (repo) sales in the equity business line was overhauled.

In the support functions area, two electronic document-management systems were introduced in 2005 with a view to enhancing system compliance in line with regulatory requirements.

Two projects went live in the risk area:

> the ABIS project for managing authorization requests for Groupe Caisse d'Epargne mutual funds,

> and the Group Risk Database project involving collection and storage of internal and external credit ratings.

Work also started on comprehensively overhauling the cost control IT system based on EPO software. A gradual ramp-up is predicted from end-2005 to mid-2006.

Following implementation of the related IFRS accounting architecture at the beginning of the year, valuation processing was also brought into line with IFRS procedures. Equity and interest-rate derivatives were the most heavily affected systems.

Lastly, substantial work was begun on making the back office–accounting link more secure and automating bank reconciliation.

Further infrastructure improvements

In addition to these projects, the department continued efforts to improve IT infrastructure, notably via:

> further work to enhance processing reliability, which involved the implementation of critical applications and automatic BAM-type (Business Activity Monitoring) process management tools;

> the introduction of calculation solutions based on GRID technologies and geared to satisfying operators' demand for greater calculating power.

From a similar standpoint, the Bank is undertaking projects to consolidate or update technical infrastructure and which concern the full spectrum of components: the network, data storage, database management systems. The new offices opened abroad (including Luxembourg and Milan) during the year were connected to IXIS Corporate & Investment Bank's general network.

Stronger project management

Sizeable efforts were made to develop a set of procedures and tools for improving control over IT projects. These efforts are due to continue in 2006.

The IAS/IFRS conversion [(1)]

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.

The project is managed as follows:

> By 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 in principle;

> By project managers within the Accounting department's management team. They ensure coordination between the various sub-projects, track progress, identify interdependencies, sticking points and associated risks, and provide summaries for the Steering Committee;

> By sub-project coordinators, who assign the work to be carried out, track progress within their sub-projects, make formal summaries of, and document, this progress as well as suggest possible solutions.

Groupe Caisse d'Epargne plans to publish IFRS financial statements for the first time for the period ending June 30, 2006. This implies furnishing comparative date for fiscal 2005 and to proceed with first-time application on the accounts as from January 1, 2005.

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

State of progress with the project and work remaining for 2006

The first-time application opening balance sheet as at January 1, 2005 and the financial statements as at June 30, 2005, were both produced within the timescales required for consolidation by Groupe Caisse d'Epargne.

As part of this process, restatement of day-one-profit on non-observable transactions concluded between October 25, 2002 and December 31, 2004 was precisely documented and accounted for.

The only assignments remaining before the next period-end reporting date are:

> the preparation of the closing accounts for the period ending December 31, 2005, for subsequent consolidation by Groupe Caisse d'Epargne;

> completion by the Auditors of their review of accounting principles and the intermediate financial statements;

> the development of tools and systems designed to produce consolidated quarterly accounts on a regular basis and to adapt the mechanism for reconciling management income with accounting income in line with the new standards.

Main differences between IFRS and French accounting standards

Groupe Caisse d'Epargne has opted for advance application of the amendment to IAS 39 relating to the "fair value option" (option of recognizing financial assets and liabilities at fair value), which was adopted by the European Union on November 15, 2005.

The main differences between IAS/IFRS and French principles and rules are as follows:

Calculating profit or loss based on fair-value

IAS/IFRS takes a strict approach to valuation, by effectively differentiating between instruments traded on active markets and those traded on inactive markets:

> Instruments traded on active markets: When prices quoted on active markets are available, they are used to calculate fair value. In such cases, the margin is immediately booked to income.

> Instruments traded on inactive markets: On inactive markets, the margin generated on traded instruments is recognized as income when the valuation parameters are observable.

If such parameters are not observable, the margin is generally deferred and apportioned to income on a straight-line basis over the life span of the transaction or over the period during which the valuation parameters are unobservable.

The IXIS Corporate & Investment Bank Group has decided to restate margins on transactions deemed unobservable and concluded as from October 25, 2002 (IFRS 1 – first time application).

The IAS/IFRS conversion [1] (continued)

"Fair value option" (option of recording financial assets and liabilities at fair value through profit or loss)
The amendment to IAS 39 relating to the option of recognizing financial assets and liabilities at fair value was adopted by the European Union on November 15, 2005.

This amendment allows companies to designate financial assets and liabilities at the time of initial recognition as being valued at their fair value "with changes in fair value recognized in profit or loss" in the following cases:

> when they concern financial instruments comprising one or more embedded derivatives;
> when the use of this accounting option significantly reduces an inconsistency in the valuation of financial assets and liabilities that would otherwise result if they were classified in separate accounting categories;
> when financial assets or liabilities are managed on a mark-to-market basis, in accordance with a documented management strategy.

IXIS Corporate & Investment Bank will have recourse to the fair-value option, particularly when valuing portfolios in a homogenous manner.

Provisions for general counterparty risks
The events triggering these provisions and the methods of calculating them are set to change significantly.

IAS 39 provides for a provision for impairment in the value of a financial asset or a group of financial assets to be booked if there is objective evidence of an event occurring after initial recognition of the asset(s).

The provision is calculated according to the difference between the book value of the asset and the discounted value of the asset(s) (based on the original rate of interest on the estimated cash flows recoverable from the asset).

Counterparty loans that are not impaired individually will be subject to an analysis of risk by homogenous portfolio based on the internal rating system for counterparties. Basle II rules will be used to calculate the anticipated losses needing to be provisioned.

Commissions
The methods of apportioning certain commissions on financing activities under IAS 18 will lead to the neutralization of expenses and income recorded at the time loans are initiated as per current rules and apportioning them by incorporating them into the effective rate of interest for the loans concerned.

Fund for general banking risks
The provisions and contingent liabilities standard (IAS 37) does not recognize provisions for general banking risks as liabilities. This has the effect of increasing equity in the January 1, 2005 opening balance sheet by the corresponding amounts.

[1] IAS: International Accounting Standards
IFRS: International Financial and Reporting Standards

The outlook for 2006

IXIS Corporate & Investment Bank's first year in its new configuration leaves it in shape to pursue the strong growth momentum anticipated for all business lines.

The Bank plans to maintain its multi-specialist strategy focused on a selection of well-defined high value-added activities. The efforts begun in 2005, which involved investing heavily in order to broaden the client and product ranges, will continue in 2006 with a focus on three main growth priorities: financing activities, products and services for large corporations and accelerated international expansion.

The sizeable investments made in the Financing business line in 2005 virtually doubled its headcount and gave it a truly European presence through branches in Frankfurt, London and Milan. Underpinned by this platform, IXIS Corporate & Investment Bank is anticipating strong growth in financing business during the year, especially in the real-estate, project and infrastructure financing segments.

The newly-organized business line, Corporate Finance, which groups together all the Bank's activities geared to large corporations, should enable us to significantly expand business with this client segment. The takeover of the Nexgen group – which is due to become effective in the first quarter of 2006 – will broaden the Bank's corporate finance offering and endow it with a platform for serving clients not only in Europe (Paris, Dublin, Milan), but also throughout Asia via the Singapore-based operation.

The Bank also plans to continue expanding geographically and stepping up its international presence. Two projects – the opening of a new branch in Madrid and the creation of a new subsidiary in Dubai – are already at a highly advanced stage of development.

The biggest investments will nevertheless be seen in Asia. Alongside our entry into China via a stake in TX Investment Consulting, we also plan to open a representative office in Beijing. The existing Hong Kong and Tokyo teams will be strengthened with new recruits and be complemented by other initiatives in Asia.

In view of this outlook, IXIS Corporate & Investment Bank expects to achieve further growth in both revenues and earnings.

Recent development

Groupe Caisse d'Epargne issued a press release on March 12, 2006, in which it stated that the CNCE Supervisory Board had approved the start of exclusive negotiations between Groupe Banque Populaire and Groupe Caisse d'Epargne, with a view to merging certain of their interests under a new vehicle named NATIXIS.

In another joint release, the two groups specified that these exclusive negotiations were to terminate no later than June 1, 2006.

The project is geared to creating a powerful player in the corporate and investment banking, and financial services fields.

IXIS Corporate & Investment Bank is a major component of the project. The new vehicle assembling the two groups' corporate and investment banking, and financial services interests would be listed and controlled equally by Groupe Caisse d'Epargne and Groupe Banque Populaire. It would be legally constructed from Natexis Banques Populaires and be named NATIXIS.

In the event that the project reaches fruition, IXIS Corporate & Investment Bank would undergo a change of share ownership and become a subsidiary of NATIXIS, itself owned on an equal basis (34% each) by the CNCE and Banque Fédérale des Banques Populaires.

The creation of NATIXIS would offer IXIS Corporate & Investment Bank and its various teams new opportunities, most notably via the new structure's greater dimensions and the wider array of products and services that could be offered to clients.

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 125,207,265 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 guarantee:	nil

Changes in capital since creation of the Company:

		Size of capital increases			Total number	Nominal
Year	Nature of operation	Capital	Premium	Total capital	of shares	value
Creation	Initial cash issue	5,000,000 francs	–	5,000,000 francs	50,000	100 francs
29.06.90	Asset transfer	8,000,000 francs	–	13,000,000 francs	130,000	100 francs
28.05.96	Initial cash issue	2,987,000,000 francs	–	3,000,000,000 francs	30,000,000	100 francs
01.09.01	Conversion of capital into euros and incorporation of reserve	152,948.30 euros	–	457,500,000 euros	30,000,000	15.25 euros
01.11.2004	Partial business transfer	1,405,115,175 euros	1,109,303,895 euros	1,862,615,175 euros	122,138,700	15.25 euros
09.12.2004	Asset transfer	46,795,616.25 euros	34,080,402.67 euros	1,909,410,791.25 euros	125,207,265	15.25 euros

Ownership of capital and voting rights over the last three years

	Situation as at 31.12.2005			Situation as at 31.12.2004			Situation as at 31.12.2003		
Shareholders	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
CNCE	122,138,684	97.55	97.55	122,138,692	97.55	97.55	–	–	–
Sanpaolo IMI	3,068,565	2.45	2.45	3,068,565	2.45	2.45	–	–	–
Others**	16	% n.s	% n.s	8	% n.s.	% n.s.	8	% n.s.	% n.s.
Total	125,207,265	100	100	125,207,265	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
To the Company's knowledge, a shareholding pact has been signed between CNCE and Sanpaolo IMI.

Information concerning Company Directors
Members of the Executive Board

2005 **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
Financial Guaranty			
CIFG HOLDING	SA	F	Chairman of the Supervisory Board (since September 21, 2005; previously CNCE's permanent representative on the Supervisory Board)
CIFG GUARANTY	SA	F	CIFG Holding's permanent representative on the Supervisory Board
CIFG EUROPE	SA	F	CIFG Guaranty's permanent representative on the Supervisory Board
CIFG SERVICES INC.		USA	Member of the Board of Directors
CIFG ASSURANCE NORTH AMERICA, INC. (EX-CIFG NA INC.)		USA	Member of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Chairman of the Executive Board; Head of Central Functions
IXIS SECURITIES	SA	F	Chairman of the Supervisory Board (resigned May 25, 2005)
NEXGEN FINANCIAL HOLDINGS LIMITED		IRL	Chairman of the Board of Directors
NEXGEN RE LIMITED		IRL	Chairman of the Board of Directors
IXIS NORTH AMERICA		USA	Chairman of the Board of Directors
IXIS CAPITAL MARKETS NORTH AMERICA		USA	Chairman of the Board of Directors
IXIS COMMERCIAL PAPER CORP.		USA	Chairman of the Board of Directors
IXIS FINANCIAL PRODUCTS INC.		USA	Chairman of the Board of Directors
IXIS REAL ESTATE CAPITAL INC.		USA	Chairman of the Board of Directors
IXIS SECURITIES NORTH AMERICA INC.		USA	Member of the Board of Directors
IXIS DERIVATIVES INC.		USA	Chairman of the Board of Directors
IXIS FUNDING CORP.		USA	Chairman of the Board of Directors
IXIS MUNICIPAL PRODUCTS INC.		USA	Chairman of the Board of Directors
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Chairman of the Supervisory Board
IXIS ASSET MANAGEMENT	SA	F	Chairman of the Supervisory Board
IXIS ASSET MANAGEMENT PARTICIPATIONS 1	SAS	F	Chairman of the Supervisory Committee
IXIS ASSET MANAGEMENT PARTICIPATIONS 2	SAS	F	Chairman of the Supervisory Committee
IXIS ASSET MANAGEMENT US CORPORATION		USA	Member of the Board of Directors
IXIS ASSET MANAGEMENT US LLC		USA	Member of the Board of Managers
IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	Member of the Supervisory Board
ECUREUIL GESTION	SA	F	Member of the Supervisory Board (since April 26, 2005)
ECUREUIL GESTION FCP	SA	F	Member of the Supervisory Board (since April 26, 2005)
IXIS SP S.A. (EX-CDC SP S.A.)		LUX	Chairman of the Board of Directors

Legal elements (extracts) (continued)

2005 **MR. ANTHONY ORSATELLI**

Company	Form	Country	Mandates/Functions
Custody			
CACEIS	SA	F	Chairman of the Supervisory Board (since August 31, 2005; Member of the Board since July 1, 2005)
IXIS INVESTOR SERVICES	SA	F	Chairman of the Supervisory Board (resigned October 10, 2005)
Other mandates and functions			
EUROCLEAR PLC		UK	Member of the Board of Directors
EUROCLEAR SA/NV		BEL	Member of the Board of Directors; since January 1, 2005)
GIAT INDUSTRIES	SA	F	Member of the Board (since July 27, 2005)
LAZARD LTD		BER	Member of the Board of Directors; since May 10, 2005)
SANPAOLO IMI S.p.A. (listed)		ITA	Member of the Board
SOGEPOSTE	SA	F	Vice-Chairman of the Supervisory Board (resigned June 9, 2005)

Compensation and benefits received in 2005 in respect of mandates and functions exercised within IXIS Corporate & Investment Bank: €30,489.94.
Other compensation received in respect of mandates and functions exercised within the CNCE Group: €741,776.16.

2005 **MR. BERNARD MIGUS**

Company	Form	Country	Mandates/Functions
Mandates and functions within Groupe Caisse d'Epargne			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Chief Executive Officer (since November 17, 2005) and Member of the Executive Board
IXIS SECURITIES	SA	F	Member of the Supervisory Board
IXIS MIDCAPS	SA	F	Vice-Chairman of the Supervisory Board
IXIS CAPITAL MARKETS NORTH AMERICA		USA	Member of the Board of Directors (since November 10, 2005)
IXIS CAPITAL PARTNERS LIMITED		UK	Member of the Board of Directors (since January 31, 2005)
Other mandates and functions: nil			

Compensation and benefits received in 2005 in respect of mandates and functions exercised within IXIS Corporate & Investment Bank: Executive Board compensation: €10,031.81; fixed compensation: €239,779.72; benefits in kind: €3,846.96; variable compensation: €1,250,000; contractual and legal profit sharing: €19,229.24.

2005 **MR. MICHEL BERTHEZENE**

Company	Form	Country	Mandates/Functions
Mandates and functions within Groupe Caisse d'Epargne			
Financial Guaranty			
CIFG HOLDING	SA	F	Member of the Supervisory Board (since March 31, 2005; previously Chairman of the Supervisory Board)
CIFG GUARANTY	SA	F	Member of the Supervisory Board (since March 31, 2005; previously Chairman of the Supervisory Board)
CIFG EUROPE	SA	F	Vice-Chairman of the Supervisory Board (since September 21, 2005; previously Member of the Supervisory Board)
CIFG SERVICES INC.		USA	Member of the Board of Directors

2005 **MR. MICHEL BERTHEZENE**

Company	Form	Country	Mandates/Functions
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Executive Board; in charge of Horizontal Functions
IXIS NORTH AMERICA		USA	Member of the Board of Directors
IXIS CAPITAL MARKETS NORTH AMERICA		USA	Member of the Board of Directors
MARTIGNAC FINANCE	SA	F	Member of the Supervisory Board (mandate expired October 17, 2005, due to the ongoing merger with CNCE)
IXIS INNOV (EX-CICM INNOV)	SAS	F	Chairman (resigned June 17, 2005)
TOLBIAC FINANCE	SNC	F	IXIS INNOV's permanent representative, Manager-Partner (from March 24 to date of mandate expiry on June 18)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Vice-Chairman of the Supervisory Board (resigned January 27, 2005)
IXIS ASSET MANAGEMENT	SA	F	Vice-Chairman of the Supervisory Board (resigned March 16, 2005)
IXIS ASSET MANAGEMENT PARTICIPATIONS 1	SAS	F	Member of the Supervisory Committee
IXIS ASSET MANAGEMENT PARTICIPATIONS 2	SAS	F	Member of the Supervisory Committee
IXIS AM US CORPORATION		USA	Member of the Board of Directors
IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	Member of the Supervisory Board (since May 16, 2005)
IXIS AEW EUROPE	SA	F	Member of the Board
Custody			
IXIS INVESTOR SERVICES	SA	F	Member of the Supervisory Board (resigned October 10, 2005)
Other mandates and functions: nil			

Compensation and benefits received in 2005 in respect of mandates and functions exercised within IXIS Corporate & Investment Bank: Executive Board compensation: €15,244.80; fixed compensation: €267,377.63; benefits in kind: nil; variable compensation: €160,000; contractual and legal profit sharing: €19,469.24.

2005 **MR. NICOLAS FOURT**

Company	Form	Country	Mandates/Functions
Mandates and functions within Groupe Caisse d'Epargne			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Executive Board
IXIS SECURITIES	SA	F	IXIS Corporate & Investment Bank's permanent representative on the Supervisory Board
IXIS CAPITAL MARKETS NORTH AMERICA		USA	Member of the Board of Directors; resigned November 10, 2005)
IXIS FINANCIAL PRODUCTS INC.		USA	Member of the Board of Directors; resigned November 10, 2005)
IXIS REAL ESTATE CAPITAL INC.		USA	Member of the Board of Directors; resigned November 10, 2005)
IXIS SECURITIES NORTH AMERICA INC.		USA	Member of the Board of Directors; resigned November 10, 2005)
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; resigned March 7, 2005)
NEXGEN FINANCIAL HOLDING LIMITED		IRL	Alternate Director
NEXGEN RE LIMITED		IRL	Alternate Director

Legal elements (extracts) (continued)

2005 **MR. NICOLAS FOURT**

Company	Form	Country	Mandates/Functions
Asset Management			
IXIS SP S.A. (EX-CDC SP S.A.)		LUX	Member of the Board
Other mandates and functions			
DENIS FRIEDMAN PRODUCTIONS	SA	F	Member of the Board (since January 20, 2005)
DIGIFFUSE		LUX	Manager (since July 25, 2005)

Compensation and benefits received in 2005 in respect of mandates and functions exercised within IXIS Corporate & Investment Bank: Executive Board compensation: €7,622.40; fixed compensation: €242,343.92; benefits in kind: nil; variable compensation: €1,250,000; contractual and legal profit sharing: €19,229.24.

2005 **MR. PIERRE JENNY**

Company	Form	Country	Mandates/Functions
Mandates and functions within Groupe Caisse d'Epargne			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Executive Board; in charge of Operations
MARTIGNAC FINANCE	SA	F	Member of the Supervisory Board (mandate expired October 17, 2005, due to the ongoing merger with CNCE)
Other mandates and functions			
EUROTITRISATION	SA	F	CNCE's permanent representative on the Board of Directors (mandate expired April 25, 2005)
SAINT JACQUES GESTION SA	SA	F	Administrator (until June 23, 2005, date of company's liquidation)

Compensation and benefits received in 2005 in respect of mandates and functions exercised within IXIS Corporate & Investment Bank: Executive Board compensation: €7,622.40; fixed compensation: €143,638.53; benefits in kind: €2,832; variable compensation: €81,950; contractual and legal profit sharing: €9,708.97.

Members of the IXIS Corporate & Investment Bank Executive Board do not have a supplementary pension scheme.

Members of the Supervisory Board

2005 **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
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-CALEDONIE	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 DES MASCAREIGNES LTEE		MUS	Member of the Board
ISSORIA	SA	F	Chairman of the Supervisory Board
SODEXHO ALLIANCE (listed)	SA	F	Member of the Board
SOPASSURE	SA	F	Member of the Board

2005 **MR. CHARLES MILHAUD**

Company	Form	Country	Mandates/Functions
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	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	SA	F	CNCE's permanent representative on the Supervisory Board (mandate expired March 16, 2005)
IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	CNCE's permanent representative on the Supervisory Board (mandate expired May 16, 2005)
Mandates and functions within Caisse des Dépôts Group			
CDC ENTREPRISES	SAS	F	Member of the Supervisory Board
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board
Other mandates and functions			
CM INVESTISSEMENTS	SARL	F	Manager
ERIXEL	SAS	F	Chairman

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.
Other compensation received in respect of mandates and functions exercised within the CNCE Group: €914, 544.93

2005 **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
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Vice-Chairman of the Supervisory Board (since February 15, 2005 – appointed Member of the Supervisory Board on January 31, 2005)
Mandates and functions within Caisse des Dépôts Group			
CAISSE DES DEPOTS DEVELOPPEMENT (C3D)	SA	F	Chairman of the Board of Directors
CNP ASSURANCES (listed)	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board
SOCIETE NATIONALE IMMOBILIERE (SNI)	SAEM	F	Chairman of the Supervisory Board
CDC ENTREPRISES	SAS	F	Chairman of the Supervisory Board
CDC HOLDING FINANCE	SA	F	Member of the Board
FINANCIERE LILLE	SA	F	Non-voting member of the Board
Other mandates and functions			
ACCOR (listed)	SA	F	Member of the Board (since January 9, 2006; previously Member of the Supervisory Board)
CASINO GUICHARD PERRACHON (listed)	SA	F	Member of the Board
DEXIA (listed)		BEL	Member of the Board
VEOLIA ENVIRONNEMENT (listed)	SA	F	Member of the Board

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

Legal elements (extracts) (continued)

2005 **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; in charge of Commercial Banking and Strategy
BANQUE PALATINE (EX-BANQUE SANPAOLO)	SA	F	Chairman of the Supervisory Board
CREDIT FONCIER DE FRANCE (listed)	SA	F	Vice-Chairman of the Supervisory Board
ECUFONCIER	SCA	F	Member of the Supervisory Board
ENTENIAL (listed)	SA	F	Member of the Board (mandate expired June 1, 2005, following Entenial's merger into Crédit Foncier de France)
ALLIANCE ENTREPRENDRE	SAS	F	CNCE's permanent representative on the Management Board (since May 23, 2005; previously Ecureuil Participations' permanent representative)
CEMM	SAS	F	Chairman of the Supervisory Board (since November 24, 2005)
GCE FIDELISATION	SAS	F	Chairman (since October 21, 2005)
PEREXIA	SA	F	Member of the Supervisory Board
EFIDIS	SA	F	Member of the Supervisory Board (since June 30, 2005; previously Member of the Board until April 26, 2005)
GESTRIM	SA	F	Chairman of the Supervisory Board (since June 7, 2005; previously Perexia's permanent representative on the Supervisory Board)
GCE – NEWTEC	SAS	F	Member of the Supervisory Board (since September 13, 2005)
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
BANQUE DE LA REUNION	SA	F	Member of the Board
ECUREUIL-VIE	SA	F	Chairman of the Supervisory Board (since June 27, 2005; previously Chairman of the Board of Directors until June 20, 2005)
ERILIA	SA	F	Member of the Board (since June 17, 2005)
HOLGEST	SA	F	Chairman and Chief Executive Officer
INGEPAR	SA	F	Chairman of the Board of Directors
ISSORIA	SA	F	Vice-Chairman of the Supervisory Board
SERENA	SA	F	Chairman of the Supervisory Board (since December 15, 2005)
SOPASSURE	SA	F	Member of the Board
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Vice-Chairman of the Supervisory Board (since February 15, 2005; previously Member of the Supervisory Board)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Vice-Chairman of the Supervisory Board (since January 27, 2005; previously Member of the Supervisory Board)
IXIS ASSET MANAGEMENT	SA	F	Vice-Chairman of the Supervisory Board (since March 16, 2005; previously Member of the Supervisory Board)
IXIS ASSET MANAGEMENT PARTICIPATIONS 1	SAS	F	Vice-Chairman of the Supervisory Committee
IXIS ASSET MANAGEMENT PARTICIPATIONS 2	SAS	F	Vice-Chairman of the Supervisory Committee
IXIS ASSET MANAGEMENT US CORPORATION		USA	Member of the Board of Directors
IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	Chairman of the Supervisory Board
LA COMPAGNIE 1818 – BANQUIERS PRIVES (EX-VEGA 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

2005 **MR. NICOLAS MERINDOL**

Company	Form	Country	Mandates/Functions
Custody			
IXIS INVESTOR SERVICES	SA	F	Member of the Supervisory Board (resigned October 10, 2005)
BANCA CARIGE (listed)		ITA	CNCE's permanent representative on the Board of Directors (since October 10, 2005)
Mandates and functions within Caisse des Dépôts Group			
CDC ENTREPRISES CAPITAL INVESTISSEMENT	SA	F	Member of the Board
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board
Other mandates and functions			
ERIXEL	SAS	F	Member of the Board
VIGEO	SAS	F	Member of the Board

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: €10,000.
Other compensation received in respect of mandates and functions exercised within the CNCE Group: €649,548.65

2005 **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; in charge of Human Resources and Banking Operations
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board
A3C	SAS	F	Chairman (mandate expired June 1, 2005, following A3C's merger into Crédit Foncier de France)
FONCIER PARTICIPATIONS	SA	F	Member of the Board
BANQUE DES ANTILLES FRANCAISES	SA	F	Member of the Board
BANQUE DES MASCAREIGNES LTEE		MUS	Member of the Board
CICOBAIL	SAS	F	Chairman of the Board of Directors (resigned September 6, 2005)
GCE – NEWTEC	SAS	F	Member of the Supervisory Board (since September 13, 2005)
GESTITRES	SA	F	Chairman of the Board of Directors (since July 8, 2005)
GESTRIM	SA	F	Vice-Chairman of the Supervisory Board
GROUPEMENT D'ACHATS DES CAISSES D'EPARGNE OD@CIA	SA	F	CNCE's permanent representative on the Board of Directors (mandate expired May 27, 2005, following the company's dissolution)
ISSORIA	SA	F	Member of the Supervisory Board
PEREXIA	SA	F	Member of the Supervisory Board
SOCFIM	SA	F	CNCE's permanent representative on the Supervisory Board
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	CNCE's permanent representative on the Supervisory Board (since January 31, 2005)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Member of the Supervisory Board (since January 27, 2005)
IXIS ASSET MANAGEMENT	SA	F	Member of the Supervisory Board (since March 16, 2005)
Other mandates and functions			
LA CHAINE MARSEILLE LCM	SA	F	CNCE's permanent representative on the Board of Directors (since January 11, 2005)

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.
Other compensation received in respect of mandates and functions exercised within the CNCE Group: €641,159.22

Legal elements (extracts) (continued)

2005 **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	SA	F	Sanpaolo IMI S.p.A.'s permanent representative on the Supervisory Board (since January 31, 2005)
Other mandates and functions			
AMERICAN CHAMBER OF COMMERCE IN ITALY		ITA	Member of the Board
ASSOCIATION BANCAIRE ITALIENNE (ABI)		ITA	Member of the Board
BANCA IMI		ITA	Chairman
CASSA DI RISPARMIO DI BOLOGNA		ITA	Member of the Board (since December 14, 2005)
CASSA DI RISPARMIO DI PADOVA E ROVIGO		ITA	Member of the Board (since October 27, 2005)
FONDATION ITALIE CHINE		ITA	Member of the Board

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **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
COMPAGNIE DE FINANCEMENT FONCIER	SA	F	Member of the Board
ECUFONCIER	SCA	F	Member of the Supervisory Board
GCE BAIL (EX-BAIL ECUREUIL)	SA	F	CNCE's permanent representative on the Board of Directors
ISSORIA	SA	F	CNCE's permanent representative on the Supervisory Board
SURASSUR		LUX	CNCE's permanent representative on the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Ecureuil Participations' permanent representative on the Supervisory Board (since January 31, 2005)
MARTIGNAC FINANCE	SA	F	Member of the Supervisory Board (mandate expired October 17, 2005, due to the ongoing merger with CNCE)
Other mandates and functions			
EUROTITRISATION	SA	F	CNCE's permanent representative on the Board of Directors (since April 25, 2005)

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **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
GALIA GESTION	SAS	F	Caisse d'Epargne Aquitaine Nord's permanent representative on the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since January 31, 2005)

2005 **MR. FRANCOIS AUDIBERT**

Company	Form	Country	Mandates/Functions
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
TV 7 BORDEAUX SA	SA	F	Caisse d'Epargne Aquitaine Nord's permanent representative on the Board of Directors

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil

2005 **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	SA	F	Member of the Supervisory Board (since January 31, 2005)
Mandates and functions within Caisse des Dépôts Group			
ICADE	SA	F	Member of the Board (since March 2005)
ICADE EMGP	SA	F	Member of the Board (since September 2005)
Other mandates and functions: nil			

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **MR. JEAN BENSAID**

Company	Form	Country	Mandates/Functions
CAISSE DES DEPOTS	PUB	F	Deputy Director, Group Finance and Strategy; in charge of Equity Investments and Business Development
Mandates and functions within Groupe Caisse d'Epargne			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since January 31, 2005)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Member of the Supervisory Board (since January 27, 2005)
Mandates and functions within Caisse des Dépôts Group			
CDC ENTREPRISES CAPITAL INVESTISSEMENT	SA	F	Member of the Board (since March 3, 2005)
CDC HOLDING FINANCE	SA	F	Chief Executive Officer and Member of the Board (since January 12, 2005)
EGIS	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors
EUROPEAN CARBON FUND		LUX	Member of the Board (since June 15, 2005)
FINANCIERE TRANSDEV	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors
FORETS DURABLES	SEF	F	Member of the Supervisory Board (since February 10, 2005)
SOCIETE FORESTIERE DE LA CAISSE DES DEPOTS	SA	F	Member of the Board (since June 16, 2005)
TRANSDEV	SA	F	C3D's permanent representative on the Board of Directors
Other mandates and functions: nil			

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

Legal elements (extracts) (continued)

2005 **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	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 (resigned September 22, 2005)
FLUXIS		BEL	Member of the Board
NEUF TELECOM	SA	F	Non-voting member of the Board of Directors
SI FINANCE	SA	F	Non-voting member of the Board of Directors
SUEZ ENERGIE SERVICES	SA	F	Member of the Board (since September 15, 2005)
SUEZ-TRACTEBEL		BEL	Member of the Board

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **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
GCE GARANTIES (EX-EULIA CAUTION)	SA	F	Member of the Board (resigned February 25, 2005)
SOCIETE D'ASSURANCES DES CREDITS DES CAISSES D'EPARGNE DE FRANCE (SACCEF)	SA	F	Member of the Board (resigned May 25, 2005)
SOCAMAB ASSURANCES	SA	F	Member of the Board (resigned June 30, 2005)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since January 31, 2005)
Mandates and functions within Caisse des Dépôts Group			
CNP ASSURANCES (listed)	SA	F	Non-voting member of the Supervisory Board
Other mandates and functions			
IMMOBILIERE 3 F	SA	F	Member of the Supervisory Board (since June 14, 2005)
OFFICE PUBLIC D'AMENAGEMENT ET DE CONSTRUCTION DE LA VILLE DE PARIS	PUB	F	Member of the Board

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **MR. ERIC FLAMARION**

Company	Form	Country	Mandates/Functions
CAISSE DES DEPOTS	PUB	F	Deputy Director, Group Finance and Strategy; in charge of Financial Management
Mandates and functions within Groupe Caisse d'Epargne			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since January 31, 2005)
Asset Management			
IXIS AEW EUROPE	SA	F	Member of the Board
Mandates and functions within Caisse des Dépôts Group			
CDC ARKHINEO (EX-CDC ZANTAZ)	SAS	F	Chairman (since December 20, 2005)
CDC DI GMBH		GER	Member of the Supervisory Board
CDC HOLDING FINANCE	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors
CDC KINEON	SAS	F	Chairman (since December 1, 2005)
COMPAGNIE DES ALPES (listed)	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board
Other mandates and functions			
TDF	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **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 PALATINE (EX-BANQUE SANPAOLO)	SA	F	Member of the Supervisory Board
GCE GARANTIES (EX-EULIA CAUTION)	SA	F	Member of the Supervisory Board (since February 25, 2005)
COMPAGNIE EUROPEENNE DE GARANTIES IMMOBILIERES (CEGI)	SA	F	Member of the Board
FINANCIERE CEGI	SA	F	Member of the Board
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since January 31, 2005)
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
LOIRET HABITAT	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

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

Legal elements (extracts) (continued)

2005 **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
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board
GCE GARANTIES (EX-EULIA CAUTION)	SA	F	Caisse d'Epargne Loire Drôme Ardèche's permanent representative on the Board of Directors (mandate expired March 1, 2005)
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 (mandate expired March 1, 2005)
SOCIETE POUR LE DEVELOPPEMENT DE L'HABITAT – SDH CONSTRUCTEUR	SA	F	Chairman and Chief Executive Officer
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since January 31, 2005)
Asset Management			
ECUREUIL GESTION	SA	F	Member of the Supervisory Board (since April 26, 2005)
ECUREUIL GESTION FCP	SA	F	Member of the Supervisory Board (since April 26, 2005)
Other mandates and functions			
RHONE ALPES PME GESTION	SAS	F	Caisse d'Epargne Loire Drôme Ardèche's permanent representative on the Supervisory Board

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **MR. DIDIER PATAULT**

Company	Form	Country	Mandates/Functions
Mandates and functions within Groupe Caisse d'Epargne			
CAISSE D'EPARGNE DES PAYS DE LA LOIRE	SA	F	Chairman of the Executive Board
BATIROC PAYS DE LA LOIRE	SA	F	Chairman of the Supervisory Board
ECOLOCALE	SA	F	Chairman of the Board of Directors (resigned July 8, 2005)
ECUREUIL VIE	SA	F	Member of the Supervisory Board (since June 27, 2005)
MANCELLE D'HABITATION	SA	F	Chairman of the Board of Directors (since November 4, 2005)
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	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			
GRAND OUEST GESTION	SAS	F	Chairman of the Supervisory Board (since November 14, 2005)
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 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **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
SOCIETE LOCALE D'EPARGNE LYON SUD	COOP	F	Member of the Board
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since January 31, 2005)
Other mandates and functions			
BROSSETTE BTI	SA	F	Member of the Board
INVESTISSEMENT ET DEVELOPPEMENT	SA	F	Chairman of the Supervisory Board
LA VIE CLAIRE	SA	F	Chairman of the Supervisory Board
SEPEL	SA	F	Chairman of the Board of Directors
SEPEL-COM	SA	F	Chairman of the Board of Directors
SOGEBAIL	SA	F	Member of the Board

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

2005 **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
ITALIA HOLDING	SA	F	CNCE's permanent representative on the Supervisory Board (from February 24 to October 17, 2005)
CREDIT FONCIER DE FRANCE (listed)	SA	F	CNCE's permanent representative on the Supervisory Board
ECUFONCIER	SCA	F	Chairman of the Supervisory Board (since May 2, 2005; previously Member of the Supervisory Board)
ENTENIAL (listed)	SA	F	Member of the Board (mandate expired June 1, 2005, following Entenial's merger into Crédit Foncier de France)
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	CNCE's permanent representative on the Supervisory Board
Financial Guaranty			
CIFG HOLDING	SA	F	Member of the Supervisory Board (since March 30, 2005)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (Chairman of the Supervisory Board until February 15, 2005)
MARTIGNAC FINANCE	SA	F	Chairman of the Supervisory Board (from March 24 to October 17, 2005 – mandate expired, due to ongoing merger with CNCE; previously Vice-Chairman of the Supervisory Board)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	CNCE's permanent representative on the Supervisory Board
IXIS ASSET MANAGEMENT	SA	F	CNCE's permanent representative on the Supervisory Board (since March 16, 2005)
IXIS ASSET MANAGEMENT PARTICIPATIONS 1	SAS	F	Member of the Supervisory Committee
IXIS ASSET MANAGEMENT PARTICIPATIONS 2	SAS	F	Member of the Supervisory Committee
IXIS ASSET MANAGEMENT US CORPORATION		USA	Member of the Board of Directors
Custody			
CACEIS	SA	F	Member of the Supervisory Board (since July 1, 2005)
IXIS INVESTOR SERVICES	SA	F	Member of the Supervisory Board (resigned October 10, 2005)

Legal elements (extracts) (continued)

2005 **MR. PIERRE SERVANT**

Company	Form	Country	Mandates/Functions
Other mandates and functions: nil			

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: €16,000.
Other compensation received in respect of mandates and functions exercised within the CNCE Group: €619,368.65

2005 **MS. EMMANUELLE ROUX**

Company	Form	Country	Mandates/Functions
CAISSE DES DEPOTS	PUB	F	Special Advisor, Group Finance and Strategy
Mandates and functions within Groupe Caisse d'Epargne			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since December 15, 2005)
Other mandates and functions: nil			

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

Director whose mandate expired in 2005

2005 MR. **DOMINIQUE MARCEL** (no longer a Director of IXIS Corporate & Investment Bank since December 15, 2005)

Company	Form	Country	Mandates/Functions
CAISSE DES DEPOTS	PUB	F	Head of Finance and Strategy; Chief Financial Officer, Caisse des Dépôts Group
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
CREDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board (resigned May 12, 2005)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (from January 31 to December 15, 2005)
Mandates and functions within Caisse des Dépôts Group			
CAISSE DES DEPOTS DEVELOPPEMENT (C3D)	SA	F	Member of the Board (resigned June 2005)
CDC DI GMBH		GER	Chairman of the Supervisory Board
CDC ENTREPRISES	SAS	F	Member of the Supervisory Board
CDC HOLDING FINANCE	SA	F	Chairman of the Board of Directors
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board
COMPAGNIE DES ALPES (listed)	SA	F	Chairman of the Supervisory Board (since December 14, 2005; previously Member of the Supervisory Board – appointed June 28, 2005)
FINANCIERE TRANSDEV	SA	F	Chairman and Chief Executive Officer
ICADE	SA	F	Member of the Board
SOCIETE FORESTIERE DE LA CDC	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors (since May 19, 2005; previously Member of the Board)
SOCIETE NATIONALE IMMOBILIERE (SNI)	SAEM	F	Member of the Supervisory Board (resigned May 20, 2005)
Other mandates and functions			
ACCOR (listed)	SA	F	Member of the Board (since January 9, 2006; previously Member of the Supervisory Board – appointed May 3, 2005)
DEXIA (listed)		BEL	Member of the Board (since July 7, 2005)
DEXIA CREDIT LOCAL	SA	F	Vice-Chairman of the Supervisory Board (since May 24, 2005)

Director's fees received in 2005 in respect of the mandate exercised within IXIS Corporate & Investment Bank: nil.

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. These responsibilities led the Supervisory Board to 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 fiscal 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 [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 have attended 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.

The composition of the Supervisory Board changed in December 2005 with the cooptation of Ms. Emmanuelle Roux as a replacement for Mr. Dominique Marcel.

[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 organization of tasks undertaken by the Board and the Company's internal control procedures.

[2] See pages 76-86 for the list of all mandates and functions exercised in various companies by the members of the Supervisory Board.

Corporate governance (continued)

Activity of the Supervisory Board in 2005

IXIS Corporate & Investment Bank's Supervisory Board convened on seven occasions in 2005, each time in the presence of personnel representatives and of the Company's Auditors. The average attendance rate was 82% in 2005 versus 75% in 2004.

The Corporate and Legal Affairs department takes responsibility for organizing the Board and Specialized Committee meetings. Documents were prepared for the meeting and minutes were drawn up after each Supervisory Board meeting.

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 Financing and Credit activity's business plan;
> the 2006 budget;
> planned acquisitions of investment stakes, particularly in a company in China;
> the proposed opening of new IXIS Corporate & Investment Bank branches in Milan and Madrid;
> the IAS/IFRS switchover;
> the new make-up of the Supervisory Board and Specialized Committees;
> the appointment of a Chief Executive Officer and a new shareout of tasks among Executive Board members;
> the renewal of auditors' mandates;
> Executive Board members' compensation.

Lastly, as part of its special powers enshrined by law, the Supervisory Board approved:
> during its meeting of January 10, 2005, the signature:
> of three regulated agreements termed "Guaranty agreements" between IXIS Corporate & Investment Bank and IXIS Investor Services (IXIS IS), concerning deposits of securities as collateral with Euroclear, Clearstream Banking and Skandinaviska Enskilda Banken (SEB), notably in relation to IXIS IS's client activities;
> during its meeting of February 15, 2005, the signature:
> of a regulated agreement termed "Amendment to sub-letting contract" between IXIS Corporate & Investment Bank and IXIS Securities, concerning the reduction in the floorspace occupied by IXIS Securities in the building located at 47 quai d'Austerlitz and the related rental adjustment;
> during its meetings of September 21, 2005 and November 17, 2005, the signature:
> of a regulated agreement termed "Credit activities divestment agreement" between IXIS Corporate & Investment Bank and CNCE, concerning the transfer of a local government financing portfolio from CNCE's Banking and Financial Affairs department to IXIS Corporate & Investment Bank;
> during its meeting of November 17, 2005, the signature:
> of a regulated agreement termed "Amendment to employment contract" between IXIS Corporate & Investment Bank and Bernard Migus, concerning the amendment of Mr. Migus's employment contract;
> of a regulated agreement termed "Amendment to research services rebillings agreement" between IXIS Corporate & Investment Bank and IXIS Securities, concerning the reduction in the rebilling percentage applied for services rendered;
> of a regulated agreement termed "Supply of services and partnership contract" between IXIS Corporate & Investment Bank and CNCE, concerning the development and hosting by IXIS Corporate & Investment Bank of a website for CNCE for transmitting orders on spot and forward forex markets.

Directors' fees were paid to members of the Supervisory Board in 2005 in proportion to their rate of attendance at meetings of the Board and of the two Specialized Committees in 2004 [1].

[1] See pages 76-86.

Activity of the Specialized Committees in 2005

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 has comprised four members since February 15, 2005, all of whom were appointed by the Supervisory Board. The Committee is chaired by a member of the Supervisory Board and meets in the presence of the Company's Auditors. Documents were prepared for the meeting and 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 the regulations covering internal control are complied with. 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;

> 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.).

The Financial and Internal Control Committee convened on four occasions in 2005. The average attendance rate for Committee members was 94% in 2005 versus 92% in 2004. The meetings primarily examined:

> the 2004 annual financial statements and 2005 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 the 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;

> work related to the implementation of IAS/IFRS and Basle II prudential standards (Risk Control, Compliance, Accounting);

> the renewal of Auditors' mandates on their expiry.

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 and on the directors' fees for Supervisory board members. The Committee met on two occasions during 2005, with two members present.

IXIS Corporate & Investment Bank Supervisory Board members receive fees in respect of their directors' functions and whose overall amount is set each year by the Annual General Meeting of Shareholders. During the year, each Supervisory Board member received €2,000 for each attendance at Supervisory Board meetings (subject to a limit of €10,000 euros) and €1,500 for each attendance at Specialized Committee meetings (subject to a limit of €6,000) in 2004. The Chairmen of the Specialized Committees also received a flat fee of €1,000 in respect of their Chairmen's functions.

Corporate governance (continued)

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 diverse 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

IXIS Corporate & Investment Bank's internal control mechanisms 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 financières*) 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 financial 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 and the financing of terrorism, 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;

> IFACI/Institute of Internal Auditors standards;

> The COSO I framework (internal control), pending the forthcoming COSO 2 (enterprise risk management) and European frameworks.

The Bank's North American subsidiary uses the COSO framework to assess the quality of internal controls.

Internal references

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

> The operational risk and compliance risk management charters (specifying the organization, task allocation, procedures and principles of control).
> The forthcoming IT security charter.
> The risk control/risk management charter, which defines the links and responsibilities in the system for monitoring limits and thereby containing financial risks (Value-at-Risk limits for activities, operational risks for traders).
> The charter that defines the areas of responsibility of country heads employed in IXIS CIB's foreign offices and which organizes relations with the heads of the business lines represented locally.
> 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.). The Bank's equity-broking subsidiary, IXIS Securities, has its own set of rules which notably covers the procedures for producing and distributing financial research.
> Signature rules applicable to capital-market transactions and IXIS Corporate & Investment Bank's financing business. This procedure defines how non-continuous and continuous powers of attorney and signature are organized and used.
> 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 audit charter is to be applied and sets out standardized working practices for the Group's auditing staff.

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 guarantee 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.

This involves a matrix-type organization for the branches, which satisfies the requirements for branch activities to be anchored locally and the need for consistency across business lines.

> 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;
> 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.

> Ensuring the presence of legal and compliance personnel in trading rooms:
> legal officers are seconded to front-office activities in order to ensure contractual documentation is prepared in a secure manner. They maintain close proximity with operational staff, while maintaining hierarchical reporting links with the Legal department;
> local compliance officers, who assist operating staff in applying compliance standards.

> Exercising several levels of control within 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 are responsible for ensuring front-office personnel respect individual trading limits,
– within back offices, accounting cells exist to ensure the separation of trade processing/unwinding and accounting validation/reconciliation.

Corporate governance (continued)

> participation of support functions (Organization, Legal and Fiscal, Accounting, IT Systems, IT Systems Security, etc.), with the aim of making activities more secure.

> permanent second-level controls are carried out or supervised by Risk Control (market, counterparty, operational) and Compliance staff (prevention of regulatory and reputation risk). These departments are responsible for monitoring and controlling risks at the highest level within their areas of responsibility.

> periodic third-level controls independent of all others are carried out via Internal Audit and Group General Inspection. These functions have a general remit to assess the appropriateness of internal control and risk management mechanisms.

> Operation of IT Systems Security, Risks, Compliance and Internal Audit functions as a network.

> The Bank's heads of Risks, Compliance and Internal Audit report to the Chairman of the Bank's Executive Board, while also having strong links with the heads of the corresponding departments within CNCE.

Committees

IXIS Corporate & Investment Bank's internal control mechanism makes use of a tight-knit system of committees designed to ensure the overall management of risks. Underpinned by collegial and horizontal analyses, these committees provide a framework for decision-making, ensure standardized operational processes and seek to guarantee that risks are managed in a manner that corresponds to the innovative and sometimes highly complex nature of the Bank's activities.

There are two types of committee:

> operational committees (transactions, collateralization and master contracts, brokers, standardization of data entry, new platforms etc.)

> Executive committees (new products, investments, lending, client vetting, market risks, operational risks, asset and liability management, IT investments/IT projects etc.). In addition, the New York subsidiary also has its own Policies and Procedures Committee which is responsible for validating the subsidiary's procedures.

The Financial and Internal Control Committee was created by the Supervisory Board and convenes on a quarterly basis (at meetings also attended by the Auditors). It is responsible for assessing period-end financial reporting data and supervising the quality of risk control mechanisms, by examining the continuous or periodic reports produced by internal control functions.

Main components of the permanent internal control mechanism

The Bank adopted several measures in 2005 geared to:

> Adapting its organization to the new scope of its business.

The Credit function was restructured:

> Activities on structured credit markets were split so as to better separate proprietary transactions from those executed on behalf of clients. Bank financing activities were organized by business line.

> This initiative was coupled with measures to reinforce horizontal and support functions. A dedicated middle office was set up under unified management responsibility independent of front office activities. This move consolidated the responsibility of support functions for providing first-level controls.

> Enhancing the consolidated view of risks: A unified Risks department was established with a view to facilitating joint approaches to market/credit/operational risks.

> Optimizing the results reconciliation process: In the second half of 2005, daily production of management income and its reconciliation with accounting income was centralized within a single department (the Results department), under the responsibility of the Executive Board member in charge of Horizontal functions.

> Reinforcing IT systems security: The IT Systems Security function was reinforced and converted into a dedicated unit independent of the IT Systems department with a presence in all the Bank's offices.

> Preventing incidences of non-compliance risk: A Compliance department was set up in early 2005 in accordance with the measures contained in amended CRBF regulation n° 97-02 concerning internal control.

Compliance's responsibility is to control the risk of financial loss or damage to the Bank's image that might result from failure to respect laws, regulations, rules of good practice and professional standards.

These various initiatives consolidated IXIS Corporate & Investment Bank's internal control mechanism during the year.

In order to manage the full spectrum of risks linked to the Company's 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),

- limits,
- measuring and monitoring tools,
- operational and management reports.

Launching innovative activities and products:
A Transactions Committee, chaired by the Executive Board member 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).

The New Products/New Activities Committee (preceded by technical pre-committees where necessary), is chaired by the head of Risk Control and assembles all the relevant support functions (including Risks, Back Office and Compliance), with a view to conducting a collegial, cross-departmental and concerted analysis prior to authorizing launch of new products and activities.

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 on ensuring IT systems can process new products correctly.

Managing capital market and financing activities:
The Bank's trading staff and credit analysts are required to have professional registration cards. Procedures exist to govern:
- the opening of relations with clients (the Vetting 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 guarantees, 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 set out in individual "road maps"),
- the introduction of new IT systems (especially those involving membership of electronic trading platforms).

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, with commitments on complex products also being subject to technical visas.

Defining procedures and securing processing:
An Organization department is charged with updating processes according to changes in the Bank's business and also tracking projects geared to coping with the Bank's growth. A software tool taking account of process control points is used to document operational department procedures.

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.

Transaction processing security is assured by middle- and back-office functions. Early 2006 saw a horizontal structure set up for the back office with a view to strengthening the existing monitoring and reconciliation systems.

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

> Market risks
Market risks are managed firstly on a Value-at-Risk (or VaR) approach. VaR limits are defined at different levels of the Bank's operational activities based on the overall amount of risk authorized by the Bank. These limits are monitored by the Market Risk department on a daily basis using the *Scénarisk* tool.

These measures are then rounded out with stress tests based on crisis scenarios.

In addition to the VaR approach, risk managers are delegated responsibility by the Risk department for undertaking daily checks to ensure operational risk limits – defined by operator and by activity – are complied with. These limits may be either qualitative (authorized products or currencies, for example), or quantitative (providing a more precise view of the composition and the level of risks).

Pricing models used to measure risks and results are validated by the Risk department, which undertakes a daily market risk consolidation exercise (i.e. for all Group entities combined).

Corporate governance (continued)

A Market Risk Committee conducts a monthly examination of the situation regarding the main risks, use of limits, the main products traded and changes in risk measurement methodologies.

Backward-looking controls are also used to test the quality of the internal risk measurement model, by comparing predicted and actual results on business activities.

> Credit/counterparty risks

Authorization and monitoring procedures:
The Credit Risk department, which reports to IXIS Corporate & Investment Bank's Head of Risks, analyzes counterparties and transactions that imply credit risk. It establishes internal ratings methodologies that are used throughout the Group for counterparties or activities falling within the department's responsibility, and according to the spheres of competency principle currently used by Groupe Caisse 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 Horizontal Functions, 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 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. A weekly report mentions uses of limits, together with any breaches and the corrective measures taken. The report is transmitted to business-line heads and, where appropriate, the Bank's Executive Board.

Tools:
Risk management tools were reinforced and the role of backward-looking controls was confirmed during the year. The introduction of the expert reporting software tool, Fermat, during 2005, ensured optimal management of limits and improved risk consolidation to the shareholder.

The IT tool used to measure risks and monitor counterparty limits on market operations is an internally-developed, dedicated software tool (AMeRisC), accessible by all operators. The 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 counterparty risks. These calculations involve numerical simulations combining master netting agreements and market scenarios compiled in accordance with VaR techniques.

Specialized Committees:
For 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 should 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 notably relies on the conclusions of the Watch List Committee.

Detailed statistics on the Bank's credit activity are transmitted monthly to the Executive Board and the shareholder for the purposes of controlling the general quality of risk in the portfolio.

> ALM risks

The Finance department is responsible for 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.

> Operational risks

An Operational Risk unit reporting to the Head of Risks 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 the member of the Executive Board in charge of Operations, is notably composed of representatives from the Risks, Compliance, IT Systems Security and Organization functions, as well as the appropriate front office and back office representatives. The Committee's remit is to ensure the permanent internal control mechanism is appropriate for managing operational risks and to examine measures geared to preventing fraud (calling on the Legal and Internal Audit departments as needed).

In response to Basle II requirements, IXIS Corporate & Investment Bank employs 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 has been appointed in the Bank's various departments and foreign branches. The Risk department's operational risks unit is directly represented in Tokyo and New York.

Calculating and validating results:
The Results department is in charge of three main functions, independently of front offices:

> validating all the market parameters needed to calculate results,

> calculating management income on a daily basis,

> conducting a periodical reconciliation of management income with accounting income (a function hitherto exercised within the back office and due to be transferred to the Results department in the first quarter of 2006).

Second-level controls are also carried out by:

> the Risk department, on the methods of calculating management income (including those for calculating fair-value adjustments and provisions),

> the Central Accounting function, on the whole of the results reconciliation process, at period-end.

IT Systems Security (ITSS):
The IT Systems Security function is coordinated by a Paris-based executive reporting directly to the Executive Board member in charge of Operations.

The main areas covered by IT Systems Security include physical, infrastructural and operational security; the business continuity plan; access authorizations; security controls (spot checks, intervention tests, etc.); security, technology and regulatory watch in the Bank's different locations; training staff in IT security and sensitizing them to IT security issues.

Permanent compliance controls
The mechanism comprises:

> forward-looking (pre-transaction) intervention by compliance officers geared to ensuring regulatory and internal standards are respected,

> measures to prevent money laundering,

> recurrent backward-looking (post-transaction) controls designed to ensure rules governing market transactions and particularly CRBF regulation 97-02 have been respected.

2005 witnessed the creation of a Compliance Control unit within the Compliance department.

The unit defines the compliance control principles applicable to all IXIS Corporate & Investment Bank entities and conducts controls on Paris-based operations.
It also attends New Product Committee meetings with a view to establishing control indicators and validating control points within procedures.

The foreign branches and North American regulated subsidiaries employ controllers operating under the authority of local compliance officers. Functional links exist between each compliance officer and the Compliance department at headquarters. These links are consolidated by the production of a quarterly report and the integration of controllers into the control program prepared by the Compliance Control unit.

The Bank's equity-broking arm, IXIS Securities, has its own internal control unit which is functionally linked to IXIS Corporate & Investment Bank's Compliance department.

The reporting system

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
These reports provide a picture of the Bank's risks and are vital for strategic management purposes.

Corporate governance (continued)

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

Examples include:
> New products/engineered solution: monthly reports to the Executive Board on processing authorization statuses and progress checks on the measures requested for implementation in committee.
> Risks:
> reports on market risks (daily on VaR, weekly and monthly updates on the main variations),
> specific monitoring of transactions processed outside central systems,
> reports on breaches of counterparty risk limits (daily monitoring of limits and weekly updates),
> monitoring of operational risk action plans and incident reports.
> Results: daily P/L report by activity, together with weekly and monthly updates on the main variations.
> Accounting:
> summary notes on accounting controls (quarterly),
> specific review of special-purpose vehicles falling within the scope of IXIS Corporate & Investment Bank and IXIS Capital Markets North America (half-yearly),
> Management: ALM reports from the Asset-Liability Committee.
> The application of good conduct rules together with the lists 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 enable line managers to monitor the activities for which they are responsible.

They notably focus on:
> ensuring operational limits are being respected (behavioral, credit),
> movements in management income,
> the state of collateral positions,
> the existence of master contracts with counterparties and more generally the possession of the necessary legal documentation relating to transactions.

Reports used by support functions
These reports are geared to ensuring processes function smoothly and that resources are allocated efficiently.

Examples of areas covered include:
> transaction processing reports (confirmations, payments, uncompleted trades)
> errors and incidents,
> the monthly spreadsheet of back-office activity, established by business line.

Insurance cover:
The risk-coverage system is rounded out with an insurance program covering all of IXIS Corporate & Investment Bank's activities.

The Bank's insurance policies are designed to remedy any significant adverse impacts resulting from fraud, embezzlement or damage, or from cases entailing the liability of the Company and its employees.

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 branches and subsidiaries.

The Internal Audit function of the New York subsidiary, IXIS Capital Markets, is integrated within the Paris Internal Audit department and reports to it according to the terms set out for this purpose.

Groupe Caisse d'Epargne's General Inspection function performs its own audits of IXIS Corporate & Investment Bank's activities on a discretionary basis.

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:
> ramping up the tool for modeling processes and procedures,
> developing further indicators of operational-risk and non-compliance risk, notably by automating certain recurrent controls,
> strengthening credit-risk monitoring tools,
> reinforcing permanent internal controls on transactions involving special-purpose vehicles,
> reinforcing the IT Systems Security function in order to reflect the Bank's new scope and satisfy new regulatory requirements,
> further improving IT channels to reinforce STP (straight-through-processing) capability.

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 Horizontal functions. It is organized into five main segments:

> consolidation and control of subsidiaries' accounting, and responsibility for consolidated financial statements and central second-line control of consolidated subsidiaries,
> production of parent company financial statements, consolidation reports and all regulatory reports,
> accounting processing for non-operational activities,
> control of parent 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 IXIS Capital Markets (New York), IXIS Securities, and its equity-accounted stake in Nexgen. The scope of consolidation comprises 87 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 its 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 Central Accounting's instructions for producing the Bank'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), followed by 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 four 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 accounting function remains independent, 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 Central Accounting 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 Results department;

Corporate governance (continued)

- 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 Central Accounting 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 Risks department. This notably requires it to establish the regulatory and account processing principles in conjunction with the back office and Tax department.

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

From a general standpoint, production and control functions are disassociated in the area of accounts processing for operational activities.

This decentralized accounting production also entails a responsibility to produce an inventory justifying the general ledger for 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 Central Accounting.

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

Management income is produced by the Results department. This unit was created in 2005 and reports to the Executive Board member in charge of Horizontal functions. During the first half of 2006, it is also earmarked to take over the unrealized P/L accounting functions handled by the back office.

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

The Results department produces a period-end report for Central Accounting.

Central Accounting Control exploits and analyzes the justifying data and the reports produced by the back office or the Results department. It also undertakes complementary classical controls (analysis of variations, etc.). Last of all, it produces a summary of its work, together with 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's transfer of its equity interests in IXIS 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 justifying data and the control reports provided by the subsidiaries. It summarizes this work in a formalized analytical report which also includes an explanation of the variations that affected the financial statements over the course of the fiscal 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.

Since 2003, IXIS Corporate & Investment Bank's Accounting department has been cooperating closely with the business lines in a project geared to preparing for the implementation of IAS/IFRS.

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 enabled the Bank to adapt its organization and IT systems.

In keeping with the original plan, the Bank 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 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 are prepared using Groupe Caisse d'Epargne's consolidation system.

The adoption of this new accounting architecture was 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.

The first-time application balance sheet as at January 1, 2005 and the consolidation reports as at June 30, 2005, were both produced within the timescales set by Groupe Caisse d'Epargne. The principles and rules used are in the course of revision by the Auditors.

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

Corporate governance (continued)

Statutory Auditors' report prepared in accordance with article L. 225-235 of the French Commercial Code, on the report of the Chairman of the IXIS Corporate & Investment Bank Supervisory Board, on the internal control procedures relating to the preparation and processing of accounting and financial information.

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.

To the Shareholders,

In our capacity as Statutory Auditors of IXIS Corporate & Investment Bank and in accordance with the provisions of article L. 225-235 of the French Commercial Code, we report to you on the report prepared by the Chairman of the IXIS Corporate & Investment Bank Supervisory Board in accordance with article L. 225-68 of the French Commercial Code for the year ended December 31, 2005.

In his report, the Chairman of the Supervisory Board is notably required to give an account of the conditions in which the Supervisory Board prepared and organized its tasks, and of the internal control procedures in place within the Company.

It is our responsibility to report to you our observations on the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of accounting and financial information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of accounting and financial information. These procedures notably consisted of:
> obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of accounting and financial information, as set out in the Chairman's report ;
> obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matter to report in connection with the information given on the internal control procedures relating to the preparation and processing of accounting and financial information, as set out in the report of the Chairman of the Supervisory Board, prepared in accordance with the provisions of article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and La Défense, April 24, 2006
The Statutory Auditors

PricewaterhouseCoopers Audit
Etienne Boris

Mazars & Guérard
Michel Barbet-Massin **Charles de Boisriou**

Statutory auditors' special report on regulated agreements

Year ended December 31, 2005

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.

To the Shareholders
IXIS Corporate & Investment Bank
47, quai Austerlitz
75013 PARIS

In our capacity of Statutory Auditors of your Company, we hereby present our report on regulated agreements.

1. Agreements entered into during the year

In application of article L. 225-88 of the French Commercial Code (*Code de commerce*), we were informed of the agreements that were subject to prior approval by your Supervisory Board.

Our responsibility does not include identifying any undisclosed agreements, but to inform you of the terms and conditions of agreements that have been disclosed to us, based on the information provided, without commenting on their relevance or substance. In accordance with the terms of article 117 of the French decree of March 23, 1967, it is your responsibility to determine whether the agreements are appropriate and should be approved.

We conducted our work in accordance with professional standards applicable in France. Those standards require that we carry out the necessary procedures the consistency of the information disclosed to us with the base documents from which it has been extracted.

1.1 Three "Guaranty Agreements" between IXIS Corporate & Investment Bank and IXIS Investor Services (IXIS IS)
Members of the Supervisory Board concerned: CNCEP, represented by Charles Milhaud; Pierre Servant; Nicolas Mérindol; Laurent Vieillevigne.

On January 10, 2005, the Supervisory Board approved three "Guaranty Agreements" concerning deposits of securities as collateral with Euroclear, Clearstream Banking and Skandinaviska Enskilda Banken (SEB), notably in relation to IXIS IS's client activities.

No compensation was provided for in respect of these agreements.

1.2 Amendment to sub-letting contract between IXIS Corporate & Investment Bank and IXIS Securities.
Members of the Executive Board concerned: Anthony Orsatelli, Nicolas Fourt, Bernard Migus.

On February 15, 2005, the Supervisory Board approved a regulated agreement termed "Amendment to sub-letting contract" between IXIS Corporate & Investment Bank and IXIS Securities (see agreement in 2.13) concerning the reduction in the floorspace occupied by IXIS Securities in the building located at 47 quai d'Austerlitz and the related rental adjustment. The amendment provides for the floorspace to be sub-let in exchange for an annual rent of €520.07/m2 excluding taxes and charges.

The income recorded by IXIS CIB in respect of this agreement amounted to €1,004,000 (excluding taxes) for the fiscal year ended December 31, 2005.

Corporate governance (continued)

1.3 Credit Activities Transfer Agreement between IXIS Corporate & Investment Bank and CNCE.
Members of the Supervisory Board concerned: Charles Milhaud; Nicolas Mérindol; Pierre Servant; Bernard Comolet; Francis Mayer; Dominique Marcel; CNCE represented by Mr. Guy Cotret.
Member of the Executive Board concerned: Anthony Orsatelli.

On September 21, 2005 and November 7, 2005, the Supervisory Board approved a regulated agreement termed "Credit Activities Transfer Agreement" between IXIS Corporate & Investment Bank and CNCE, and which concerned the transfer of a local government financing portfolio from CNCE's Banking and Financial Affairs department to IXIS Corporate & Investment Bank.

This business was acquired for the amount of €500,000.

1.4 Amendment to Employment Contract between IXIS Corporate & Investment Bank and Bernard Migus, member of the IXIS Corporate & Investment Bank Executive Board

On November 17, 2005, the Supervisory Board approved an amendment to the employment contract between IXIS Corporate & Investment Bank and Bernard Migus.

The amendment provides for Mr. Migus to exercise, as part of the Executive Management team, the functions of Director in charge of:
> Strategy and business development for the Company, its branches and subsidiaries (excluding US subsidiaries),
> human resources policy for the Company and its subsidiaries (excluding US subsidiaries).

It also provides for the payment of gross annual compensation to Mr. Migus of €243,653, including length-of-service bonus and thirteenth month. A discretionary and variable bonus may also be paid to Mr. Migus.

1.5 Amendment to Research Services Recharging Agreement between IXIS Corporate & Investment Bank and IXIS Securities
Members of the Executive Board concerned: Anthony Orsatelli; Nicolas Fourt; Bernard Migus.

On November 17, 2005, the Supervisory Board approved an amendment to the Research Services Recharging Agreement between IXIS Corporate & Investment Bank and IXIS Securities (see agreement 2.5), concerning the reduction in the recharging percentage applied for services rendered by the latter to the former.
This amendment provides for a reduction in the recharging percentage from 25% to 18.75%.

The cost to IXIS CIB in respect of this agreement amounted to €3,322,550 for the fiscal year ended December 31, 2005.

1.6 Supply of Services and Partnership Contract between IXIS Corporate & Investment Bank and CNCE
Members of the Supervisory Board concerned: Charles Milhaud; Nicolas Mérindol; Pierre Servant; Bernard Comolet; Francis Mayer; Dominique Marcel; CNCE represented by Mr. Guy Cotret.
Member of the Executive Board concerned: Anthony Orsatelli.

On November 17, 2005, the Supervisory Board approved a Supply of Services and Partnership Contract between IXIS Corporate & Investment Bank and CNCE, concerning the development and hosting by IXIS Corporate & Investment Bank of a website for CNCE for transmitting orders on spot and forward forex markets.

The terms of compensation are as follows:
> Lot 1: development costs will be recharged by IXIS Corporate & Investment Bank to CNCE at the rate of 50%,
> Lot 2: development costs will be fully recharged by IXIS Corporate & Investment Bank to CNCE,
> Costs relating to maintenance work will be borne by IXIS Corporate & Investment Bank. In the event of any upgrading work, the terms of recharging will be decided with respect to the expressed specifications.

With the contract not having been signed by the date of this report, it had no impact on IXIS Corporate & Investment Bank's financial statements as at December 31, 2005.

2. Agreements entered into in prior years which remained in force during the year

In application of the French decree of March 23, 1967, we were informed of the following agreements entered into in prior years, which remained in force during the year.

2.1 Joint and Several Guaranty between Caisse des Dépôts et consignations (CDC) and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)
This Joint and Several Guaranty was terminated by CDC with effect from midnight of June 30, 2001. However, guarantied transactions initiated at or before midnight on June 30, 2001, continue to benefit from CDC's full guaranty until they are completely unwound.

The compensation aspects of this agreement are covered in another agreement concluded between CDC, CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004), and CDC IXIS Capital Markets, and relating to guaranty commissions (see 2.4).

2.2 Letter of commitment between CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004) and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)
On February 5, 2001, the Supervisory Board approved a Letter of Commitment between CDC Finance-CDC IXIS and CDC IXIS Capital Markets. The purpose of this agreement was to specify the terms and conditions of the guaranty provided to CDC IXIS Capital Markets by CDC Finance-CDC IXIS.

The guaranty system introduced on July 1, 2001, replaced the guaranty mechanism resulting from the Joint and Several Guaranty of July 12, 1996, initially granted directly by CDC to CDC IXIS Capital Markets (named CDC Marchés at that time).

This Letter of Commitment was replaced by the Letter of Commitment of May 28, 2003 (see agreement 2.10).

Corporate governance (continued)

2.3 Joint and Several Guaranty between CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004) and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)
This Joint and Several Guaranty was terminated by CDC Finance-CDC IXIS on April 28, 2003, with effect from November 1, 2003. However, CDC IXIS Capital Markets' creditors in respect of guarantied transactions initiated at or before midnight on October 31, 2003, may, by virtue of the letter of the Chief Executive Officer of Caisse des Dépôts et Consignations (CDC) of October 12, 2004, exercise their rights directly against CDC up to the completion date of the guarantied transactions, as if this commitment had been made directly by CDC to the benefit of CDC IXIS Capital Markets' creditors.

2.4 Agreement between Caisse des Dépôts et Consignations (CDC), CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004), and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank), relating to guaranty commissions
On February 5, 2001, the Supervisory Board approved an agreement between CDC, CDC Finance-CDC IXIS and CDC IXIS Capital Markets, the purpose of which was to specify the methods of calculating and paying the guaranty commission payable by CDC IXIS Capital Markets in respect of the Joint and Several Guaranty terminated by CDC with effect from June 30, 2001.

2.5 Agreement between CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank) and CDC IXIS Securities (since renamed IXIS Securities), relating to the provision of research services
On December 19, 2001, the Supervisory Board approved an agreement between CDC IXIS Capital Markets and CDC IXIS Securities. The agreement established the terms under which CDC IXIS Securities recharged CDC IXIS Capital Markets for a portion (25%) of the cost of its research department.

2.6 Financial agreement between CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004), and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)
On December 19, 2001, the Supervisory Board approved a financial agreement between CDC Finance-CDC IXIS and CDC IXIS Capital Markets. The purpose of this agreement was to cover the terms of CDC IXIS Capital Markets' access to CDC Finance-CDC IXIS's central liquidity.

Note that following CDC Finance-CDC IXIS's absorption by CNCE, the decision was taken to introduce a new financial agreement between CNCE and IXIS Corporate & Investment Bank. With this agreement yet to be signed, the conditions under which IXIS Corporate & Investment Bank's account with CNCE functions have been extended pending an accord between the parties.

As at December 31, 2005, IXIS Corporate & Investment Bank had recorded net interest expense in respect of this agreement of €50,628,878.

2.7 De-facto Grouping Agreement between Caisse des Dépôts et Consignations (CDC), CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004), and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)

On December 19, 2001, the Supervisory Board approved a De-facto Grouping Agreement between CDC, CDC Finance-CDC IXIS and CDC IXIS Capital Markets.

This agreement is renewable by tacit agreement every three years and replaces that concluded on August 30, 1996, between CDC and CDC IXIS Capital Markets (formerly CDC Marchés).

The total cost borne by IXIS Corporate & Investment Bank in respect of this agreement amounted to €5,746,338 for the fiscal year ended December 31, 2005.

The revenue booked by IXIS Corporate & Investment Bank in respect of this agreement amounted to €8,228,000 for the fiscal year ended December 31, 2005.

2.8 Replacement Contract

On October 16, 2002, the Supervisory Board approved a Replacement Contract between CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004), CDC IXIS Asset Management (since renamed IXIS Asset Management) and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank).

The purpose of this agreement was to organize the transfer of a swap contract for a decreasing notional amount of US$1.1 billion concluded in October 2000 between CDC IXIS Asset Management and CDC IXIS Capital Markets, by replacing CDC IXIS Asset Management with CDC Finance-CDC IXIS as CDC IXIS Capital Markets' counterparty.

With the financial terms of the swap remaining unchanged, the agreement is without financial impact on IXIS Corporate & Investment Bank.

2.9 Regulated agreement termed "Letter of Renouncement" by CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)

On May 26, 2003, the Supervisory Board approved a Letter of Renouncement by CDC IXIS Capital Markets, according to which CDC IXIS Capital Markets pledged not to initiate any balance-sheet transactions for completion after January 23, 2017 and which indirectly benefit from Caisse des Dépôts et Consignations' Guaranty.

Corporate governance (continued)

2.10 Letter of Commitment between CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004) and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank).
On May 26, 2003, the Supervisory Board approved a Letter of Commitment between CDC Finance-CDC IXIS and CDC IXIS Capital Markets. The purpose of this agreement was to specify the terms and conditions of the two guaranties ("1" and "2") granted to CDC IXIS Capital Markets by CDC Finance-CDC IXIS, respectively, for the period from November 1, 2003 to January 23, 2004 inclusive, and for the period from January 24, 2004 to January 23, 2007 inclusive.

The guaranty mechanism introduced as from November 1, 2003, succeeded that introduced by CDC Finance-CDC IXIS on July 1, 2001 (see point 2.2).

Following the partial business transfer and by virtue of the letter of the Chief Executive Officer of Caisse des Dépôts et Consignations (CDC) of October 12, 2004, IXIS CIB's creditors in respect of guarantied transactions may exercise their rights directly against CDC up to the expiry date of the guarantied transactions, as if this commitment had been made directly by CDC to the benefit of IXIS CIB's creditors.

As a result, the total amount of guaranty commissions due by IXIS CIB to CDC in respect of the fiscal year ended December 31, 2005, amounted to 12,352,972 (see article 5.1 of the Letter of Commitment).

Note in addition that the Supervisory Board approved an amendment to this Letter of Commitment on June 16, 2004, so as to enable CDC Finance-CDC IXIS to grant its guaranty directly to IXIS Structured Products.

2.11 A Joint and Several Guaranty "1" between CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004), and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank).
On May 26, 2003, the Supervisory Board approved a Joint and Several Guaranty "1" between CDC Finance-CDC IXIS and CDC IXIS Capital Markets.

This Joint and Several Guaranty expired at midnight on January 23, 2004. However, CDC IXIS Capital Markets' creditors in respect of guarantied transactions initiated at or before midnight on January 23, 2004, may, by virtue of the letter of the Chief Executive Officer of Caisse des Dépôts et Consignations (CDC) of October 12, 2004, exercise their rights directly against CDC up to the completion date of the guarantied transactions, as if this commitment had been made directly by CDC to the benefit of CDC IXIS Capital Markets' creditors.

2.12 A Joint and Several Guaranty "2" between CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on January 1, 2004), and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank).
On May 26, 2003, the Supervisory Board approved a Joint and Several Guaranty "2" between CDC Finance-CDC IXIS and CDC IXIS Capital Markets.

The purpose of this agreement, which was concluded for the period from January 24, 2004 to January 23, 2007 inclusive, was to enable CDC IXIS Capital Markets' counterparties to benefit from CDC Finance-CDC IXIS' guaranty for balance-sheet and off-balance-sheet transactions due for completion on or before January 23, 2017.

This Joint and Several Guaranty "2" may be terminated at any moment up to and including January 23, 2007. In the event of termination, it will continue to apply to all guarantied transactions initiated prior to the termination date until they are fully unwound.

By virtue of the letter of the Chief Executive Officer of Caisse des Dépôts et Consignations (CDC) of October 12, 2004, CDC IXIS Capital Markets' creditors in respect of guarantied transactions may exercise their rights directly against CDC up to the expiry date of the guarantied transactions, as if this commitment had been made directly by CDC to the benefit of CDC IXIS Capital Market's creditors.

2.13 Sub-Letting Agreement between CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank) and CDC IXIS Securities (since renamed IXIS Securities)
On December 19, 2003, the Supervisory Board approved a Sub-Letting Agreement between CDC IXIS Capital Markets and CDC IXIS Securities.

The purpose of this agreement, which was concluded for a period of nine years, involved sub-letting to CDC IXIS Securities a part of the premises rented by CDC IXIS Capital Markets.

2.14 Letter of Commitment between CNCE and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)
On September 21, 2004, the Supervisory Board approved a Letter of Commitment between CNCE and CDC IXIS Capital Markets, the purpose of which was to specify the terms and conditions of CNCE's guaranty to CDC IXIS Capital Markets.

2.15 Joint and Several Guaranty between CNCE and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)
On September 21, 2004, the Supervisory Board approved a Joint and Several Guaranty between CNCE and CDC IXIS Capital Markets.

The purpose of this agreement, which took effect on October 1, 2004 for an indefinite period, was to enable CDC IXIS Capital Markets' counterparties to benefit from CNCE's guaranty for transactions initiated as from January 24, 2004 and completed after January 23, 2017, and for transactions initiated as from January 24, 2007, irrespective of their completion date.

This Joint and Several Guaranty may be terminated at any moment. In the event of termination, it will continue to apply to all guarantied transactions initiated prior to the termination date until they are fully unwound.

Corporate governance (continued)

2.16 Letter of Commitment between CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank) and CDC Ixis Capital Markets North America Inc. (since renamed IXIS Capital Markets North America Inc.)
On October 29, 2004, the Supervisory Board approved an English-language version of a Letter of Commitment between CDC IXIS Capital Markets and CDC Ixis Capital Markets North America Inc., the purpose of which was to specify the terms and conditions of the Joint and Several Guaranties described in point 2.17.

Total guaranty commissions received by IXIS CIB in respect of the fiscal year ended December 31, 2005, amounted to €2,216,122.

2.17 Five "Guaranty" Agreements between CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank) and CDC Municipal Products Inc. (since renamed IXIS Municipal Products Inc.); CDC Derivatives Inc. (since renamed IXIS Derivatives Inc.); CDC Financial Products Inc. (since renamed IXIS Financial Products Inc.); CDC IXIS Funding Corp. (since renamed IXIS Funding Corp.) and CDC IXIS Commercial Paper Corp. (since renamed IXIS Commercial Paper Corp.)
On October 29, 2004, the Supervisory Board approved five "Guaranty" Agreements between CDC IXIS Capital Markets and CDC Municipal Products Inc.; CDC Derivatives Inc.; CDC Financial Products Inc.; CDC IXIS Funding Corp. and CDC IXIS Commercial Paper Corp..

The purpose of these five agreements, which took effect from November 1, 2004, for an indefinite period, was to enable counterparties of CDC Municipal Products Inc.; CDC Derivatives Inc.; CDC Financial Products Inc.; CDC IXIS Funding Corp. and CDC IXIS Commercial Paper Corp., to benefit from CDC IXIS Capital Markets' guaranty for transactions initiated as from November 1, 2004 and due for completion after January 23, 2017, and for transactions initiated as from January 24, 2007, irrespective of their completion date.

These Joint and Several Guaranties may be terminated at any moment. In the event of termination, they will continue to apply to all guarantied transactions initiated prior to the termination date until they are fully unwound.

Neuilly-sur-Seine and La Défense, April 24, 2006
The Statutory 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 fiscal year-end. The Executive Board compiles and presents the management report at the Ordinary General Meeting of Shareholders.

It also has responsibility for ensuring the Employee Representative Council is suitably informed and consulted.

Potential conflicts of interest involving corporate officers

The situation of IXIS Corporate & Investment Bank's corporate officers is not liable to raise any conflicts of interest between their responsibilities with respect to the Company and their private interests or other duties.

Composition and organization of the Executive Board

IXIS Corporate & Investment Bank's Executive Board comprises five members [(1)], including a Chairman and a Chief Executive Officer (the latter since November 17, 2005). Mandates of Executive Board members are accorded for six-year periods.

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).

Apart from the Chairman, all members of the Executive Board are linked to the Company by an employment contract.

Activity of the Executive Board in 2005

The Executive Board convened on a weekly basis during the year (54 meetings). The average attendance rate for Board members was 86% in 2005 versus 81% in 2004.

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	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	AGM of 30.6.97	AGM voting on 31.12.2010 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 31.12.2007 financial statements
Substitute Auditors	Mr. Dominique Paul	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	AGM of 30.6.97	AGM voting on 31.12.2010 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 31.12.2007 financial statements

(1) See pages 73-76 for the full list of mandates and functions exercised on various Company boards by members of the Executive Board.

Corporate governance (continued)

Auditors' fees [1]

Description of assignment	PricewaterhouseCoopers Audit 2005 [2] €K	%	2004 €K	%	Mazars & Guérard 2005 €K	%	2004 €K	%
Certification, examination of individual and consolidated accounts	2,371	96%	690	85%	555	95%	347	97%
in France	*727*	*29%*	*526*	*65%*	*534*	*92%*	*347*	*97%*
abroad	*1,644*	*67%*	*164*	*20%*	*21*	*3%*	*0*	*0%*
Related assignments	48	2%	74	9%	23	4%	4	1%
in France	*48*	*2%*	*74*	*9%*	*23*	*4%*	*4*	*1%*
abroad	*0*	*0%*	*0*	*0%*	*0*	*0%*	*0*	*0%*
Sub-total	**2,419**	**98%**	**764**	**94%**	**578**	**99%**	**351**	**98%**
Other assignments:								
Legal, fiscal and social	41	2%	48	6%	4	1%	6	2%
in France	*27*	*1%*	*48*	*6%*	*4*	*1%*	*6*	*2%*
abroad	*14*	*1%*	*0*	*0%*	*0*	*0%*	*0*	*0%*
Others: Information technology	0	0%	0	0%	0	0%	0	0%
Others: Internal audit	0	0%	0	0%	0	0%	0	0%
Others	0	0%	0	0%	0	0%	0	0%
Sub-total	**41**	**2%**	**48**	**6%**	**4**	**1%**	**6**	**2%**
TOTAL	*2,460*	*100%*	*812*	*100%*	*582*	*100%*	*357*	*100%*

[1] Fees are assigned to the fiscal year audited and stated on a tax-inclusive basis.

[2] Differences due to change in the Bank's scope resulting from the takeover by Groupe Caisse d'Epargne.

Resolutions submitted to IXIS Corporate & Investment Ordinary/Extraordinary General Meeting of Shareholders on 10 May 2006

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

> approve the parent company and consolidated accounts for the 2005 fiscal year, these having been certified without qualification by the Auditors;
> approve the regulated agreements concluded during the course of 2005, 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 €106,000,000.00 on December 6, 2005 and the allowance to the legal reserve, provides for payment of a dividend of €224,121,004.35 and the allocation of the remaining €144,286,190.11 of distributable income to retained earnings;
> allocate total director's fees of €244,000 to the members of the Supervisory Board in respect of the 2005 fiscal year;
> ratify the appointment of Ms. Emmanuelle Roux as Member of the Supervisory Board, following her cooptation by the Supervisory Board as a replacement for Mr. Dominique Marcel, during its meeting of December 15, 2005;
> proceed with the statutory amendments pertaining to the rules of quorum for Shareholders' Meetings, following the amendments introduced by the Breton Act of July 2005.

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, 2005, 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, 2005, as presented.

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 agreements submitted for approval, the General Shareholders' Meeting approves the said agreements 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 2005	€330,620,581.42
Allowance to the legal reserve	(€0)
Retained earnings from previous year	€143,786,613.04
Interim dividend paid on December 6, 2005	(€106,000,000.00)
Distributable income	€368,407,194.46
Allocation of distributable income:	
Dividend	€224,121,004.35
Retained earnings	€144,286,190.11

As at December 31, 2005, 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 2.64 per share.

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

> 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).

> 2005:

> a dividend of €48,830,833.35 (as approved by the General Shareholders' Meeting of May 11, 2005, convened to vote on the accounts for the year ended December 31, 2004).

> an interim dividend of €106,000,000 (as approved by the Executive Board on December 6, 2005).

Fifth resolution

The General Shareholders' Meeting sets the total fees allocated to the members of the Supervisory Board at €244,000 for fiscal year 2005.

Sixth resolution

After hearing the report of the Executive Board, the General Shareholders' Meeting decides to ratify the appointment of Ms. Emmanuelle Roux as a Member of the Supervisory Board and replacement for Mr. Dominique Marcel, following her cooptation by the Supervisory Board during its meeting of December 15, 2005.

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 General Shareholders' Meeting decides to amend article 46 paragraph 1 of the Company's articles of incorporation as follows:

Article 46: Quorum and majority

The first paragraph is amended as follows: "Decisions of the Ordinary Shareholders' Meeting are only valid on first convocation if the shareholders present or represented possess at least one fifth of the shares with voting rights."

The rest of the article is unchanged.

Ninth resolution

After acknowledging the report of the Executive Board, the General Shareholders' Meeting decides to amend article 48 of the Company's articles of incorporation as follows:

Article 48: Quorum and majority

The first paragraph is amended as follows: "Decisions of the Extraordinary Shareholders' Meeting are only valid if the shareholders present or represented possess at least one quarter of the shares with voting rights on first convocation and at least one fifth of the shares with voting rights on second convocation. In the event that this second quorum is not attained, the second Meeting may be postponed to a date no more than two months later than that on which it was originally convened."

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 extraordinary resolutions.

Consolidated financial statements




Consolidated balance sheet

Assets

(millions of euros)	Notes	31.12.05	31.12.04	31.12.03
Interbank and money market transactions				
Cash, central banks and post-office banks		0	0	1
Treasury bills and money-market instruments	3	23,752	11,006	13,634
Due from financial institutions	1	72,655	81,173	51,826
Customer transactions				
Commercial loans	2	58	531	0
Other credits to customers	2	32,963	28,560	9,983
Bonds, equities, other fixed- and variable-income securities				
Bonds and other fixed-income instruments	3	42,479	44,783	37,582
Equities and other variable-income securities	3	24,900	19,132	6,610
Investments in subsidiaries and affiliates				
Investments in subsidiaries and affiliates	4	541	58	34
Investments in subsidiaries and affiliates accounted for by the equity method	5	86	73	0
Tangible and intangible fixed assets	6	100	83	53
Accrued income and other assets	7	30,287	21,660	14,490
Total		227,821	207,059	134,213

Liabilities

(millions of euros)	Notes	31.12.05	31.12.04	31.12.03
Interbank and money-market transactions				
Due to financial institutions	8	67,362	69,900	73,722
Customer transactions				
Other amounts due to customers	9	28,422	31,214	10,408
Debt securities	10			
Interbank and money-market instruments		43,018	39,562	9,323
Bonds and similar debt instruments		7,795	7,432	670
Other debt securities		426	119	0
Accrued expenses and other liabilities	11	74,167	52,490	38,577
Provisions for contingencies and losses	12	346	364	39
Subordinated debt	13	2,581	2,540	727
Fund for general banking risks (FGBR)	14	0	6	0
Shareholders' equity	14	3,704	3,432	747
Common stock		1,909	1,909	458
Additional paid-in capital		994	994	10
Retained earnings		448	336	167
Net income		353	193	112
Total		227,821	207,059	134,213

Consolidated off-balance sheet items

(millions of euros)	31.12.05	31.12.04	31.12.03
Commitments given			
Financing commitments			
to financial institutions	981	1,269	
to customers [(1)]	18,217	17,920	6,121
Guarantee commitments			
to financial institutions [(1)]	6,714	5,955	13,101
to customers [(1)]	30,978	26,072	
Commitments on securities			
securities to be delivered	1,918	704	1,709
Commitments received			
Financing commitments			
from financial institutions	7,686	4,023	14,615
from customers	50		
Guarantee commitments			
from financial institutions [(1)]	4,161	3,552	1,982
from customers	375	314	
Commitments on securities			
securities to be received [(1)]	1,734	3,730	4,957
Other commitments			
Commitments given [(1)]	5,569	3,823	4,359
Commitments received [(1)]	22,356	18,354	5,644

[(1)] In order to present a truer economic picture of the transactions undertaken, the decision was taken to reclassify a number of commitments previously classified as "other commitments" as "financing and guarantee commitments". As part of this exercise and in order to ensure comparability between the accounts, €22.516 billion of "other commitments given" as at December 31, 2004 were reclassified as "financing and guarantee commitments to customers" while €1.436 billion of "other commitments received" were reclassified as "guarantee commitments received from financial institutions" or as "securities to be received". In addition, €8.089 billion of "guarantee commitments to financial institutions" were reclassified as "guarantee commitments to customers". Lastly, as part of the process of standardizing the dates at which commitments took effect within the group, IXIS CIB also booked an additional €.2.545 billion of additional "financing commitments to customers" as at December 31, 2004.

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 financial instruments are described in note 18.

Consolidated income statements

(millions of euros)	Notes	31.12.05	31.12.04	31.12.03
Interest and similar income:				
From treasury and interbank transactions	21	3,851	1,582	1,073
From customer transactions	22	1,124	401	208
From bonds and other fixed-income securities	23	1,097	312	472
Other interest and similar income		38	417	2,289
Interest and similar expenses:				
From treasury and interbank transactions	21	(3,494)	(1,973)	(1,911)
From customer transactions	22	(1,092)	(341)	(151)
From bonds and other fixed-income securities	23	(1,022)	(664)	(342)
Other interest and similar expenses		(91)	(315)	(2,162)
Income on equities and other variable-income securities	24	160	50	14
Fee and commission income	25	296	119	70
Fee and commission expenses	25	(100)	(90)	(82)
Net income on trading portfolios	26	1,044	1,655	1,196
Net income (expenses) on available-for-sale securities	27	(471)	(339)	(45)
Other net operating income (expenses)	28	2	(24)	5
Net banking income		1,342	790	633
Operating expenses:				
Payroll expenses	29	(556)	(291)	(203)
Other administrative expenses		(295)	(208)	(196)
Intra-group transactions		31	18	15
Depreciation and impairment charges on tangible and intangible fixed assets		(24)	(17)	(16)
Gross operating income		498	292	233
Cost of risk	30	(18)	1	(76)
Operating income		480	293	157
Net income from subsidiaries and affiliates accounted for by the equity method	5	1	1	0
Gains or losses on long-term investments	31	22	(1)	5
Ordinary income before tax		503	293	162
Income tax	32	(156)	(94)	(50)
Net changes in the fund for general banking risks		6	(6)	0
Net income		353	193	112
Net income per share (euros) [1]		2.82	4.19	3.73

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

Notes to the consolidated financial statements

Consolidated financial statements accounting and consolidation principles

1 – Introduction

IXIS Corporate and Investment Bank's (IXIS CIB's) consolidated financial statements have been prepared in accordance with regulation 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 2000-04 concerning the consolidated financial statements of companies falling within the jurisdiction of the CRBF.

2 – Changes in scope of consolidation and methods, and comparability between fiscal years

2.1 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's 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 corporate trust activities that were previously carried out directly by CDC IXIS.

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

2.2 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 activities and subsidiaries transferred for the last two months of the year only.

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 in the consolidated financial statements in respect of fiscal 2003 corresponds to that published by CDC IXIS Capital Markets (IXIS CIB as from November 1, 2004) in the 2003 annual report.

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

2.3 Switch to international accounting standards and changes in accounting regulations

The European Parliament approved a regulation in July 2002 that obliges companies that are not listed in the European Union (EU), but whose debt securities are listed on a regulated market, to apply IFRS (International Financial Reporting Standards) as approved by the EU, in their consolidated accounts by no later than 2007.

In spite of the above, French standards remain applicable to individual company accounts. These standards have nevertheless been substantially revised by France's National Accounting Council (*Conseil national de la comptabilité,* CNC) in order to move them progressively towards IFRS. As a result, several changes were made in 2005 following publication of new French Accounting Committee (*Comité de la réglementation comptable,* CRC) rules.

The following rules are applicable or have been applied since January 1, 2005:

> CRC regulation 2002-03 relating to the accounting treatment of credit risk entails allocating provisions to cover expected losses on doubtful and impaired loans based on their discounted present value;

> CRC regulation 2002-10 introduced new asset amortization and depreciation rules. Specifically, the main components of buildings are henceforth to be accounted for separately and amortized over their respective useful life spans;

> CRC regulation 2004-06 pertaining to the definition, accounting and valuation of assets and which was introduced on January 1, 2005, amended the previous rules concerning the cost of purchasing fixed assets. These costs must now be incorporated into the assets' entry value in the balance sheet.

Although the regulation introduced an option that enables such costs to continue to be expensed in individual (non-consolidated) accounts, the Group decided not to take up this option out of concern for convergence with IFRS rules, which do not allow for this possibility.

> CNC regulation 2003-R-01, which sets out new rules for identifying, valuing and accounting for pension commitments and similar benefits.

The application of these regulations had no impact on equity capital in the 2005 opening balance sheet or on fiscal 2005 results.

IXIS CIB chose not to apply in advance the regulations adopted by the CRC in November 2005 and which particularly concerns the accounting treatment of credit risk and securities transactions.

Notes to the consolidated financial statements (continued)

3 – Consolidation principles and methods

3.1 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 €250 million
– net banking income exceeds €15 million
– net income exceeds €3.5 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 is 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 guarantee, are recorded and valued in accordance with generally accepted accounting principles applicable to these instruments.

3.2 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 87 entities representative of the group as at December 31, 2005, versus 54 as at December 31, 2004.

The main changes in the scope of consolidation resulted from:
– the creation of specialist subsidiaries for use by certain of IXIS Corporate & Investment Bank's business lines
– the creation of special-purpose entities entailed by the Bank's structuring activity

During the second half of 2005, the IXIS Capital Markets sub-group (a wholly-owned subsidiary of IXIS CIB), acquired warrants issued by Master Financial Inc., a Californian company specialized in acquiring, originating and servicing residential mortgage loans. These warrants represent 85% of Master Financial's ordinary shares. With the materiality thresholds not having been reached by December 31, 2005, this company is not consolidated in IXIS CIB's accounts.

Notes to the consolidated financial statements (continued)

3.3 Goodwill

When a company is consolidated for the first time, the difference between the acquisition cost 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.

3.4 Income tax

Deferred taxation

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%, unchanged from the full rate applicable in December 2004. 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 approved 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.

3.5 Foreign currency translation

Balance sheets and off-balance sheet items of foreign companies are translated at the period-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".

3.6 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.

4 – Valuation rules

4.1 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.

4.2 Receivables and debt with financial institutions

Receivables and debts include current accounts, loans, borrowings and securities purchased and sold under resale or repurchase agreements (the treatment of credit risk is described in section 4.10).

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 financial 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.

4.3 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 2002-03 concerning the accounting treatment of credit risk (see section 4.10 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.

Notes to the consolidated financial statements (continued)

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.

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.

4.4 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 section 4.10 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 90-15 (as amended by CRC regulation 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 section 4.5).

4.5 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.

Notes to the consolidated financial statements (continued)

4.6 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.

4.7 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.

4.8 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.

> 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

4.9 Provisions for contingencies and losses
This heading includes:

> Provisions in respect of staff-related commitments (mainly retirement indemnities);

> Provisions for contingencies and losses that are not linked to banking transactions and which are set aside pursuant to CRC regulation 2000-06 covering 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;

> Provisions for general counterparty risks (formerly provisions for sector risks), for which estimation methods were altered on December 31, 2005 to converge with those due to be applied under IFRS.

The new methods are based on internal ratings of counterparties and Basle II rules, and are geared to estimating the expected losses needing to be provisioned in the event that one of the two defined "provisioning events" occurs.

Provisioning occurs when the counterparty's rating falls below a threshold established in accordance with the Company's credit policy or if the counterparty's rating deteriorates by more than three notches within a short period. This change has had no significant impact (cf. note 19b).

> 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.

These regulated provisions are calculated globally with provisions for general risks and are identified in the accounts based on the amount deductible from income tax.

4.10 Credit risk
Since January 1, 2003, credit risk has been accounted for in accordance with CRC regulation 2002-03 of December 12, 2002.

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 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.

The requirement as from January 1, 2005 to discount cash flows when calculating future losses had no significant impact on the group's accounts.

Notes to the consolidated financial statements (continued)

4.11 Long-term equity investments and subsidiaries

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

4.12 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.

4.13 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.

4. 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.

4.15 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.

4.16 Staff-related commitments

Provisions are set aside to cover the rights of employees to a payment on retirement. These provisions are calculated 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.

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

(millions of euros)	31.12.05	31.12.04	31.12.03
Current accounts	2,163	14,706	8,808
Overnight deposits and loans	86	5,253	3,407
Securities purchased under resale agreements	1,496	571	
Accrued interest	2	2	1
Due from financial institutions – demand	3,747	20,532	12,216
Term deposits and loans	9,421	9,555	2,553
Securities purchased under resale agreements	59,297	50,890	36,937
Subordinated loans		13	
Accrued interest	190	183	120
Due from financial institutions – term	68,908	60,641	39,610
Due from financial institutions (1)	72,655	81,173	51,826

(1) Including €8.274 billion due from Groupe Caisse d'Epargne companies as at 31.12.2005.

Exposure to credit risk is analyzed in note 20.

Note 2: Customer transactions

(millions of euros)	31.12.05	31.12.04	31.12.03
Commercial loans	58	531	0
Loans to financial customers	2,643	1,727	3,182
Short-term loans	6,077	2,935	
Equipment loans	3,683	1,270	
Other customer loans	5,243	3,872	
Securities purchased under resale agreements	15,205	18,727	6,779
Subordinated loans	8	5	13
Accrued interest	146	85	9
Allowances for losses on loans	(42)	(61)	
Other credits to customers	32,963	28,560	9,983
Customer transactions (1)	33,021	29,091	9,983

(1) No loans to Groupe Caisse d'Epargne companies as at 31.12.2005.

Exposure to credit risk is analyzed in note 20.

Notes to the consolidated financial statements (continued)

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

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

	31.12.05				31.12.04				31.12.03
	Type of security				Type of security				
(millions of euros)	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]	23,136	443	153	23,732	10,492	281	207	10,980	13,594
Premiums/discounts		12	5	17		12	7	19	37
Related receivables		2	1	3		5	2	7	3
Valuation allowance									
Net book value	23,136	457	159	23,752	10,492	298	216	11,006	13,634
Bonds and other fixed-income securities [1]									
Gross value [2]	24,541	15,594	2,085	42,220	27,271	14,297	3,075	44,643	37,604
Premiums/discounts		17	(1)	16		38		38	13
Related receivables	96	141	20	257	32	137	23	192	51
Valuation allowance		(14)		(14)		(12)	(78)	(90)	(86)
Net book value	24,637	15,738	2,104	42,479	27,303	14,460	3,020	44,783	37,582
Equities and other variable-income securities									
Gross value	24,476	424		24,900	16,741	2,390		19,131	6,610
Related receivables						1		1	
Valuation allowance									
Net book value	24,476	424		24,900	16,741	2,391		19,132	6,610
Net total by type of portfolio	72,249	16,619	2,263	91,131	54,536	17,149	3,236	74,921	
Net total by type of portfolio 2003					45,091	8,943	3,792		57,826

[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, 2005, the amount of securities lent was €8.649 billion for treasury bills and other money-market instruments, €2.821 billion for bonds and other fixed-income securities and €153 million for equities and other variable-income securities.

As at December 31, 2005, the amount of listed securities was €132 million for treasury bills and money market instruments, €1.783 billion for bonds and other fixed-income securities and €9.536 billion for equities and other variable-income securities.

Listed securities do not include units in mutual funds and which amounted to €4.942 billion in the trading portfolio and €220 million in the available-for-sale portfolio as at December 31, 2005 (versus €1.814 billion and €219m, respectively, as at December 31, 2004).

These mutual funds include €5.162 billion of units in capitalization funds (versus €2.026 billion as at December 31, 2004), of which €760 million are of French origin (versus €566 million as at December 31, 2004).

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

(millions of euros)	Available-for-sale securities 31.12.05	Available-for-sale securities 31.12.04	Held-to-maturity securities 31.12.05	Held-to-maturity securities 31.12.04
Treasury bills and money-market instruments [1]				
Net book value	457	298	159	216
Market value of available-for-sale securities	452	312	166	218
Unrealized gains (losses) [2]	5	14	7	2
Bonds and other fixed-income securities [1]				
Net book value	15,738	14,460	2,104	3,020
Market value of available-for-sale securities	15,903	14,781	2,131	3,058
Unrealized gains	165	321	27	38
Allowance for unrealized losses	(14)	(12)	0	(78)
Equities and other variable-income securities [1]				
Net book value	424	2,391	–	–
Market value of available-for-sale securities	425	2,458	–	–
Unrealized gains (losses) [2]	1	67	–	–

[1] Amount restated relative to presentation in the 2004 annual report. The market value of available-for-sale securities as at December 31, 2004 amounted to €432 million for treasury bills and money-market instruments, €15.862 billion for bonds and other fixed-income securities and €2.509 billion for equities and other variable-income securities. For held-to-maturity securities, the market value amounted to €237 million for treasury bills and money-market instruments and €3.636 billion for bonds and other fixed-income securities.

[2] These amounts do not take into account unrealized gains (losses) relating to financial instruments used for hedging of available-for-sale securities.

c) Bonds, Equities, other fixed-or variable-income securities – additional information

(millions of euros)	Original portfolio	Destination portfolio	Amount transferred during the period 31.12.05	Amount transferred during the period 31.12.04	Amount transferred during the period 31.12.03
	Trading securities	Available-for-sale securities	500	614	1,000
	Trading securities	Held-to-maturity securities	99	0	0
	Available-for-sale securities	Held-to-maturity securities	153	0	0

€252.4 million of held-to-maturity securities were divested before maturity and generated net income of €81.8 million in 2005 versus €51.8 million divested for net income of €1.1 million in 2004.

Notes to the consolidated financial statements (continued)

Note 4: Investments in subsidiaries and affiliates

(millions of euros)	31.12.05 Book value of securities	31.12.05 Advances	31.12.05 Valuation allowance	31.12.05 Net book value	31.12.05 Share of equity %	31.12.04 Book value of securities	31.12.04 Advances	31.12.04 Valuation allowance	31.12.04 Net book value	31.12.04 Share of equity %	31.12.03 Net book value	31.12.03 Share of equity %
Companies in which IXIS CIB holds a significant net investment												
SNC Calixis Finance	305			305	10%							
Lazard Ltd	42			42	2%							
Lazard Ltd (Equity Security Units) [1]	127			127	34%							
Captiva Capital Management Sarl (Lux)	9			9	100%	5			5	100%	5	100%
CEPAR I	7			7	57%	7			7	57%		
M5 (AKA)	4			4	4%	4			4	4%		
FIDEME	5			5	21%	4			4	14%		
IXIS Midcaps	3			3	100%	3		(2)	1	100%	0	50%
FIDEPPP	1			1	35%				0			
ICMOS B.V.	1			1	100%	1			1	100%		100%
Autoroute de Liaison Seine-Sarthe (ALIS)	1	15		16	26%	1			1	26%		
Euronext				0		12			12	1%	0	
IXIS ASIA [3]				0		3			3	100%		
Informatique CDC		16		16			16		16		26	
Other investments in non-consolidated securities	4		(1)	3		3		0	3		3	
Advances on other non-consolidated securities		2		2			1		1			
Total investments in subsidiaries and affiliates	509	33	(1)	541		43	17	(2)	58		34	
Including listed securities	169			169		12			12		NS	

[1] Each Equity Security Unit will be subject to mandatory conversion into Lazard Ltd shares on May 15, 2008, based on a mechanism described in the documents filed by the issuer with the Securities & Exchange Commission when the instruments were initially listed.

[2] The market value of listed securities amounted to €208.2 million as at December 31, 2005 versus €25.1 million as at December 31, 2004.

[3] IXIS Asia has been fully consolidated since January 1, 2005.

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 €86 million as at December 31, 2005 versus €73 million as at December 31, 2004.

IXIS CIB's share in income earned by Nexgen during 2005 was €1 million versus €1 million for the period ended December 31, 2004 (two months of activity as from November 1, 2004).

Note 6: Tangible and intangible fixed assets

(millions of euros)	31.12.05 Gross book value	31.12.05 Accumulated depreciation and impairment	31.12.05 Net book value	31.12.04 Gross book value	31.12.04 Accumulated depreciation and impairment	31.12.04 Net book value	31.12.03 Net book value
Tangible fixed operating assets	162	(76)	86	128	(57)	71	42
Concessions, licenses, patents	19	(14)	5	15	(11)	4	3
Other intangible fixed assets	52	(43)	9	46	(38)	8	8
Intangible fixed assets	71	(57)	14	61	(49)	12	11
Tangible and intangible fixed assets	233	(133)	100	189	(106)	83	53

Note 7: Accrued income and other assets

(millions of euros)	31.12.05	31.12.04	31.12.03
Deferred expenses	225	149	29
Prepaid expenses	29	22	10
Accrued income	1,861	443	149
Valuation adjustments on financial instruments and foreign exchange	12,658	8,188	4,029
Deferred gains (losses) on hedging of financial instruments	874	1,113	1,485
Other accruals	1,301	596	862
Deferred tax assets (note 32)	177	156	28
Accruals and similar accounts	17,125	10,667	6,592
Premiums on options purchased	4,316	2,832	1,852
Miscellaneous receivables (1)	8,472	7,987	5,973
Settlement accounts on securities transactions	374	174	73
Othet assets	13,162	10,993	7,898
Accrued income and other assets	30,287	21,660	14,490

(1) This line includes margin calls and guaranty deposits paid to market counterparties and clearing bodies.

Notes to the consolidated financial statements (continued)

Note 8: Interbank and money-market transactions – due to financial institutions

(millions of euros)	31.12.05	31.12.04	31.12.03
Demand deposits	2,825	18,910	6,352
Overnight deposits	3,278	1,404	10,388
Securities sold under repurchase agreements	3,625	2,554	
Accrued interest	60	3	1
Due to financial institutions – demand	9,788	22,871	16,741
Term deposits and borrowings	29,892	31,815	42,048
Securities sold under repurchase agreements	27,494	15,002	14,841
Accrued interest	188	212	92
Due to financial institutions – term	57,574	47,029	56,981
Due to financial institutions (1)	67,362	69,900	73,722

(1) Including €6.385 billion due to Groupe Caisse d'Epargne companies as at December 31, 2005.

Note 9: Customer transactions

(millions of euros)	31.12.05	31.12.04	31.12.03
Term deposits and loans from financial customers	13,859	11,186	2,421
Borrowings secured by notes and securities, and securities sold under repurchase agreements	14,411	19,915	7,976
Other payables	37	60	0
Accrued interest	115	53	11
Other amounts due to customers (1)	28,422	31,214	10,408

(1) No transactions with Groupe Caisse d'Epargne companies.

Note 10: Debt securities

(millions of euros)	31.12.05	31.12.04	31.12.03
Commercial paper	5,038	3,654	
Medium-term notes and other negotiable debt securities	37,518	35,450	9,178
Related payables	462	458	145
Interbank and money-market instruments	43,018	39,562	9,323
Bonds and similar debt instruments (1)	7,624	7,239	670
Related payables	171	193	
Bonds and similar debt instruments	7,795	7,432	670
Other debt securities	426	119	0
Debt securities	51,239	47,113	9,993

(1) **Bonds and similar debt instruments** (millions of euros)	Currency	Term to maturity 0 to 5 years	6 to 10 years	over 10 years	Total
Variable-rate bonds	EUR	1,784	152	323	2,259
	USD	0	0	0	0
Fixed-rate bonds	EUR	2,445	1,468	396	4,309
	USD	1,056	0	0	1,056
Total		5,285	1,620	719	7,624

Notes to the consolidated financial statements (continued)

Note 11: Accrued expenses and other liabilities

(millions of euros)	31.12.05	31.12.04	31.12.03
Deferred income	45	32	10
Accrued expenses	394	55	164
Valuation adjustments on financial instruments and foreign exchange	14,107	8,006	3,532
Deferred gains and losses on hedging of financial instruments and other accruals	1,245	1,327	1,648
Accruals and similar accounts	15,791	9,420	5,354
Premium on options sold	3,677	2,834	2,770
Liabilities on securities transactions	45,872	29,393	21,981
Miscellaneous payables [1]	8,064	10,538	8,407
Settlement accounts on securities transactions	763	305	65
Other liabilities	58,376	43,070	33,223
Accrued expenses and other liabilities	74,167	52,490	38,577

[1] This line notably includes margin calls and guaranty deposits received from market counterparties.

Note 12: Provisions for contingencies and losses

(millions of euros)	31.12.03	31.12.04	Allocations	Reversals	Other movements	31.12.05
Provisions for pensions and other post-retirement benefits	3	7	0	(1)	0	6
Provisions on market transactions	18	27	14	(16)	3	28
Other provisions for contingencies and losses [1]	18	79	18	(53)	5	49
Provisions for contingencies and losses (excluding counterparty risk)	39	113	32	(70)	8	83
Provisions for counterparty risks (see note 20)	0	251	19	(5)	(2)	263
Provisions for contingencies and losses	39	364	51	(75)	6	346

[1] Other provisions include provisions for risks and litigation and provisions for restructuring.

Note 13: Subordinated debt

(millions of euros)	Issue date	Maturity date	Currency	Interest rate	31.12.05	31.12.04	31.12.03
Subordinated securities							
	August 2000	August 2010	EUR	3-month Euribor [1]	250	250	250
	September2002	September 2022	EUR	6-month Euribor	20	20	
	November 2002	November 2027	EUR	3-month Euribor [1]	46	46	
	January 2003	January 2033	EUR	3-month Euribor [1]	53	53	
	March 2003	April 2023	EUR	3-month Euribor [1]	22	22	
	April 2003	January 2033	EUR	3-month Euribor [1]	7	7	
	April 2003	April 2015	EUR	3-month Euribor [1]	77	77	
	June 2003	March 2018	EUR	6-month Euribor	10	10	
	July 2003	July 2018	EUR	3-month Euribor [1]	500	500	
Subordinated debt	November 2004	July 2016	EUR	3-month Euribor	480	480	
	November 2004	October 2016	EUR	3-month Euribor	476	476	
Subordinated perpetual debt	September 1996		EUR		0		457
Non-cumulative super-subordinated	December 2004		EUR	4.6%	418	418	
Perpetual securities [2]	December 2004		USD	1-month Libor	169	146	
Related payables					53	35	20
Total					2,581	2,540	727

[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 L228-97 of France's Commercial Code and amended by the Financial Security Act (*loi de la 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 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 interest 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*).

Notes to the consolidated financial statements (continued)

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) (2)	Translation reserve (3)	Net income	Share-holders' equity (excl.FGBR)	Total consoli-dated equity
Consolidated equity as at December 31, 2003	0	458	10	167	0	112	747	747
Appropriation of 2003 net income	0	–	–	112	–	(112)	–	–
Transfer of activities from CDC IXIS	0	1,451	984	247	0	0	2,682	2,682
Acquisition via transfer of IXIS NA (4)	0	0	0	163	(113)	0	50	50
Acquisition via transfer of NEXGEN	0	0	0	3	(20)	0	(17)	(17)
2004 dividends (5)	0	0	0	(187)	–	–	(187)	(187)
Other changes		–	–	–	–	193	193	193
2004 net income	6	0	0	0	(36)	–	(36)	(30)
Consolidated equity as at December 31, 2004	6	1,909	994	505	(169)	193	3,432	3,438
Appropriation of 2004 net income	0	–	–	193	–	(193)	–	–
2005 dividends (6)	0	0	0	(155)	–	–	(155)	(155)
Other changes	(6)	0	0	0	74	–	74	68
2005 net income	–	–	–	–	–	353	353	353
Consolidated equity as at December 31, 2005	0	1,909	994	543	(95)	353	3,704	3,704

(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 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.

(3) The change in translation reserves primarily resulted from variations in the €/$ exchange rate and concerned IXIS Capital Markets and Nexgen. Their translation reserves moved from -€144 million to -€81 million and from -€25m to -€14m, respectively, during 2005. As at November 1, 2004, IXIS North America and Nexgen's translation reserves stood at -€113 million and -€20 million, respectively.

(4) As described in section 1.2 of the 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.

(6) Including a €106 million interim dividend paid in early December 2005.

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	**31.12.05**
Due from financial institutions	60,016	4,772	5,053	2,814	72,655
Due from customers	15,578	4,467	5,923	7,053	33,021
Available-for-sale and held-to-maturity securities					
Treasury bills and money-market instruments	0	0	255	361	616
Bonds and other fixed-income instruments	215	665	4,034	12,928	17,842

Liabilities

(millions of euros)	0 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	**31.12.05**
Due to financial institutions	52,822	9,403	3,487	1,650	67,362
Due to customers	19,233	3,860	4,618	711	28,422
Debt securities					
Bonds issued	1,885	1,171	3,401	1,338	7,795
Interbank and money-market instruments	23,649	2,747	7,599	9,023	43,018
Other debt securities	1	0	0	425	426

Note 16: Breakdown of assets and liabilities by currency

Assets

(millions of euros)	Euro	US dollar	UK sterling	Others	**31.12.05**
Due from financial institutions	52,384	17,142	296	2,833	72,655
Due from customers	17,183	14,817	743	278	33,021
Available-for-sale and held-to-maturity securities					
Treasury bills and money-market instruments	329	280	0	7	616
Bonds and other fixed-income instruments	9,830	6,915	523	574	17,842

Liabilities

(millions of euros)	Euro	US dollar	UK sterling	Others	**31.12.05**
Due to financial institutions	43,645	20,905	1,439	1,373	67,362
Due to customers	9,579	17,640	419	784	28,422
Debt securities					
Bonds issued	6,734	1,061	0	0	7,795
Interbank and money-market instruments	23,907	12,599	1,626	4,886	43,018
Other debt securities	0	426	0	0	426

Notes to the consolidated financial statements (continued)

Note 17: Off-balance sheet commitments – spot and forward currency transactions and currency borrowing and lending

(millions of euros)	31.12.05	31.12.04	31.12.03
Spot transactions:			
euros purchased not yet received	2,983	2,249	2,294
foreign currencies purchased not yet received	11,796	5,203	11,184
euros sold not yet delivered	3,456	3,161	4,065
foreign currencies sold not yet delivered	11,373	4,643	9,508
Lending and borrowing:			
foreign currencies lent not yet delivered	174	93	110
foreign currencies borrowed not yet received	1,640	1,163	2,091
Forward currency transactions:			
euros to be received against foreign currencies to be delivered:			
euros to be received	60,398	55,286	63,169
foreign currencies to be delivered	59,321	50,226	59,298
foreign currencies to be received against euros to be delivered:			
foreign currencies to be received	60,960	53,042	63,823
euros to be delivered	62,053	56,938	66,883
foreign currencies to be received against foreign currencies to be delivered	91,557	59,120	66,541
foreign currencies to be delivered against foreign currencies to be received	90,825	59,217	66,824
Unaccrued premiums/discounts:			
to be received	703	460	414
to be paid	625	431	387

Note 18: Financial instruments

(millions of euros)	31.12.05 Trading (1) Purchase/ Borrowing	31.12.05 Trading (1) Sale/ Lending	31.12.05 Hedging (2) Purchase/ Borrowing	31.12.05 Hedging (2) Sale/ Lending	31.12.04 Trading (1) Purchase/ Borrowing	31.12.04 Trading (1) Sale/ Lending	31.12.04 Hedging (2) Purchase/ Borrowing	31.12.04 Hedging (2) Sale/ Lending
Forward contracts								
Organized markets								
Interest-rate contracts	175,107	219,911	0	0	117,941	133,692	21	0
Other contracts	1,282	5,394	0	0	741	5,202	0	0
Over-the-counter markets								
Interest-rate swaps	2,979,350	–	35,453	–	2,105,951	–	28,517	–
Forward-rate agreements (FRA)	154,878	121,909	0	0	93,732	64,401	0	0
Other contracts	330	330	0	0	129	133	165	165
Options								
Organized markets								
Interest-rate options (3)	141,970	320,238	0	0	59,309	213,967	0	0
Other options	15,388	15,455	0	0	34,183	26,820	0	0
Over-the-counter markets								
Interest-rate options, caps, floors, collars	144,105	225,698	91	96	92,314	122,710	91	93
Swaptions	105,534	131,728	194	68	41,813	60,783	0	93
Currency options and other options	24,220	29,573	804	65	19,950	24,967	248	0

(1) Trading transactions cover both specialized portfolio management and isolated open positions.

(2) Hedging transactions cover both micro- and macro-hedging portfolios.

(3) Amount restated relative to presentation in the 2004 annual report.

Fair value of financial instruments

(millions of euros)	31.12.05 Notional	31.12.05 Market value	31.12.04 Notional	31.12.04 Market value
Forward contracts				
Organized markets				
Interest-rate contracts	395,018	0	251,654	0
Other contracts	6,676	0	5,943	60
Over-the-counter markets				
Interest-rate swaps	3,014,803	(369)	2,134,468	(187)
Forward-rate agreements (FRA)	276,787	(39)	158,133	(19)
Other contracts	660	(39)	592	(26)
Options				
Organized markets				
Interest-rate options (3)	462,208	9	273,276	(15)
Other options	30,843	319	61,003	(245)
Over-the-counter markets				
Interest-rate options, caps, floors, collars	369,990	(1,543)	215,208	(893)
Swaptions	237,524	758	102,689	230
Currency options and other options	54,662	675	45,165	666

Notes to the consolidated financial statements (continued)

Note 19: Financial instruments by term to maturity

(millions of euros)	31.12.05 0 to 1 year	31.12.05 1 to 5 years	31.12.05 Over 5 years	31.12.05 Total	31.12.04 0 to 1 year	31.12.04 1 to 5 years	31.12.04 Over 5 years	31.12.04 Total
Forward contracts								
Organized markets								
Interest-rate contracts	307,984	81,267	5,767	395,018	181,192	65,563	4,899	251,654
Other contracts	6,675	1	0	6,676	4,042	1,716	185	5,943
Over-the-counter markets								
Interest-rate swaps	1,633,866	715,384	665,553	3,014,803	1,088,389	542,201	503,878	2,134,468
Forward-rate agreements (FRA)	264,235	12,552	0	276,787	144,404	13,729	0	158,133
Other contracts	457	203	0	660	482	110	0	592
Options								
Organized markets								
Interest-rate options	443,952	18,256	0	462,208	271,677	1,599	0	273,276
Other options	15,454	14,456	933	30,843	38,760	21,643	600	61,003
Over-the-counter markets								
Interest-rate options, caps, floors, collars	81,592	190,526	97,872	369,990	41,242	108,935	65,031	215,208
Swaptions	57,408	95,187	84,929	237,524	27,835	43,583	31,271	102,689
Currency options and other options	50,142	4,042	478	54,662	40,735	4,103	327	45,165

Note 20: Credit risk

a) Global exposure to credit risk

(millions of euros)	Gross performing loans and advances	Gross doubtful loans and advances – not impaired	Gross doubtful loans and advances – impaired	**Gross amount 31.12.05**	**Gross amount 31.12.04**
Due from financial institutions	72,655	0	0	72,655	81,173
Due from customers	32,887	173	3	33,063	29,152
Available-for-sale and held-to-maturity securities (fixed-income securities)	18,458	0	0	18,458	18,072
Financing and guarantee commitments given [1]	56,803	87	0	56,890	51,216
Total	180,803	260	3	181,066	179,613

Counterparty risk relating to financial instruments is detailed in part F of this note.
IXIS CIB did not restructure any receivables at off-market conditions.
[1] Amount restated compared to presentation of 2004 financial statements.

b) Provisions for counterparty risk

(millions of euros)	**31.12.04**	Allocations/ Reversals	Other movements	**31.12.05**
Due from financial institutions	0	0	0	0
Due from customers	(61)	26	(7)	(42)
Available-for-sale and held-to-maturity securities (fixed-income securities) [*]	(78)	79	(1)	0
Miscellaneous debtors	(2)	(4)	0	(6)
Provisions deducted from assets	(141)	101	(8)	(48)
Signature risks on commitments	(1)	(7)	0	(8)
Provisions for country risks	(13)	2	0	(11)
Provisions for sector risks	(107)	(3)	110	0
Other provisions for counterparty risk	(130)	(6)	(108)	(244)
Provisions recorded as liabilities	(251)	(14)	2	(263)
Total provisions for counterparty risks [1]	(392)	87	(6)	(311)

[*] Provision reversals on held-to-maturity securities are presented as gains and losses on long term instruments.

(1): Including provisions on				
Gross performing loans	(250)	(8)	3	(255)
Gross performing loans – restructured				
Gross doubtful loans – not impaired	(142)	95	(6)	(53)
Gross doubtful loans – impaired		(2)	(1)	(3)

Notes to the consolidated financial statements (continued)

c) Credit risk – due from financial institutions and customers

(millions of euros)	Gross performing loans and advances [1]	Gross doubtful loans and advances – not impaired	Gross doubtful loans and advances – impaired	Provisions	**Net amount 31.12.05**	**Net amount 31.12.04**
Breakdown by geographic area						
Europe	88,210	141	3	(19)	88,335	98,006
USA	17,090	32	0	(23)	17,099	12,139
Asia	240	0	0	0	240	119
Rest of world	2	0	0	0	2	0
Total by geographic area	105,542	173	3	(42)	105,676	110,264
Breakdown by sector						
Sovereigns and Central Administrations	41	0	0	0	41	733
Local government and institutions	4,550	0	0	0	4,550	557
Insurance and reinsurance	3,893	0	0	0	3,893	2,313
Financial institutions	70,174	0	0	0	70,174	78,637
Corporate	8,494	141	3	(19)	8,619	4,824
Others	18,390	32	0	(23)	18,399	23,200
Total by sector	105,542	173	3	(42)	105,676	110,264

d) Credit risk – fixed income securities

(millions of euros)	Gross performing loans and advances [1]	Gross doubtful loans and advances – not impaired	Gross doubtful loans and advances – impaired	Provisions	**Net amount 31.12.05**	**Net amount 31.12.04**
Breakdown by geographic area						
Europe	16,697	0	0	0	16,697	16,364
USA	1,761	0	0	0	1,761	1,630
Asia	0	0	0	0	0	0
Rest of world	0	0	0	0	0	0
Total by geographic area	18,458	0	0	0	18,458	17,994
Breakdown by rating						
AAA	11,255	0	0	0	11,255	8,690
AA	1,229	0	0	0	1,229	1,003
A	2,635	0	0	0	2,635	4,456
BBB	702	0	0	0	702	1,061
BB	91	0	0	0	91	7
B	120	0	0	0	120	230
Not rated	2,426	0	0	0	2,426	2,547
Total by rating	18,458	0	0	0	18,458	17,994

[1] Outstanding net of provisions for market risk.

e) Credit risk – commitments by signature

(millions of euros)	Gross performing loans and advances [1]	Gross doubtful loans and advances – not impaired	Gross doubtful loans and advances – impaired	Provisions	**Net amount 31.12.05**	**Net amount 31.12.04**
Breakdown by geographic area						
Europe [1]	26,661	87	0	0	26,748	26,517
USA [1]	30,142	0	0	0	30,142	24,699
Asia	0	0	0	0	0	0
Rest of world	0	0	0	0	0	0
Total by geographic area	56,803	87	0	0	56,890	51,216

[1] Amount restated compared to presentation of 2004 financial statements.

Notes to the consolidated financial statements (continued)

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 forward 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 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 concluded in accordance with market conventions and which allow netting of positive and negative replacement values at counterparty level;

> Cash guarantees 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 91-05 and appendix III of instruction 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 2005**	**2004**
Non-weighted credit-risk equivalent before clearing and collateralization agreements	6,688	60,845	5,888	73,421	65,751
Of which gross positive replacement cost (market value)	3,549	9,511	2,280	15,340	15,123
Effect of netting agreements	(976)	(43,314)	(760)	(45,050)	(40,593)
Effect of collateralization	(74)	(4,137)	(59)	(4,270)	(4,074)
Non-weighted credit-risk equivalent after netting and collateralization agreements	5,638	13,394	5,069	24,101	21,084
	23.4%	*55.6%*	*21.0%*		
Weighted credit-risk equivalent after netting and collateralization agreements	0	2,679	2,535	5,213	5,587

(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 96-06, namely transactions undertaken on over-the-counter markets and assimilated organized markets.

Notes to the consolidated financial statements (continued)

Note 21: Net interest income on treasury and interbank transactions

(millions of euros)	31.12.05	31.12.04	31.12.03
Interest on overdrafts	101	6	2
Interest on other loans	1,511	596	380
Interest on securities purchased under resale agreements	1,379	758	519
Premiums/discounts	441	118	96
Other interest income	419	104	76
Interest income on treasury and interbank transactions	3,851	1,582	1,073
Interest on deposits	(165)	(19)	(85)
Interest on borrowings	(2,173)	(1,498)	(1,248)
Interest on securities sold under repurchase agreements	(557)	(283)	(400)
Premiums/discounts	(180)	(90)	(65)
Other interest expenses	(419)	(83)	(113)
Interest expenses on treasury and interbank transactions	(3,494)	(1,973)	(1,911)

Note 22: Net interest income on customer transactions

(millions of euros)	31.12.05	31.12.04	31.12.03
Interest on commercial loans and loans to customers	291	158	–
Interest on securities purchased under resale agreements	586	192	104
Other interest income	247	51	104
Interest income on customer transactions	1,124	401	208
Interest on term deposits and borrowings	(222)	(50)	(28)
Interest on securities sold under repurchase agreements	(607)	(261)	(123)
Other interest expenses	(263)	(30)	0
Interest expenses on customer transactions	(1,092)	(341)	(151)

Note 23: Net interest income on bonds and other fixed-income securities

(millions of euros)	31.12.05	31.12.04	31.12.03
Interest and similar income on available-for-sale securities	583	210	321
Interest and similar income on held-to-maturity securities	125	94	151
Other interest income	389	8	0
Interest and similar income on bonds and other fixed-income securities	1,097	312	472
Interest on certificates of deposit and medium-term notes	(32)	(32)	(93)
Interest and other expenses on bonds issued	(453)	(81)	(19)
Other interest expenses	(537)	(551)	(230)
Interest and similar expenses on bonds and other fixed-income securities	(1,022)	(664)	(342)

Note 24: Income on equities and other variable-income securities

(millions of euros)	31.12.05	31.12.04	31.12.03
Income from available-for-sale securities	143	49	14
Income from affiliates and subsidiaries	17	1	0
Income on equities and other variable-income securities	160	50	14

Note 25: Fees and commisions

(millions of euros)	31.12.05 Income	31.12.05 Expenses	31.12.04 Income	31.12.04 Expenses	31.12.03 Income	31.12.03 Expenses
Interbank and money-market transactions	0	0	4	0	0	0
Customer transactions	0	0	0	0	0	(5)
Securities transactions	103	(43)	77	(31)	33	(4)
Transactions on financial instruments	0	(9)	0	(42)	0	(18)
Financial services	177	(36)	35	(11)	31	(37)
Foreign-exchange transactions	0	(1)	0	(1)	0	(1)
Other fees and commissions	16	(11)	3	(5)	6	(17)
Net fees and commissions	296	(100)	119	(90)	70	(82)

Note 26: Net income on trading activities

(millions of euros)	31.12.05	31.12.04	31.12.03
Net gains or losses from transactions on trading securities	1,000	1,337	867
Net gains or losses from foreign-exchange transactions	(311)	77	(31)
Net gains or losses from financial instruments	355	241	360
Net gains or losses on trading activities	1,044	1,655	1,196

Note 27: Net income on available-for-sale securities and other securities portfolios

(millions of euros)	31.12.05	31.12.04	31.12.03
Net gains or losses on disposal of available-for-sale securities	(470)	(344)	(59)
Net changes in valuation allowances	(1)	5	14
Net income on available-for-sale securities and similar securities	(471)	(339)	(45)

Note 28: Other operating income and expenses from banking

(millions of euros)	31.12.05 Income	31.12.05 Expenses	31.12.04 Income	31.12.04 Expenses	31.12.03 Income	31.12.03 Expenses
Costs recovered, revenues ceded and expenses reallocated	52	(49)	35	(36)	0	0
Other operating income and expenses	37	(35)	9	(32)	15	(10)
Allocations to / reversals from provisions for other operating income and expenses	0	(3)	0	0	0	0
Total other operating income and expenses from banking	89	(87)	44	(68)	15	(10)
Net operating income or expenses from banking	2		(24)		5	

Notes to the consolidated financial statements (continued)

Note 29: Payroll expenses

(millions of euros)	31.12.05	31.12.04	31.12.03
Wages and salaries	(424)	(198)	(135)
Pension costs and changes in related provisions	(18)	(8)	(8)
Other social security costs	(105)	(51)	(37)
Incentive plans and profit-sharing	(15)	(9)	(9)
Payroll taxes	(31)	(17)	(14)
Net changes in provisions	37	(8)	0
Payroll expenses	(556)	(291)	(203)

Fully-consolidated companies employed 1,943 people as at June 30, 2005 (including 642 outside France) versus 1,474 people as at December 31, 2004 (including 584 outside France).

Total compensation paid to members of the Executive Board amounted to €3.6m in 2005 (versus €2.7m in 2004). 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 2005 were not material.

Note 30: Cost of risk

(millions of euros)	31.12.05	31.12.04	31.12.03
Allocations to provisions			
Impairment of receivables	(14)	(5)	0
Other counterparty risks	(19)	(6)	(76)
Total allocations to provisions	(33)	(11)	(76)
Reversals of provisions			
Impairment of receivables	35	11	0
Other counterparty risks	5	1	0
Total reversals of provisions	40	12	0
Losses on irrecoverable receivables	(25)	0	0
Losses and recoveries	(25)	0	0
Cost of risk	(18)	1	(76)

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)	31.12.05	31.12.04	31.12.03
Net gains or losses on disposals of tangible and intangible fixed assets	1	0	0
Net gains or losses on disposals of investments in subsidaries and affiliates	26	(1)	4
Net changes in provision allowances/reversals	(2)	0	0
Net income (loss) on transactions on investments in subsidiaries and affiliates	24	(1)	4
Net gains or losses on disposal of held-to-maturity securities and other long-term securities	(82)	2	1
Net changes in provision allowances/reversals	79	(2)	0
Net gains or losses on disposal of held-to-maturity securities and other long-term securities	(3)	0	1
Net gains or losses on transactions on investments in subsidiaries and affiliates and on other long-term securities	21	(1)	5
Gains or losses on long-term investments	22	(1)	5

Note 32: Income taxes

a) Breakdown of deferred and current tax expense and revenue

(millions of euros)	31.12.05	31.12.04	31.12.03
Current income taxes	(162)	(80)	(71)
Deferred taxes	6	(14)	21
Tax expense	(156)	(94)	(50)

b) Breakdown of deferred tax assets and liabilities

(millions of euros)	31.12.05	31.12.04	31.12.03
Breakdown of deferred taxes by category			
Deferred expenses (including ORGANIC small business tax and employee profit-sharing)	74	49	2
Other non deductible provisions	97	101	26
Fair-value adjustments on mutual funds	1	0	0
Other timing differences	5	6	0
Total deferred tax assets	177	156	28

c) Reconciliation of the French statutory tax rate with the effective tax rate

	31.12.05	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 (€ million)	501	292	162
Normal tax rate applicable to French companies (including additional contributions)	34.9%	35.4%	35.4%
Differences arising from non-taxed activities	(3.2%)	0.0%	0.0%
Differences arising from dividend distribution	1.4%	0.0%	0.0%
Effect of different tax rates and calculation methods in other countries	2.5%	2.8%	(1.4%)
Dividend tax credits	(4.5%)	(4.7%)	(2.7%)
Permanent differences and other differences	0.0%	(1.4%)	(0.2%)
Effective tax rate	31.1%	32.1%	31.1%

Notes to the consolidated financial statements (continued)

Note 33: Breakdown of income by business segment

(millions of euros)	Financing	Fixed-income	Equities	Holding	Consolidated total 31.12.05
Net banking income	234	758	302	48	1,342
Operating expenses	(90)	(433)	(213)	(108)	(844)
Gross operating income	144	325	89	(60)	498
Cost of risk	(14)		(4)		(18)
Operating income	130	325	85	(60)	480
Net income from subsidiaries and affiliates accounted for by the equity method				1	1
Gains or losses on long-term investments			2	20	22
Ordinary income before tax	130	325	87	(39)	503
Income tax	(49)	(108)	(14)	15	(156)
Net changes in the fund for general banking risks				6	6
Net income	81	217	73	(18)	353

Note 34: Breakdown of income by geographic area (*)

(millions of euros)	Europe	USA	Asia	Consolidated total 31.12.05
Net banking income	902	416	24	1,342
Operating expenses	(555)	(265)	(24)	(844)
Gross operating income	347	151	0	498
Cost of risk	(20)	2	0	(18)
Operating income	327	153	0	480
Net income from subsidiaries and affiliates accounted for by the equity method	1	0	0	1
Gains or losses on long-term investments	22	0	0	22
Ordinary income before tax	350	153	0	503
Extraordinary items	0	0	0	0
Income tax	(86)	(68)	(2)	(156)
Net changes in the fund for general banking risks	0	6	0	6
Minority interests	8	(8)	0	0
Net income	272	83	(2)	353

(*) 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 activities through securities issuance and its equity interests in IXIS North America Inc. (IXIS Capital Markets group) and Nexgen to CDC IXIS Capital Markets (now renamed IXIS Corporate & Investment Bank – IXIS CIB).

With IXIS CIB having been created on November 1, 2004, the income statement published for the fiscal year ended December 31, 2004, only includes two months of income from the businesses and subsidiaries transferred.

The consolidated income statement for fiscal 2004 was therefore restated in order to make it easier to compare accounts, by presenting pro-forma figures for the new combine's recurrent activities over a fiscal year of 12 months.

The contribution of business lines transferred by CDC IXIS was 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, securities issuance, cash management and ALM) and unallocated counterparty risk provisions or sector risk provisions.

Cost data was prepared according to the following assumptions:

> The refinancing rates used by CDC IXIS for the assets transferred (or the replacement rate for liabilities) were retained and their counterparty recorded in the proprietary account.

> Payroll expenses were calculated on the basis of the number of staff effectively transferred to IXIS CIB on January 1, 2005.

> Other operating expenses were apportioned pro-rata to the number of staff transferred.

The contributions from IXIS Capital Markets group and Nexgen were calculated on the basis of the income statements of these sub-groups as incorporated in Groupe Caisse d'Epargne's consolidated accounts as at December 31, 2004.

Based on these assumptions, the main line items reflecting IXIS CIB's recurrent activity during the 12-month period ended December 31, 2004 would have been as follows:

> Net banking income of €1.259 billion versus €790 million reported. The IXIS Capital Markets group accounted for €333 million of this growth, while CDC IXIS' business lines contributed €136 million (including €88 million from Financing).

> Operating expenses of €730 million versus €498 million. The IXIS Capital Markets group accounted for €183 million of this growth, while CDC IXIS's business lines contributed €49 million (including €21 million from Financing).

All in all, gross operating profit would have amounted to €529 million versus €292 million reported.
Net income would have amounted to €247 million versus €193 million reported.
The balance sheet structure as at December 31, 2004 reflected the Group's assets and liabilities in its new form.

Notes to the consolidated financial statements (continued)

Note 36: Consolidated statement of sources and uses of funds

The variations in sources and uses of funds for fiscal 2004 have been established on the basis of the pro-forma consolidated accounts (for the periods ending December 31, 2003 and 2004) presented in note 35 to IXIS CIB's consolidated financial statements.

The variations in sources and uses of funds for fiscal 2003 have been established on the basis of the pro-forma consolidated accounts for the CDC IXIS Capital Markets group (for the periods ending December 31, 2002 and 2003).

(millions of euros)	31.12.05	31.12.04	31.12.03
New sources generated from operations			
Net income (attributable to Group and minority interests)	353	247	112
Net allocations to depreciation and amortization	24	14	16
Net allocations to provisions	(31)	145	68
Net income from companies accounted for by the equity method	(1)	(1)	0
Total new sources generated from operations	345	405	196
Sources of long-term capital			
Dividend distribution	(155)	(187)	0
Net change from operations on capital and reserves			
Of which attributable to Group	74	0	0
Of which attributable to minority interests			
Increase (decrease) in fund for general banking risks	0	6	0
Increase (decrease) in subordinated debt	41	1,127	(2)
Increase in sources of long-term capital	305	1,351	194
Other sources			
Increase (decrease) in interbank transactions	(2,538)	12,461	(7,079)
Increase (decrease) in customer deposits	(2,792)	6,770	6,205
Increase (decrease) in debt securities	4,126	4,136	(3,629)
Increase (decrease) in other financial items	13,007	10,648	5,012
Increase (decrease) in other sources	11,803	34,015	509
Total increase (decrease) in all sources	12,108	35,366	703
Uses			
Increase (decrease) in interbank transactions	(8,518)	27,940	(3,745)
Increase (decrease) in customer loans	3,956	7,455	2,918
Increase (decrease) in securities transactions	16,133	67	1,481
Increase (decrease) in financial fixed assets	496	(77)	30
Increase in tangible and intangible fixed assets	41	(19)	19
Total increase (decrease) in uses	12,108	35,366	703

In the absence of a specific framework applicable to financial institutions publishing their cash-flow statements under French GAAP, a consolidated statement of sources and uses of funds was established according to the principles listed below.

The statement shows the changes in IXIS CIB's sources and uses of funds in terms of balance-sheet differences, broken down as follows:
– sources of long-term capital
– other sources
– uses

New sources generated from operations were calculated by restating net income for the following items:
– net allowances to provisions
– allowances to fixed-asset depreciation and amortization
– income from subsidiaries and affiliates accounted for by the equity method

with all other non-monetary elements remaining included in consolidated net income.

The following items were therefore part of the restatement concerning allowances to depreciation and amortization:
– depreciation of commissions and fees
– depreciation of issuing expenses
– reallocated expenses

As a result, the impact of these items is incorporated in the variation in other sources and uses.

Notes to the consolidated financial statements (continued)

Note 37: IXIS CIB scope of consolidation as at December 31, 2005

Company	Country	Method (1)	%Control 31.12.05	%Interest 31.12.05	%Interest 2004
IXIS CORPORATE & INVESTMENT BANK	France	PAR	–	–	–
Branches					
Frankfurt					
London					
Tokyo					
Milan					
IXIS SECURITIES	France	FULL	100.00	100.00	100.00
CLEA2	France	FULL	100.00	100.00	100.00
ICMOS Pangaea	Ireland	EQUI	100.00	100.00	100.00
IXIS SP S.A. (formerly CDC SP) - Prévie sub-entity	Luxembourg	EQUI	100.00	100.00	100.00
SNC TOLBIAC FINANCE	France	FULL	100.00	100.00	–
IXIS INNOV	France	FULL	100.00	100.00	–
IXIS LUXEMBOURG INVESTISSEMENTS	Luxembourg	FULL	100.00	100.00	–
IXIS STRUCTURED PRODUCTS LTD	Jersey	FULL	100.00	100.00	–
IXIS FINANCIAL INSTRUMENTS LTD	Cayman Islands	FULL	100.00	100.00	–
IXIS ASIA LTD	Hong Kong	FULL	100.00	100.00	–
NEXGEN SUB-GROUP					
NEXGEN FINANCIAL HOLDINGS Ltd	Ireland	EQUI	38.70	38.70	38.70
NEXGEN RE Ltd	Ireland	EQUI	38.70	38.70	38.70
UNIVERSE HOLDINGS Ltd	Cayman Islands	EQUI	38.70	38.70	38.70
NEXGEN MAURITIUS Ltd	Mauritius	EQUI	38.70	38.70	38.70
NEXGEN CAPITAL Ltd	Ireland	EQUI	38.70	38.70	38.70
NEXGEN FINANCIAL SOLUTIONS Ltd	Ireland	EQUI	38.70	38.70	38.70
NEXGEN FINANCIAL SOLUTIONS (ASIA) Pte Ltd	Singapore	EQUI	38.70	38.70	38.70
MANGO CDO Ltd	Jersey	EQUI	38.70	38.70	38.70
LIME CDO Ltd	Jersey	EQUI	38.70	38.70	38.70
LIME 2 CDO Ltd	Jersey	EQUI	38.70	38.70	38.70
PAPAYA CDO Ltd	Jersey	EQUI	38.70	38.70	38.70
PAPAYA 2 CDO Ltd	Jersey	EQUI	38.70	38.70	–
GUAVA CDO Ltd	Jersey	EQUI	38.70	38.70	–
IXIS℠ CAPITAL MARKETS SUB-GROUP					
IXIS NORTH AMERICA	USA	FULL	100.00	100.00	100.00
IXIS INVESTMENT MANAGEMENT CORP	USA	FULL	100.00	98.67	98.67
IXIS CAPITAL MARKETS NORTH AMERICA SUB-GROUP					
IXIS CAPITAL MARKETS NORTH AMERICA	USA	FULL	100.00	100.00	100.00
IXIS FUNDING CORP	USA	FULL	100.00	100.00	100.00
IXIS COMMERCIAL PAPER CORP	USA	FULL	100.00	100.00	100.00
IXIS SECURITIES NORTH AMERICA INC	USA	FULL	100.00	100.00	100.00
IXIS FINANCIAL PRODUCTS INC	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC	USA	FULL	100.00	100.00	100.00
IXIS DERIVATIVES INC.	USA	FULL	100.00	100.00	100.00
IXIS REAL ESTATE CAPITAL INC	USA	FULL	100.00	100.00	100.00
IXIS SECURITIZATION CORP	USA	FULL	100.00	100.00	100.00
IXIS CAPITAL ARRANGER	USA	FULL	100.00	100.00	100.00
CDC HOLDING TRUST	USA	FULL	100.00	100.00	100.00
IXIS STRATEGIC INVESTMENTS	USA	FULL	100.00	100.00	–
IXIS LOAN FUNDING I LLC	USA	FULL	100.00	100.00	–
BEDFORD OLIVER FUNDING	USA	FULL	100.00	100.00	100.00
CCAV I	*USA*	*FULL*	–	–	*100.00*
BLOOM ASSET HOLDING FUND PLC	Ireland	FULL	100.00	100.00	100.00
CDC PROPERTY TRUST	*USA*	*FULL*	–	–	*100.00*

Company	Country	Method [(1)]	% Control 31.12.05	% Interest 31.12.05	% Interest 2004
CDC CRESTED BUTTE HOTEL PROPERTY TRUST	*USA*	*FULL*	*–*	*–*	*100.00*
CDC RANDALL PARK MALL PROPERTY TRUST	*USA*	*FULL*	*–*	*–*	*100.00*
CALYPSO INVESTMENTS GP	*USA*	*FULL*	*–*	*–*	*100.00*
IXIS ANEMONE INC	*USA*	*FULL*	*–*	*–*	*100.00*
IXIS ASSET FINANCE INC	USA	FULL	100.00	100.00	100.00
IXIS PARTICIPATIONS HOLDING, INC	USA	FULL	100.00	100.00	100.00
IXIS PARTICIPATIONS N°1, INC	USA	FULL	100.00	100.00	100.00
IXIS CMNA INTERNATIONAL HOLDINGS INC	USA	FULL	100.00	100.00	–
IXIS CMNA ACCEPTANCES, LLC	USA	FULL	100.00	100.00	100.00
IXIS CMNA INTERNATIONAL PARTICIPATIONS (N°1) LLC	USA	FULL	100.00	100.00	100.00
IXIS CMNA IP ASSETS HOLDINGS (LUXEMBOURG) SCA	Luxembourg	FULL	100.00	100.00	100.00
IXIS CMNA GILBRATAR LTD	*Gibraltar*	*FULL*	*–*	*–*	*100.00*
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-1 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-2 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-3 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-4 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-5 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-6 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-7 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-8 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-9 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-10 TRUST	USA	FULL	100.00	100.00	100.00
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-1 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-2 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-3 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-5 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-6 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-7 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-8 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-9 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-10 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-11 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-12 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-13 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-14 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-15 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-16 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-17 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-18 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-19 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-20 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-21 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-22 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-23 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-24 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-25 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-26 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-27 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-28 TRUST	USA	FULL	100.00	100.00	–
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-29 TRUST	USA	FULL	100.00	100.00	–

[(1)] Consolidation methods – PAR: Parent company – FULL: Full consolidation – EQUI: Accounted for by the equity method

Auditors' report on the 2005 consolidated financial statements

Year ended December 31, 2005

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.

To the Shareholders,
IXIS Corporate & Investment Bank
47, quai d'Austerlitz
75648 Paris cedex 13

In compliance with the assignment entrusted to us by the General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of IXIS Corporate & Investment Bank for the year ended December 31, 2005.

The consolidated financial statements have been approved by the Executive Board. Our role is 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 professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the companies and entities included in the consolidated Group in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion expressed above, we draw your attention to note 2.3 to the consolidated financial statements which describes the conditions under which French accounting regulation committee standards CRC n°2002-03, relating to accounting for credit risk, CRC n°2002-10, relating to assets amortization and depreciation, and CRC n°2004-06, relating to the definition, accounting and valuation of assets, and French national accounting council recommendation CNC n°2003-R-01, relating to the new rules for identifying, valuing and accounting for pension commitments and similar benefits, were implemented as from January 1, 2005.

II – Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Accounting rules and principles:

As part of our assessment of the Group's accounting rules and principles, we verified the appropriateness of the above-mentioned changes in accounting rules and the information disclosed in the notes to the consolidated financial statements.

Accounting estimates:
The provisioning of credit risks and the valuation of financial instruments is an area that entails significant accounting estimates.

> As indicated in notes 4.9 and 4.10 to the consolidated financial statements relating to 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 note 4.5 to the consolidated financial statements relating to 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 in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

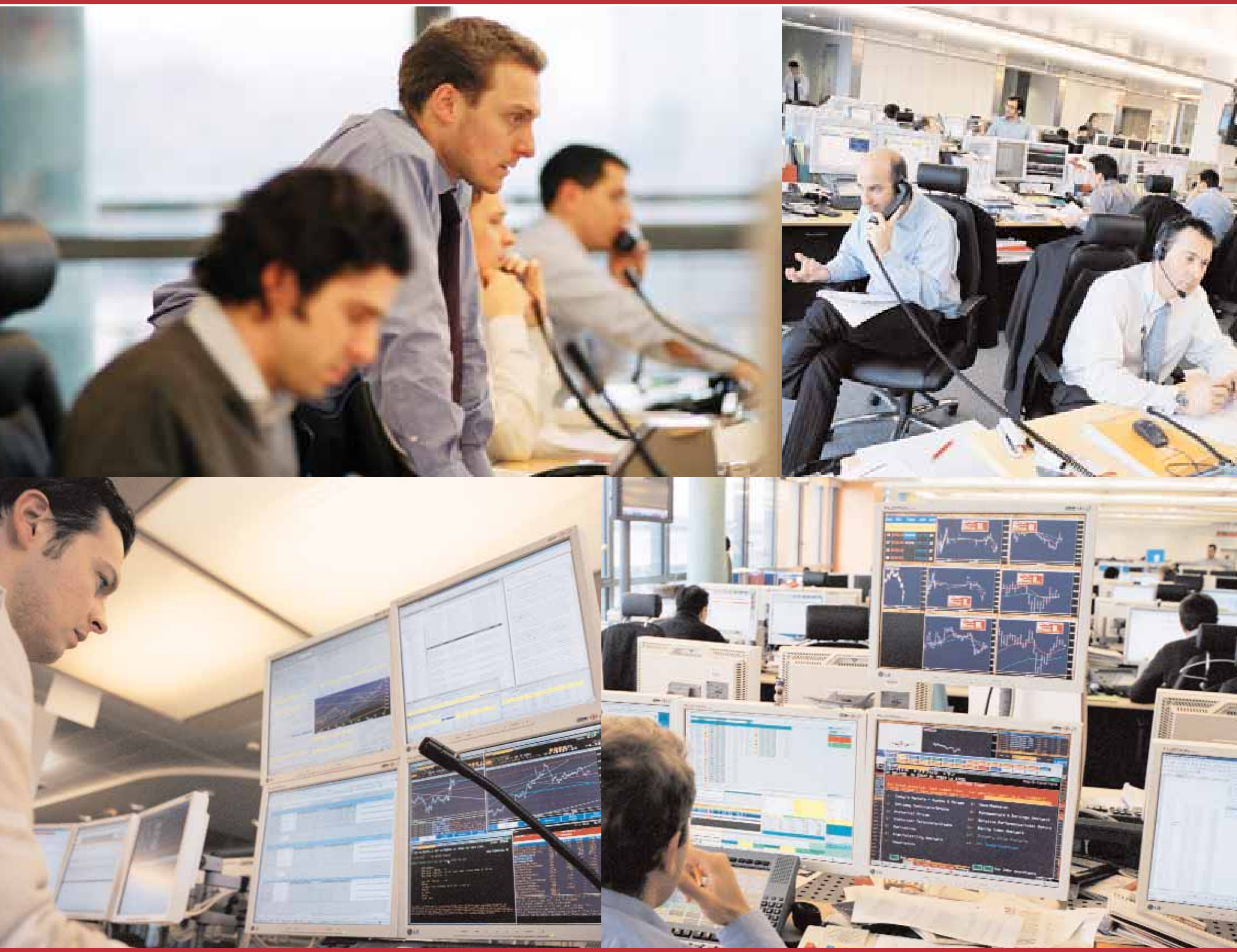
III – Specific verification
In accordance with professional standards applicable in France, we have also verified the information given in the Group's Management Report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine and La Défense, April 24, 2006
The Statutory 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 2005 parent company financial statements.

The full 2005 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

Assets

(millions of euros)	Notes	31.12.05	31.12.04	31.12.03
Interbank and money market transactions				
Cash, central banks and post-office banks		–	–	1
Treasury bills and money-market instruments		21,311	9,729	13,634
Due from financial institutions		70,052	79,640	51,814
Customer transactions				
Commercial loans		59	531	–
Other credits to customers, leasing and similar transactions		23,288	21,607	9,983
Bonds, equities, other fixed- and variable-income securities				
Bonds and other fixed-income instruments		37,340	39,563	37,612
Equities and other variable-income securities		14,984	11,941	6,604
Investments in subsidiaries, affiliates and other long-term securities	2	1,306	583	53
Tangible and intangible fixed assets		66	68	53
Accrued income and other assets		24,083	16,311	14,385
Total		192,489	179,973	134,137

Liabilities

(millions of euros)	Notes	31.12.05	31.12.04	31.12.03
Interbank and money-market transactions				
Due to financial institutions		60,617	65,969	73,721
Customer transactions				
Current account deposits		–	–	–
Other amounts due to customers		17,101	20,567	11,630
Debt securities				
Interbank and money-market instruments		36,482	34,704	8,148
Bonds and similar debt instruments		7,795	7,163	670
Accrued expenses and other liabilities		64,123	45,409	38,506
Provisions for contingencies and losses		296	303	20
Subordinated debt		2,581	2,540	727
Fund for general banking risks (FGBR)		–	–	–
Shareholders' equity (excl. FGBR)	3	3,494	3,318	714
Common stock		1,909	1,909	458
Additional paid-in capital		994	994	10
Other reserves		222	217	52
Retained earnings		144	143	106
Interim dividends		(106)	(140)	–
Net income		331	195	88
Total		192,489	179,973	134,137

Parent company off-balance sheet items

(millions of euros)	31.12.05	31.12.04	31.12.03
Commitments given			
Financing commitments [1]			
to financial institutions	996	1,285	15
to customers [1]	10,585	12,062	6,121
Guarantee commitments			
to financial institutions	6,714	5,967	13,101
to customers	8,468	9,415	–
Commitments on securities			
securities to be delivered	1,129	709	1,702
Commitments received			
Financing commitments			
from financial institutions	7,686	4,023	14,615
from customers	75	–	–
Guarantee commitments			
from financial institutions	2,471	2,269	1,982
from customers	375	314	–
Commitments on securities			
securities to be received	1,095	3,580	4,951
Other commitments			
Commitments given	5,569	3,823	4,359
Commitments received	22,356	18,354	5,644

[1] As part of the process of standardizing the dates at which commitments took effect within IXIS CIB, the Bank altered its procedures for recording financing commitments during the first half of 2005. In order to ensure comparability between the accounts, €2.545 billion of additional financing commitments to customers were recognized on December 31, 2004. In addition, €3.300 billion of financing commitments to financial institutions were reclassified as financing commitments to customers and €8.099 billion of guarantee commitments to financial institutions were reclassified as guarantee commitments to customers.

Parent company income statement

(millions of euros)	31.12.05	31.12.04	31.12.03
Interest and similar income:			
From treasury and interbank transactions	2,641	1,231	1,071
From customer transactions	708	341	208
From bonds and other fixed-income securities	1,070	300	472
Other interest and similar income	37	418	2,289
Interest and similar expenses:			
From treasury and interbank transactions	(2,229)	(1,591)	(1,909)
From customer transactions	(579)	(316)	(192)
From bonds and other fixed-income securities	(945)	(612)	(299)
Other interest and similar expenses	(109)	(352)	(2,163)
Income on equities and other variable-income securities	242	47	14
Fee and commission income	88	54	37
Fee and commission expenses	(49)	(76)	(69)
Net income (expenses) on trading portfolios	548	1,581	1,173
Net income (expenses) on available-for-sale securities	(473)	(331)	(33)
Other net operating income (expenses)	6	(26)	3
Net banking income	956	668	601
Operating expenses:			
Payroll expenses	(314)	(236)	(180)
Other administrative expenses	(224)	(184)	(185)
Intra-group transactions	33	24	15
Depreciation and impairment charges on tangible and intangible fixed assets	(19)	(16)	(16)
Gross operating income	432	256	236
Cost of risk	(21)	(6)	(76)
Operating income	411	250	160
Gains or losses on long-term investments	20	(2)	0
Ordinary income before tax	431	248	160
Extraordinary income	–	–	–
Income tax	(100)	(53)	(72)
Net changes in the fund for general banking risks	–	–	–
Net income	331	195	88
Net income per share (euros) [1] [2]	2.64	4.24	2.94

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

[2] Calculated using the weighted average number of shares in circulation during the year.

Notes to the parent company financial statements

Parent company financial statements accounting and consolidation principles

1 – Introduction

The annual individual accounts of IXIS Corporate & Investment Bank (IXIS CIB) 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.

The income and expenses booked to the annual period have been determined based on the separation of fiscal years.

The accounting principles and valuation methods used are the same as those applied to prepare the financial statements as at December 31, 2004 and June 30, 2005, except for the points mentioned below.

2 – Change of accounting regulations and comparability of fiscal years

2.1 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's 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 corporate trust activities that were previously carried out directly by CDC IXIS.

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

2.2 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 last two months of the year only for the activities and subsidiaries transferred.

The elements re-published in the individual accounts in respect of fiscal 2003 correspond to those originally published by CDC IXIS Capital Markets (IXIS Corporate & Investment Bank as from November 1, 2004).

2.3 Changes in accounting regulations

The following rules are applicable or have been applied since January 1, 2005:

> CRC regulation 2002-03 relating to the accounting treatment of credit risk entails allocating provisions to cover expected losses on doubtful and impaired loans based on their discounted present value;

> CRC regulation 2002-10 introduced new asset amortization and depreciation rules. Specifically, the main components of buildings are henceforth to be accounted for separately and amortized over their respective useful life spans;

> CRC regulation 2004-06 pertaining to the definition, accounting and valuation of assets and which was introduced on January 1, 2005, amended the previous rules concerning the cost of purchasing fixed assets. These costs must now be incorporated into the assets' entry value in the balance sheet.

Although the regulation introduced an option that enables such costs to continue to be expensed in individual (non-consolidated) accounts, the group decided not to take up this option out of concern for convergence with IFRS rules, which do not allow for this possibility.

> CNC regulation 2003-R-01, which sets out new rules for identifying, valuing and accounting for pension commitments and similar benefits.

The application of these regulations had no impact on equity capital in the 2005 opening balance sheet or on fiscal 2005 results.

IXIS CIB chose not to apply in advance the regulations adopted by the CRC in November 2005 and which particularly concerned the accounting treatment of credit risk and securities transactions.

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 Receivables and debt with financial institutions

Receivables and debts include current accounts, loans, borrowings and securities purchased and sold under resale or repurchase agreements (the treatment of credit risk is described in section 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 financial 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.

Notes to the parent company financial statements (continued)

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 2002-03 concerning the accounting treatment of credit risk (see section 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.

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.

Notes to the parent company financial statements (continued)

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 section 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 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 section 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.

> 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

Notes to the parent company financial statements (continued)

3.9 Provisions for contingencies and losses

This heading includes:

> Provisions in respect of staff-related commitments (mainly retirement indemnities);

> 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;

> Provisions for general counterparty risks (formerly provisions for sector risks), for which estimation methods were altered on December 31, 2005, in order to bring them into line with those due to be applied under IFRS.

The new methods are based on internal ratings of counterparties and Basle II rules, and are geared to estimating the expected losses needing to be provisioned in the event that one of the two defined "provisioning events" occurs.

Provisioning occurs when the counterparty's rating falls below a threshold established in accordance with the Company's credit policy or if the counterparty's rating deteriorates by more than three notches within a short period.

This change in estimation did not have any significant impact.

> 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.

These regulated provisions are calculated globally with provisions for general risks and are identified in the accounts based on the amount deductible from income tax.

3.10 Credit risk

Since January 1, 2003, credit risk has been accounted for in accordance with CRC regulation 2002-03 of December 12, 2002.

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 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.

The requirement as from January 1, 2005 to discount cash flows when calculating future losses had no significant impact on the group's accounts.

3.11 Long-term equity investments and subsidiaries

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

3.12 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.

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 Staff-related commitments

Provisions are set aside to cover the rights of employees to a payment on retirement. These provisions are calculated 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.

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.

Notes to the parent company financial statements (continued)

Note 2: Investments in subsidiaries, affiliates and other long-term securities

(millions of euros)	31.12.05 Book value of securities	Advances	Valuation allowance	Net book value	Share of equity %	31.12.04 Book value of securities	Advances	Valuation allowance	Net book value	Share of equity %	31.12.03 Net book value	Share of equity %
Companies in which IXIS CIB holds a significant net investment												
IXIS North America	413	–	–	413	100%	413	–	–	413	100%	–	
ICMNA International Holding Ltd	301			301	21%	–	–	–	–	–	–	
SNC Tolbiac Finance	225	–	–	225	100%	–	–	–	–	–	–	
ESU Lazard Ltd [1] *	127	–	–	127	34%	–	–	–	–	–	–	
Nexgen	93	–	–	93	38%	93	–	–	93	38%	–	
Lazard Ltd *	42	–		42	2%	–	–	–	–	–	–	
IXIS Securities	19	–	–	19	100%	19	–	–	19	100%	19	100%
IXIS Asia limited	12	–	–	12	100%	3	–	–	3	100%	–	
Cepar I	7	–	–	7	57%	7	–	–	7	57%	–	
Captiva Capital Management	9	–	–	9	100%	5	–	–	5	100%	5	100%
M5 (AKA)	4	–	–	4	NA	4	–	–	4	NA	–	
Fideme	5	–	–	5	21%	4	–	–	4	14%	–	
Informatique CDC	–	16	–	16	NA	–	16	–	16	–	26	
Euronext *	–	–	–	–	NA	12	–	–	12	1%	–	
Other investments in non–consolidated securities	17	17	(1)	32	–	6	1	–	7	–	3	
Advances on other non–consolidated securities												
Total investments in subsidiaries, affiliates and long–term securities	1,274	33	(1)	1,306		566	17	–	583	–	53	
Including listed securities [2] *	169	–	–	169		12	–	–	12	1%	NS	

[1] Each Equity Security Unit will be subject to mandatory conversion into Lazard Ltd shares on May 15, 2008, based on a mechanism described in the documents filed by the issuer with the Securities & Exchange Commission when the instruments were initially listed.

[2] The market value of listed securities amounted to €206.6 million as at December 31, 2005.

Note 3: Changes in shareholders' equity

(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	Share-holders' equity (excl. FGBR)	Total share holders' equity
Shareholders' equity as at December 31, 2003	–	458	10	106	23	31	0	88	716	716
Appropriation of 2003 income				84	4			(88)	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	–	1,909	994	143	186	31	(140)	195	3,318	3,318
Appropriation of 2004 net income				190	5			(195)	0	0
2005 dividend in respect of 2004 net income				(49)					(49)	(49)
Other changes				(140)			34		(106)	(106)
2005 net income								331	331	331
Shareholders' equity as at December 31, 2005	–	1,909	994	144	191	31	(106)	331	3,494	3,494

[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 €1.909 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 Company paid an interim dividend of €106 million in early December 2005.

Table of results for the last five years

Table of results for the last five years

Description of item (euros)	2001	2002	2003	2004	2005
Capital at year-end					
Registered capital	457,500,000	457,500,000	457,500,000	1,909,410,791	1,909,410,791
Number of ordinary shares outstanding	30,000,000	30,000,000	30,000,000	125,207,265	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)	391,609,393	471,909,637	601,379,604	668,169,425	955,836,287
Income before tax, profit sharing, depreciation/ amortization and provisions	105,484,611	181,929,851	261,791,881	280,550,769	259,114,469
Income tax	8,505,933	48,179,877	72,038,563	52,785,754	100,390,471
Income after tax, profit sharing, depreciation/ amortization and provisions	102,621,443	90,614,206	87,841,485	195,215,034	330,620,581
Dividends distributed	121,200,000	–	46,500,000	189,290,338	330,121,004
Data per share					
Income after tax and profit sharing, but before depreciation/amortization and provisions	3.14	4.41	6.06	4.77	2.98
Income after tax, profit sharing depreciation/ amortization and provisions	3.42	3.02	2.93	4.24	2.64
Dividend per share	4.04	–	1.55	1.51	2.64
Staff					
Average employees during the year	675	817	812	934	1,294
Total payroll for the year	99,102,638	114,389,908	118,892,818	159,852,274	208,823,750
Social charges (social security and social welfare projects, etc.)	30,385,471	32,854,968	38,772,046	51,702,203	67,128,835

Additional information

I – General information on the issuer

1.1. Corporate name and registered office:

IXIS Corporate & Investment Bank
Registered office: 47, Quai d'Austerlitz – 75648 Paris cedex 13

1.2. Legal form

Société anonyme (French limited corporation) with Executive and Supervisory Boards in accordance with article L210-1 and subsequent articles of the French 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 financier*).

1.3. Term

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

1.4. 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 II 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.

1.5. French company registration number (RCS)

Registered on March 31, 1987, under RCS number: Paris 340 706 407
Code APE: 651 C

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.

Additional information (continued)

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 six years, IXIS Corporate & Investment Bank has concluded three 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
- a third agreement signed on June 30, 2005 and covering the 2005, 2006 and 2007 fiscal years

By virtue of the appendix to the contractual profit-sharing agreement of June 30, 2005, the amount of contractual profit-sharing is determined solely on the basis of the Company's net income.

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

- 2000: €2.70 million
- 2001: €3.3 million
- 2002: €5.487 million
- 2003: €5.361 million
- 2004: €5.832 million
- 2005: €9.40 million (provision)

Legal profit-sharing

A new indefinite-term legal profit-sharing agreement entitling employees to a share in Group earnings (IXIS Corporate & Investment Bank, IXIS Midcaps and IXIS Securities) was signed on June 30, 2005. The new agreement includes a special formula for calculating the special reserve for legal profit-sharing. The agreement recognizes the right of employees to a sum equivalent to 2% of the total contributions to IXIS Corporate & Investment Bank's consolidated net income.

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

- €1.340 million in respect of fiscal 2001
- €2.508 million in respect of fiscal 2002
- 2.752 million in respect of fiscal 2003
- €2.274 million in respect of fiscal 2004
- €4.50 million in respect of fiscal 2005 (provision)

3 – Responsibility for the reference document and the audit of the financial statements

3.1. Person responsible for the reference document

Mr. Anthony Orsatelli
Chairman of the Executive Board

3.2. Statement by the person responsible for the reference document

I certify, after having taken all reasonable steps to this effect, that the information contained in the current reference document is to the best of my knowledge accurate and contains no omissions liable to have any material bearing on the scope of the information provided.

I obtained an audit completion letter from the Statutory Auditors of the financial statements, in which they stated that they had verified the information concerning the Company's financial position and the accounts included in the current reference document and that they had read the full document.

The historical financial information for the 2005 fiscal year presented on pages 116-159 of the current reference document was the subject of a report by the Statutory Auditors included on pages 160-161 of the document. Without calling into question the unqualified opinion expressed on the consolidated financial statements, the Statutory Auditors drew the attention of IXIS Corporate & Investment Bank's shareholders to the changes in methods that occurred during the fiscal year.

The historical financial information for the 2004 and 2003 fiscal years incorporated for reference purposes in the current reference document were subject to an unqualified certification report by the Statutory Auditors. Without calling into question the unqualified opinion expressed on the consolidated financial statements, the Statutory Auditors drew the attention of IXIS Corporate & Investment Bank's shareholders to the changes in methods that occurred during the 2003 fiscal year. This observation in respect of fiscal year 2003 is included on page 85 of the reference document filed with the AMF on April 27, 2004, under the number D.04-0590.

Paris, May 9, 2006
Anthony Orsatelli

3.3. Information policy

Person responsible for information:
Mr. Michel Berthezène
Tel.: (33) (0) 1 58 55 52 25

3.4. Other information

The full set of corporate documents (articles of incorporation, K Bis company extract, annual reports, etc.), may be consulted at the Company's head office.
The reference document also includes:

> The Statutory Auditors' report on the consolidated financial statements as at December 31, 2005 (pages 160-161 of this document), containing the justification of the Statutory Auditors' assessments prepared in accordance with the provisions of article L. 225-235 of the French Commercial Code.

> The Statutory Auditors' report (page 100 of this document), prepared in accordance with the final paragraph of article L. 225-235 of the French Commercial Code, and concerning the report prepared by the Chairman of the Supervisory Board of IXIS Corporate & Investment Bank, which describes the internal control procedures relating to the preparation and processing of accounting and financial information.

> The Statutory Auditors' special report concerning regulated agreements (pages 101 to 108 of this document).

In accordance with article 28 of EC regulation 809/2004 of April 29, 2004, the following information is included for reference in the current reference document:

- the consolidated financial statements for the fiscal year ended December 31 2004, the Statutory Auditors' report on the said financial statements and the management report of IXIS Corporate & Investment Bank, appearing on pages 113-171, pages 172-173 and pages 17-111 of the reference document filed with the AMF on April 2005, under the number D.05-0547;
- the consolidated financial statements for the fiscal year ended December 31, 2003, the Statutory Auditors' report on the said financial statements and the management report of IXIS Corporate & Investment Bank, appearing on pages 58-84, page 85 and pages 25-57 of the reference document filed with the AMF on April 27, 2004, under the number D.04-0590.

The chapters of the reference documents n° D.05-0547 and n° D.04-0590 not concerned by the above either do not apply to the investor, or are covered in another part of the current reference document.

3.5. Trends

Since the date of the Company's most recent verified and published financial statements, there has been no significant deterioration affecting its outlook.

3.6. Significant change

Since the end of the most recent fiscal year for which financial statements have been published, there has been no significant change in the Company's financial situation.

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if it is complemented with an operation note stamped by the
Autorité des Marchés Financiers.

GROUPE
CAISSE D'EPARGNE