IXIS CORPORATE & INVESTMENT BANK,
A SUBSIDIARY OF NATIXIS
2006 ANNUAL REPORT

10 years of growth and innovation

1996
CREATION OF CDC MARCHÉS, WHICH WILL BECOME CDC IXIS CAPITAL MARKETS AND THEN IXIS CORPORATE & INVESTMENT BANK

1998
OPENING OF THE FIRST BRANCHES IN LONDON, FRANKFURT AND TOKYO

1999
FIRST ISSUES OF FRENCH COVERED BONDS

2004
IXIS CORPORATE & INVESTMENT BANK BECOMES A DIRECTLY-OWNED SUBSIDIARY OF GROUPE CAISSE D'EPARGNE

2005
FIRST SECURITIZATION ON AN AUTO INSURANCE PORTFOLIO

2006
BIRTH OF NATIXIS

FIXED INCOME

IXIS Corporate & Investment Bank provides its expertise in trading, distribution and structuring on a wide range of products and risk classes.

- Origination, syndication, trading and distribution of vanilla and structured credit bond products
- Trading and distribution of complex and vanilla rate and credit derivative products

EQUITIES

Based on its equities market expertise, IXIS Corporate & Investment Bank provides a wide range of simple and complex structured products.

- Trading and distribution of equity derivatives
- Arbitrage on equities, indices, convertible bonds, listed options, bonds
- Equity Finance
- Brokerage: IXIS Securities

FINANCING AND CREDIT

Via an organization which integrates Financing – Credit Markets, IXIS Corporate & Investment Bank provides a wide range of financing and innovative solutions in terms of structured credit products.

- Corporate banking and structured financing
- Trading and distribution of structured credit products

STRUCTURING

IXIS Corporate & Investment Bank provides a genuine expertise in structuring customized complex products.

- Structuring, management and distribution of alternative funds
- Advisory in Private Equity fund raising

CORPORATE FINANCE

IXIS Corporate & Investment Bank develops customized innovative financial solutions using various financial instruments.

- Equity capital markets
- Advisory and financial engineering
- Lazard-IXIS partnership for capitalizations in excess of €500m
- Customized financial solutions: IXIS Corporate Solutions

Business lines

IN 2006, IXIS CORPORATE & INVESTMENT BANK TOOK PART IN THE CREATION OF NATIXIS OF WHICH IT IS A DIRECTLY-OWNED SUBSIDIARY.

SINCE ITS CREATION, NATIXIS HAS BECOME THE FOURTH LARGEST CORPORATE AND INVESTMENT BANK IN FRANCE.

IXIS Corporate & Investment Bank was ranked 11th safest bank worldwide, and 1st French bank in this category, by the Magazine *Global Finance*.

Consolidated results[1]

Statutory data

millions of euros	IFRS 2006	IFRS 2005	French GAAP 2005	French GAAP 2004	French GAAP 2003
Net banking income	1,846	1,295	1,342	790	633
Gross operating income	728	451	498	292	233
Consolidated net income	573	302	353	193	112
ROE based on average consumed equity (6%)	24%	13%	16%	17%	14%

Consolidated equity

millions of euros	IFRS 2006	IFRS 2005	French GAAP 2005	French GAAP 2004	French GAAP 2003
Consolidated shareholders' equity[2]	4,265	4,166	3,704	3,432	747
Regulatory capital	5,865	5,723	5,871	5,622	1,377

Consolidated balance sheet total

as at December 31

millions of euros	IFRS 2006	IFRS 2005	French GAAP 2005	French GAAP 2004	French GAAP 2003
Consolidated balance sheet total	261,653	245,489	227,821	207,059	134,213

(1) As at the end of 2006, 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 Nexgen group, as well as several dedicated business-line subsidiaries and special-purpose entities (the full scope of consolidation is provided in note 36 to the consolidated financial statements).
(2) Attributable to the Group.

PROFILE

IXIS Corporate & Investment Bank is a directly-owned subsidiary of Natixis, the Corporate and investment banking, asset management and services vehicle set up by Groupe Caisse d'Epargne and Groupe Banque Populaire

We are a leading player in the financing and capital markets arenas and offer clients a combination of optimal security and excellent ratings.

We focus our efforts on areas where we command genuine expertise and where we can deliver an extensive array of high value-added intermediation, structured finance, financing, engineering and research solutions.

Our fast-reacting teams are renowned for their strong advisory skills and financial engineering capability, along with their proximity to clients. We leverage these strengths to devise innovative and made to-measure products that respond to market developments and changing client needs.

Our international development is underpinned by branches and subsidiaries in North America, Europe, the Middle East and Asia.

Consolidated headcount as at December 31

(permanent staff)

2004	1,352
2005	1,955
2006	2,308

Senior long term ratings as at December 31

IXIS Corporate & Investment Bank's ratings were confirmed as of November 17, 2006.

AA	Aa2	AA
Stable outlook	Stable outlook	Stable outlook
Standard & Poor's	Moody's	Fitch

Until January 23, 2007 (included), IXIS Corporate & Investment Bank benefited from the Caisse des Dépôts guaranty. All operations carried out until that date under this guaranty are rated AAA/Aaa/AAA (Standard & Poor's/Moody's/Fitch).

IXIS Corporate & Investment Bank
A leading player in Europe

Management report

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Philippe Dupont
Chairman of the Executive Board of Natixis and Chairman of the Supervisory Board of IXIS Corporate & Investment Bank

Message from Philippe Dupont

Groupe Banque Populaire and Groupe Caisse d'Epargne's decision to pool a selection of their activities was a highlight of 2006. This ambitious industrial project led to the creation of Natixis, a new listed combine with the potential to create value and achieve growth.

Natixis is owned equally by Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Epargne, and has been a major player on the corporate and investment banking and services markets since November.

The strong business fit and expertise housed within the entities comprising Natixis – IXIS Corporate & Investment Bank being one of the spearheads – ensures Natixis has a highly solid platform from which to exploit its substantial growth potential.

This new dimension is reflected in the fine results achieved across all of Natixis' business lines in 2006, and particularly in corporate and investment banking, where net banking income climbed 27% and international operations contributed strongly.

One of the last stages of IXIS Corporate & Investment Bank's transformation will involve the merger with Natixis in 2007. I am sure that all members of staff will be keen to do their utmost to overcome the large challenges that lie ahead.

Dominique Ferrero
Chief Executive Officer of Natixis and Chairman of the IXIS Corporate & Investment Bank Executive Board

Anthony Orsatelli
Member of the Natixis Executive Board and Member of the IXIS Corporate & Investment Bank Executive Board

Interview with Dominique Ferrero and Anthony Orsatelli

What is your assessment of 2006 results?

Anthony Orsatelli: The Bank succeeded with a twofold challenge in 2006, namely to post a best-ever performance for the fifth consecutive year and to set up a new corporate and investment banking and services group, via Natixis, the listed vehicle owned by Groupe Banque Populaire and Groupe Caisse d'Epargne.

With consolidated net income of €573 million and ROE[1] of 24%, the Bank not only beat its targets, but also vindicated a strategy that incorporates a highly selective approach to risk and a focus on very high-quality personnel.

Were the Bank's growth efforts focused on particular areas in 2006?

Anthony Orsatelli: One of our objectives has always been to broaden our range of products and clients. To this end, the Bank continued to invest heavily to achieve growth in selected segments in 2006. The focus was on developing structured financing activities, reinforcing the offering for large corporates via the new Corporate Finance business line and expanding our alternative management activities in the hedge fund, real estate and environment fields.

The Bank also reaped the benefit of its significant international footprint, which now encompasses five branches and numerous subsidiaries in Europe, the USA and Asia. This international coverage and the advent of Natixis ensure we can now assist our clients in their own expansion in 68 countries.

What can you tell us about prospects and objectives for the year ahead?

Dominique Ferrero: One feature of 2007 will be the continued efforts by all personnel to further the transformation initiated at the end of 2006 via the implementation of the Natixis project.

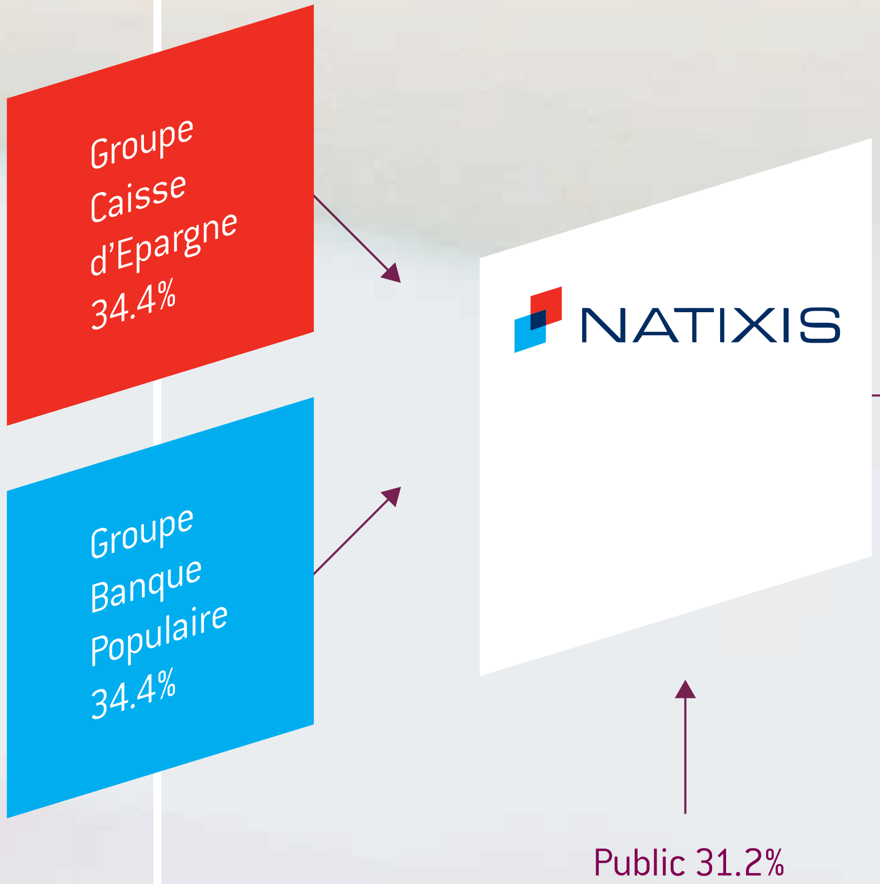
2007 will also mark an important stage in the development of all our corporate and investment banking activities.

The emphasis will be on proposing quality products to clients, especially to the two major retail banking networks owned by our two shareholder groups.

We will also continue to assign priority to stepping up our international expansion, while at the same time maintaining our major position in the French banking sector.

Lastly, buoyed by the successes of 2006 and underpinned by their genuine expertise, innovativeness, ability to react quickly and general professionalism, our staff will be fully focused on serving their clients and overcoming the challenges of the future.

(1) Based on average consumed equity.



Since November 17, 2006, IXIS Corporate & Investment Bank has been a directly-owned subsidiary of Natixis

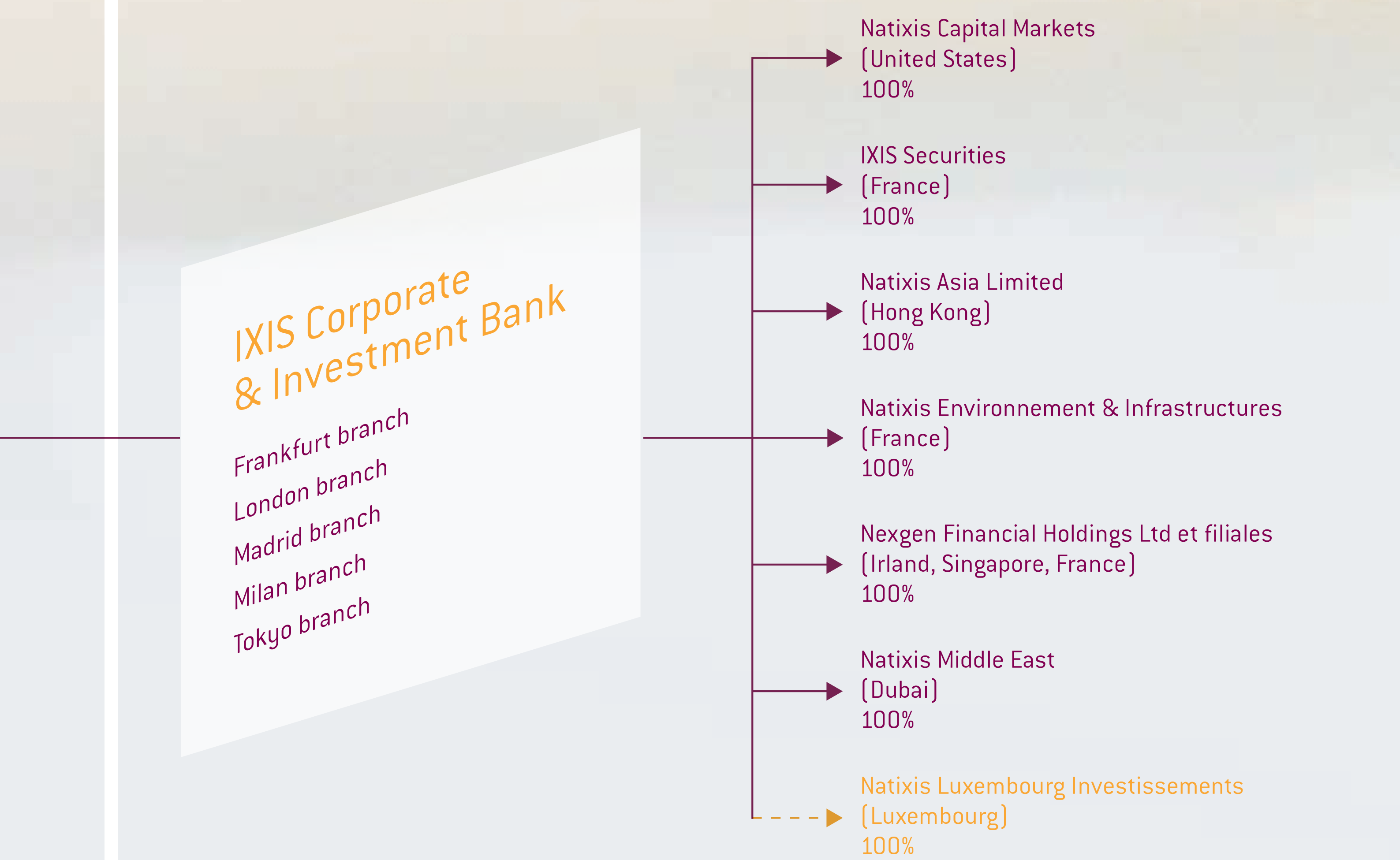
The stages in the creation of Natixis

On June 6, 2006, Groupe Caisse d'Epargne and Groupe Banque Populaire announced the terms for the creation of Natixis, a jointly-owned subsidiary housing their corporate and investment banking, and services businesses.

On the same date, Caisse Nationale des Caisses d'Epargne (CNCE) and Caisse des Dépôts announced the terms of the divestment of Caisse des Dépôts' 35%-equity interest in CNCE.

On October 11, 2006, Banque de France's committee for financial and investment institutions, the CECEI, approved the Natixis project. It confirmed that CNCE and Banque Fédérale des Banques Populaires (BFBP) would eventually hold equal equity interests in excess of a blocking majority and would therefore each possess effective power of control over Natixis.

On October 16, France's financial market regulator, the AMF, issued its approval to the transfer of certain Groupe Caisse d'Epargne subsidiaries – including IXIS Corporate & Investment Bank – to Natexis Banques Populaires, as part of the process of forming Natixis. Authorization



was also granted for the transfer of cooperative investment certificates held by CNCE and representing 20% of the capital of each of the individual Caisse d'Epargne banks[1].

On November 17, 2006, the Natexis Banques Populaires Ordinary/Extraordinary General Meeting of Shareholders approved the change of name to Natixis and also the respective asset transfers by CNCE and BFBP. On the same date, the AMF granted its visa to the prospectus that paved the way for CNCE and BFBP to divest part of their stakes in Natixis on the market[2].

By virtue of the asset transfers made by CNCE and BFBP, Groupe Caisse d'Epargne and Groupe Banque Populaire each owned a 45.5% equity interest in Natixis on 17 November, 2006.

Since this date, and in accordance with the shareholders' pact signed by the two Groups, each of the two main shareholders has reduced its stake to 34.4%, by divesting shares held by CNCE and BFBP on the market. Following this transaction, Natixis's free float amounted to 31.2%[3][4].

ADOPTION OF THE NATIXIS NAME:

- IXIS Corporate & Investment Bank adopted the commercial name of Natixis on November 17, 2006.
- Name changes for subsidiaries began at the end of 2006 and are continuing in the first half of 2007.

(1) Information document registered with the *Autorité des marchés financiers* (AMF) on October 16, 2006 under the number E.06-162 ("Document E"), available on the Natixis website (www.natixis.fr) and the AMF website (www.amf-france.org).

(2) Natixis prospectus AMF visa granted on November 17, 2006, under the number 06-411, available on the Natixis website (www.natixis.fr) and the AMF website (www.amf-france.org).

(3) Including DZ Bank (1.87%) and Sanpaolo IMI (1.68%)

(4) Final percentages as at December 31, 2006.

- In the top-four French players in corporate and investment banking
- 15th asset manager worldwide

- No. 3 worldwide in credit insurance
- No.1 in institutional custody and fund administration in France

- No.1 in social engineering in France
- No.1 in private equity on the SME market

Natixis, a European banking leader on an international scale

Natixis is a leading banking player in France and Europe. It offers services in five major activities: corporate and investment banking, asset management, services, receivables management, private equity and wealth management.

With 22,600 employees, including 7,000 abroad, Natixis has offices in 68 countries and is active with medium-size and large businesses, institutional investors and retail banks.

Natixis is the listed vehicle of Groupe Banque Populaire and Groupe Caisse d'Epargne.

"The sources for the competitive positions are explained in the information document no. E.06-162 (Document E) filed with the AMF on October 16, 2006."

At Natixis, activities are structured into 5 business lines

- **Corporate and investment banking**, born out of the tie-up between Natexis Banques Populaires' Corporate and Institutional Banking and Markets business and IXIS Corporate & Investment Bank and GCE Bail.
- **Asset management**, which includes IXIS Asset Management Group and Natexis Asset Management businesses.
- **Services**, with 6 business lines: two business lines dealing with the processing of operations, i.e. Securities and Payment, and four business lines providing products and services, i.e. insurance, bank and financial guaranty, consumer credit and corporate engineering, which are distributed mainly via the retail banking network.
- **Private equity and wealth management**, with Natixis Private Equity and Banque Privée Saint Dominique, Natixis Private Banking Luxembourg and Compagnie 1818 (private equity).
- **Receivables management** with Coface, Natixis Factor and GCE Affacturage.

The retail banking network, via the 20% equity on the results of the Banques Populaires network, and via the cooperative investment certificates (CCI) held by Caisses d'Epargne.

To these businesses must be added CIFG, a subsidiary specialized in monoline financial guaranty.

Partnership

HYBRID DEBT AND EQUITY FINANCING FOR IFE CONSEIL

IXIS Corporate & Investment Bank was mandated by IFE Conseil to set up its new €270 million private equity fund sponsored by CDC Entreprises. The fund consists in €120 million in senior and revolving debt and €150 million in equity and near equity.

LARGEST PUBLIC-PRIVATE PARTNERSHIP INFRASTRUCTURE PROJECT IN EUROPE

IXIS Corporate & Investment Bank acted as financial advisor to *Réseau Ferré de France* and the French government for the creation of the high-speed train line *Sud Europe Atlantique*.

Innovation

FIRST EUROPEAN CMBS ISSUE

IXIS Corporate & Investment Bank acted as sole arranger and sole lead manager in the Classico deal, its first European CMBS issue. The €436.5 million investment grade deal served to cover the risk related to two Italian loans originated by the Milan Branch.

REIMS: FIRST PRIVATE FINANCING IN FRANCE FOR A TRAMWAY LINE

IXIS Corporate & Investment Bank arranged the financing for the tramway line in Reims. It is the first tramway line in France financed privately with public service delegation. The €350 million project consists in taking over the bus network and creating the first tramway line in Reims.

RESEARCH AT THE CORE OF INNOVATION

IXIS Corporate & Investment Bank's Research is at the core of its innovation policy, thus it invests highly in this area: in the trading rooms, one employee out of three is dedicated to research (quantitative, sell side, analysis). Economic research rounds out this support to the trading rooms: headed by Patrick Artus, economic research is a major independent and pluridisciplinary expertise unit.

NEW AWARD FOR AN INNOVATIVE DEAL

IXIS Corporate & Investment Bank has won the 2006 “Insurance Deal of the Year” award for a highly innovative securitization deal arranged for a motor insurance portfolio from *Structured Finance International* (SFI).

FINANCING OF FRANCE’S LARGEST WINDFARM PROJECT

IXIS Corporate & Investment Bank has been mandated by the leading German sponsor Volkswind GmbH to arrange a €69.1 million senior facility for the Cormainville and Guillonville wind farms, the biggest wind farm project in France to date divided into 5 wind farms.

Success

€1BN FOR VEOLIA ENVIRONNEMENT'S FIRST BOND ISSUE

IXIS Corporate & Investment Bank lead managed, jointly with ABN AMRO, Citigroup, Natexis Banques Populaires and RBS, VEOLIA Environnement's first bond issue totalling 1 billion euros.

REFINANCING PARK LA BREA: LARGEST MULTI-FAMILY APARTMENT COMPLEX IN THE WESTERN UNITED STATES

Natixis Real Estate Capital provided over $787 million in financings in 2006 to long standing customer Prime Group, including a 10-year, fixed-rate loan to refinance the historic 4,238-unit Park La Brea apartment complex in Los Angeles, California. The loan was one of the largest single-asset financings in 2006 and was placed in two separate commercial mortgage securitizations. Park La Brea, originally designed and built in the 1940s, was inspired by the innovative housing of Le Corbusier.

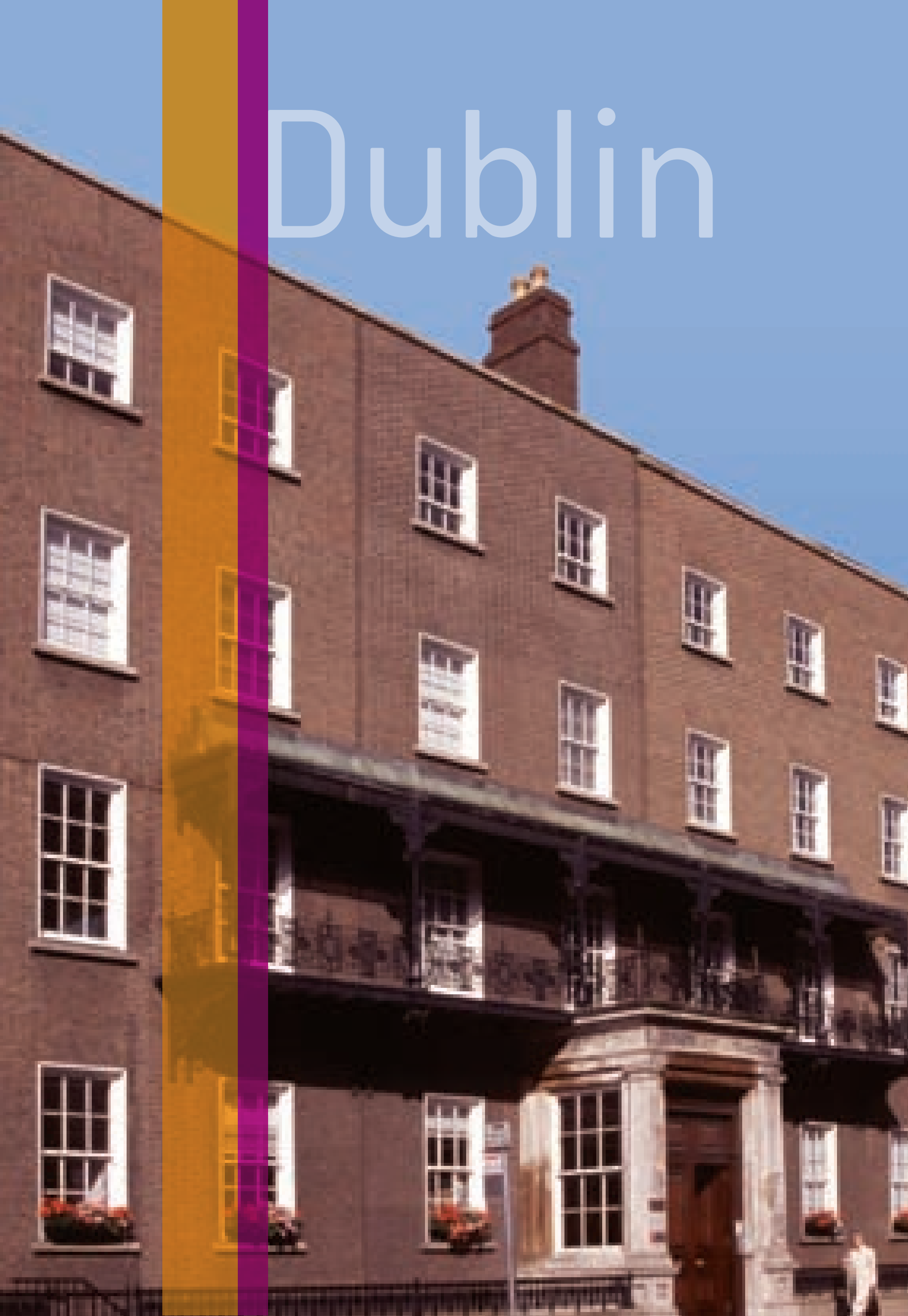
DUBAI: STRATEGIC PRESENCE BETWEEN EUROPE AND ASIA

Set up in March in Dubai, Natixis Middle East is the first French bank represented in the Dubai International Financial Center. The subsidiary enables IXIS Corporate & Investment Bank to meet local investors in a booming financial center.

A SUBSIDIARY IN MADRID TO COVER SPAIN AND PORTUGAL

In July 2006, IXIS Corporate & Investment Bank opened a branch in Madrid to set up a products and services platform in the local capital markets. Leader in *cedulas hipotecarias*, the branch achieved a remarkable breakthrough in the securitization area.

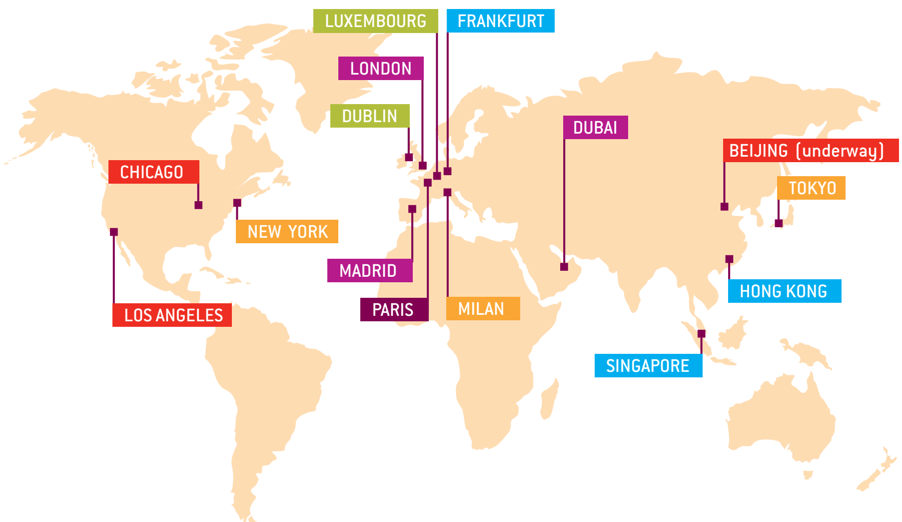
International



DUBLIN AND SINGAPORE

With the takeover of Nexgen Financial Solutions in March 2006, IXIS Corporate & Investment Bank is now present in Dublin and Singapore.

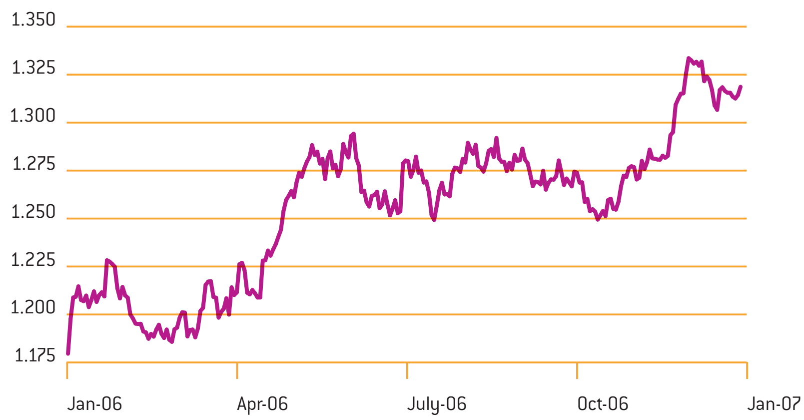
DUBAI
CHICAGO
DUBLIN
FRANKFURT
HONG KONG
LONDON
LOS ANGELES
LUXEMBOURG
MADRID
MILAN
NEW YORK
PARIS
BEIJING
SINGAPORE
TOKYO



Economic and financial environment

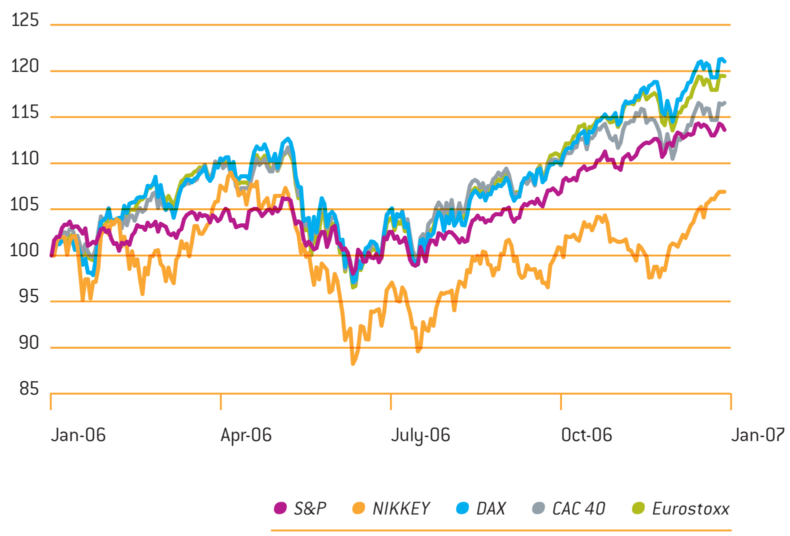
Euro/USD

(Source: Datastream, Natixis)



Stock market index (100 at 1.1.06)

(Source: Datastream, Natixis)



Robust world economy buoyed markets

The global economy grew at a sustained pace in 2006, driven by rapid expansion in Asia, a pick-up in Europe and a measured easing in North America. Without any major inflationary shock, central banks did not have to overreact and interest rates remained at historically low levels. Soft long-term rates combined with non-inflationary growth enhanced investors' appetite for risk, especially as China and oil-producing countries continued to support the dollar, with exchange-rate fluctuations primarily reflecting cyclical and monetary policy differences. This context was positive for equity markets and meant they wiped out most of the losses incurred in 2000 and 2001.

Hesitant US economy

2006 was decidedly a year of two halves, especially in the US where inflationary risks in the early part of the year and the associated fears of an overreaction by the Federal Reserve triggered a fall in equity and emerging debt markets. At the end of the summer, however, the brusque slowdown in the US real-estate market shifted the focus from inflationary risk to the possibility of the slowdown contaminating the rest of the economy, as US GDP grew by a modest 2.1% on an annualized basis in the third quarter, while housing investment sank 18%.

Nonetheless, with the shareout of value-added firmly in favor of corporations and profits at their highest levels as a proportion of GDP for 40 years (thereby indicating the lack of inflationary risk from wage costs), there looked to be little chance of a collapse.

Solid European growth

The euro zone displayed constant evidence of firming demand throughout the year. The job market picked up, with unemployment improving from 8.3% at the start of the year to 7.7% in November, its lowest level since April 2001. Indicators of industrial confidence finished the year at a high and were unmoved by the prospect of a three-point hike in German VAT in January 2007. The US and European economies finished the year out of step with each other, with the former in hesitant mode and the latter growing by a solid 2.7%. This lack of cyclical synchronization and the resultant divergence in monetary-policy expectations drove down the euro against the dollar at the end of the year.

Inflation in check

Inflation fell from 4% to 1.3% in the US and from 2.4% to 1.6% in the euro zone between January and November, primarily as a result of energy price movements, e.g. Brent opened the year at $61.6 a barrel, peaked at $78.7 in August, then ended the year at $63. Nevertheless, inflationary risks continued to receive publicity, both from the Federal Reserve (with unemployment at 4.5%, the job market remains under sizeable pressure), and from the ECB, which was concerned with the inability of its rate hikes to damp down credit growth.

Divergent monetary policies

Monetary policies diverged around the globe. The Federal Reserve was obliged to halt its normalization process by the sharp fall-off in construction activity. For its part, the Bank of Japan was reluctant to raise rates with inflation positive, but still very close to zero. In the UK, despite the combination of fairly brisk economic growth and a strong pick-up in house prices, the Bank of England decided not to risk pushing its key rate above the 5% mark. The ECB was the only central bank to regularly adjust monetary policy during the year as it pursued its “gradual normalization” process. Expectations at the end of 2006 were for a rate cut in the US in spring 2007, a hike in Japan and the euro zone, and a lengthy status quo in the UK.

Currency fluctuations

This backdrop of divergent monetary policies and cyclical normalization spawned some marked exchange-rate movements. China, whose massive interventions averted a slide in the dollar, let the renminbi appreciate by 3%. As a result of this move, virtually all emerging-Asian currencies firmed against the dollar, though to a modest extent compared to the gains posted by the euro (from 1.19 to 1.32) and UK sterling (from 1.73 to 1.95) against the greenback. The most erratic mover was the yen. Japan’s decision to ditch its zero interest-rate policy in April initially sent the yen up sharply (from 118 to 110), only for it to then lose ground steadily and finish the year back at 117. After initially anticipating an aggressive stance from the Bank of Japan, the market revised its expectations for rate hikes and continued with its carry-trade strategies, which involved borrowing in yen and investing in higher-yielding currencies. This situation saw the euro reach a record high of 154.5 against the yen.

Bond markets

Bond-market yield curves continued to flatten. The biggest example of this was in Europe, where the spread between 10-year and 2-year bonds moved from 45 basis points to 0 at year-end. The trend was the same in the US, albeit less pronounced, with the curve starting at 10 basis points then inverting to 12 basis points at year-end. All in all, the spread between US and German 10-year sovereign yields narrowed from 105 to 80 basis points.

Healthy equity markets

Equity markets responded to these conditions by posting another year of double-digit growth. Most global indices nevertheless fell sharply at the end of spring, due to fears of steep short-term rate hikes in the US and to peaking energy prices ($78 a barrel). The fall was spectacular - with the CAC 40 tumbling 13.5% and the Dow Jones 8% – but short-lived in nature. The French and US indices ended the year with gains of 14% and 14.8%, respectively, without European indices showing any notable outperformance. European markets displayed a comparative advantage in valuation terms (P/Es suggested that European equities were “cheaper”), but this was partly offset by the greater risk of rate hikes and the euro’s appreciation at the end of the year.

IXIS CORPORATE
& INVESTMENT BANK
MANAGEMENT REPORT

ACTIVITIES

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Analysis of income

Consolidated income statement (IFRS)

Statutory data

millions of euros	2006 IFRS	2005 IFRS	
Net banking income	**1,846**	**1,295**	**43%**
Operating expenses	– 1,118	– 844	32%
Gross operating income	**728**	**451**	**61%**
Ordinary operating income	855	436	96%
Consolidated net income	**573**	**302**	**90%**

Comments on the income statement

The IXIS Corporate & Investment Bank Group recorded consolidated net income of €573 million in 2006. This best-ever performance represented a 90% rise on the 2005 figure, which was itself a record and followed three previous annual increases. Net banking income also climbed 43% to €1.8 billion.

The Group capitalized on a highly attractive economic backdrop for investment banking in 2006 to post fine performances in both revenue and earnings terms.

IXIS Corporate & Investment Bank leveraged its recognized know-how in bond markets and its solid expertise on new products in the hybrid derivatives, structured products, securitization and infrastructure financing fields, all with the aim of offering clients a comprehensive range of solutions that rank among the best in the financial industry.

The growth achieved during the year was all the most satisfactory for the fact that all business lines made a contribution.

The Equities business line fared excellently across all segments during the year. This was not only true for arbitrage, which managed to capitalize on a buoyant market for directional positions and M&A, but also for derivatives, where staff distinguished themselves throughout the year by their ability to deliver innovative and high value-added solutions tailored to the specific needs of clients in Europe and Asia.

Despite interest rates tightening during the year, the Fixed Income business line continued to make strong progress, both in France and abroad. In the derivatives segment, plain-vanilla product volumes expanded, thanks to the strong fit between the Bank's products and client needs, and to the synergies engineered between the trading, research, structuring and sales teams. Fixed Income cemented its position on the euro primary market and thereby enabled Natixis to rank 13th in the global league table. It also consolidated its dominant position in the covered bonds market, which now ranks as the second-largest fixed-income asset class after sovereign bonds.

In an ever-more competitive market, the Structuring business line enjoyed a fine 2006, particularly in the field of alternative fund structured products designed for clients in France (through the retail banking networks), the rest of Europe and Asia.

The Corporate Finance business line took the prize for the most outstanding progress during the year. Equity Capital Markets activities made progress thanks to the Lazard-IXIS partnership, and recorded some highly visible success in the IPO, capital increase and block divestment fields. IXIS Corporate Solutions also fared well and reaped the benefit of the Bank's 100% ownership of Nexgen Financial Solutions since the end of March 2006.

Structured Financing activities also expanded relative to 2005. The business line distinguished itself throughout the year by obtaining numerous arranger mandates that enabled the Bank to rank 8th among Mandated Lead Arrangers in the French market. Syndicated loan business was boosted by the creation of a loan trading book. This initiative paved the way for the emergence of a new intermediation activity on the secondary market for corporate or structured (LBO, project, real-estate) syndicated loans, an area that offers fresh growth prospects relative to conventional financing activities.

The Bank's North American subsidiary also enjoyed a fine year in 2006, with the CDO desk earning sizeable structuring fees. The subsidiary conducted numerous securitization deals via the CMBS and ABS desks (7 and 8 transactions, respectively).

Against a backdrop of business growth, operating expenses remained well under control at €1.118 billion, with the cost-revenue ratio improving by 4 points to 61% during the year.

This tight grip on operating costs was achieved in spite of further efforts to overhaul IT systems and which saw new, more efficient business-line applications enter production. The Bank also developed its existing operations in New York and London via a targeted recruitment policy and expanded its international presence by opening two new offices in 2006, a subsidiary in Dubai – IXIS Middle East – and a branch in Madrid.

Gross operating income advanced 61% to €728 million in 2006.

After factoring in a positive cost of risk of €124 million, consolidated net income amounted to €573 million for the year ended December 31, 2006.

Parent-company income statement (French GAAP)

Statutory data

millions of euros	2006	2005	2004
Net banking income	**1,243**	**956**	**668**
Operating expenses	– 676	– 524	– 412
Gross operating income	**567**	**432**	**256**
Net income	**556**	**331**	**195**

Net income under French standards was close to consolidated income calculated on an IFRS basis. This similarity primarily resulted from the effect of deferred taxation on the consolidated accounts and from the virtually identical impact from the two standards on earnings from the North American subsidiary, IXIS Capital Markets (which distributed 100% of its 2005 earnings in 2006), and from Nexgen (which paid an interim dividend in December that was close to its contribution to 2006 earnings).

After factoring in a positive cost of risk of €126 million and deducting the tax charge, parent-company net income totaled €556 million in 2006.

Subject to shareholder approval, IXIS Corporate & Investment Bank plans to distribute all of its 2006 earnings in 2007 (an interim dividend of €279 million was paid out in November 2006).

FIXED INCOME

IXIS Corporate & Investment Bank once again performed dynamically on the different interest-rate products in France and abroad. The Bank's leadership on several markets is underpinned by high-quality personnel and products.

> Broader e-business offering

> Doubling of volumes on plain-vanilla interest-rate derivatives

Business hits a new record

Over-the-counter interest-rate and currency derivatives

IXIS Corporate & Investment Bank grew its interest-rate derivatives business both in volume and profitability terms, with traded volume of plain-vanilla products actually doubling during the year. The 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, and the ability of our trading, research, structuring and sales teams to respond swiftly to client requirements.

IXIS Corporate & Investment Bank has been a member of the TradeWeb electronic trading platform since 2005 and was already the fifth-largest liquidity provider on TradeWeb in 2006. Another initiative saw the Bank expand its e-business offering during the year, by starting to trade interest-rate swaps on the Bloomberg platform.

The Bank also leveraged its broader product range by further developing business in Asia (Hong Kong and Tokyo), primarily on complex products in yen and dollars.

Government debt

IXIS Corporate & Investment Bank remained highly active on the euro-zone government debt market and further enhanced its position in this area. According to the official *Agence France Trésor* rankings, the Bank ranked 3rd among primary dealers of French government securities and 1st in qualitative terms.

We also joined the TradeWeb RTFI and Bloomberg platforms on government bonds, and now command comprehensive e-business coverage.

Primary bond market

IXIS Corporate & Investment Bank cemented its position on the euro primary market during the year. It helped Natixis to climb to 10th in the euro global league tables[1], with a total of 235 public issues representing overall volume of close to €41 billion.

(1) As a result of the tie-up with Natixis, IXIS Corporate & Investment Bank and Natixis's respective positions were merged in the 2006 league tables.

We also reaffirmed our dominant position on the covered bond market and finished the year 4th worldwide with over €15 billion in issuance. The Bank distinguished itself in lead-managing the first and only issue of 50-year covered bonds, on behalf of Compagnie de Financement Foncier.

Another deal saw the Bank confirm its specialist position on the inflation market by co-lead managing a €1.25 billion indexed operation with Natixis on behalf of CADES.

On the corporate market, we again teamed up with Natixis to co-lead manage the first double-tranche issue (5 and 7 years) on behalf of Pernod Ricard. The Bank also launched a €1 billion subordinated perpetual deal, callable after 10 years, for CNP Assurances.

The Bank continued its international expansion drive, especially in the private placement field, both in terms of currencies handled (yen, Norwegian kroner, Czech crown, dollar, etc.) and the diversity of issuers covered. We also achieved growth on the covered bond market in Spain, the UK, the Netherlands, Italy, Sweden and Germany.

The Bank enjoyed an outstanding year on the securitization market, winning numerous Spanish ABS, MBS and CLO mandates. We also executed our first CLOs, via the Marquette and JAZZ deals (the latter for €3 billion).

On the CDO market, the Bank helped Natixis claim 7th position in the CDO arbitrage league table.

Lastly, the Bank demonstrated its innovative talent with the launch of a mortality-indexed bond for AXA's OSIRIS mortality securitization program.

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 covered bonds by ranking 7th in MTS electronic trading.

> 3rd among primary dealers of French government securities (AFT rankings) and 1st for quality

> 4th worldwide on the covered bond market.

EQUITIES

IXIS Corporate & Investment Bank capitalized on attractive conditions to achieve significant progress across the full spectrum of equity activities. The Bank strengthened its different product and service offerings, and carved out key positions in high-potential countries.

IXIS Securities:

> 25 top-three nominations in the Thomson-Extel Focus France 2006 survey.

> 3rd among French brokers

Innovative talent

Business levels were robust in all segments, with equity indices making strong progress and IPOs, other issues and M&A activity all up sharply. The Bank further reinforced its already-dominant positions on certain structured product markets, by achieving growth on fast-expanding segments such as options linked to hybrid underlyings, equity portfolio trading and equity finance.

Equity derivatives

Equity derivatives business made further progress from the already-high levels of the previous year, as the Bank successfully leveraged its well-diversified portfolio of activities, its broad range of clients and its recognized risk-management expertise.

Efforts focused on the three priorities of internationalizing the client base, enhancing control and monitoring functions, and diversifying the product and service offering.

On the international front, business expanded further in the Asia-Pacific region, thanks to a prudent development strategy primarily targeting Hong Kong, South Korea and Japan and the attractive opportunities harbored by these markets. The portfolio originating from this region expanded with a satisfactory degree of profitability, in spite of the lack of diversity in terms of the products demanded and certain market rules in particular Asian countries.

In recognition of the key role played by risk management in the growth of equity and arbitrage business, the Bank considerably enhanced risk control and monitoring resources during the year.

The product and service offering was broadened by developing synergies between the trading, engineering and support functions. This paved the way for the creation of high value-added, innovative products tailored to the specific needs of clients in Europe and Asia.

Arbitrage

IXIS Corporate & Investment Bank operates across a large spectrum of arbitrage activities, encompassing equities, indices, convertible bonds, listed options and bonds.

These transactions were fuelled by a buoyant market on directional positions and M&A, especially in the first half of the year. These attractive conditions combined with the Bank's strong risk-management mechanism to yield excellent results.

INNOVATION

> IXIS Corporate & Investment Bank structured a new multi-asset hybrid product in Italy that enables investors to combine several asset classes (equities, real estate, interest rates and inflation) according to different strategies. This product development underscores the ability of the Bank's various teams to master complex products and to combine their extensive know-how of different asset classes and general expertise to the benefit of clients.

Equity finance

Equity finance activities (equity lending and borrowing) have been organized on a global business line basis since 2005 and operate out of Paris, New York and Tokyo. Business volume expanded sharply during 2006 as efforts to broaden the offering bore fruit.

Equity-broking: IXIS Securities

IXIS Securities is IXIS Corporate & Investment Bank's equity-broking arm for European equities. It delivers research and order-execution services to European and North American institutions from offices in Paris, New York and Frankfurt.

A top-three French broker

IXIS Securities boasts a 60-strong team of analysts and one of the largest equity research functions in Paris, covering 350 French and European listed companies.

The research team is regularly acknowledged for the strength of its expertise. Last year saw IXIS Securities amass 25 top-three nominations in the Thomson-Extel Focus France 2006 survey, and ultimately claim three first places (agrifood, semiconductors and utilities) and 12 second positions (notably for French equity sales and for trading and execution). It now ranks among the top three French brokers and has earned recognition for its research in the wider European arena, where it was ranked in the top 20 European brokers in the June 2006 Thomson-Extel survey.

Commercial performance

Further efforts were made to expand sales teams on three priority markets, namely the USA, Germany and the UK. IXIS Securities also enhanced its array of services in terms of both quantity and quality. Investments were made to improve order execution capacity, strengthen sales teams and increase the number of marketing events. Over 300 roadshows were arranged in conjunction with companies, a 40% increase on the previous year. The number of investor roadshows organized for non-French companies climbed 50%, thereby underlining non-French issuers' confidence in the company's sales and marketing acumen.

IXIS Securities' wholly-owned subsidiary, IXIS Midcaps, also expanded strongly during the year and benefits from the Euronext "Small & Midcaps Expert" label.

Business expands

IXIS Securities captured further market share against a positive backdrop of rising European equity indices and in spite of historically low levels of volatility which dampened institutional-investor activity. Revenues made sound progress both in France and internationally, especially in the German and Benelux markets.

Business-line synergies

IXIS Securities works closely with the Bank's other equity or corporate-market business lines (e.g. derivatives, credit, primary markets, etc.). Numerous joint client events were organized during the year, especially with the economic research and credit research functions, while IXIS Securities also teamed up with Lazard-IXIS to arrange equity strategy presentations for the benefit of private equity funds, etc.

As part of the Lazard-IXIS cooperation, IXIS Securities also assisted the Bank in its primary-market activities, and notably with the EDF Energies Nouvelles and Natixis placements in 2006.

FINANCING AND CREDIT

IXIS Corporate & Investment Bank continued to expand its financing and credit business, and thereby vindicated its choice of an integrated organizational model.

Participation in headline deals:

- Arranger and lead manager for a CLO including management of a bipolar fund set up by IXIS Corporate & Investment Bank and Lightpoint Capital Management. This new structure enabled risk to be transferred to the recently-created Marquette CLO and thereby substantially reduced the Bank's exposure

- Financing: 8th MLA (mandated lead arranger) in France in 2006
- Project and infrastructure finance: 8th in Europe in first-half 2006
- 7th largest bank worldwide for CDO-type products in third-quarter 2006

Further deployment

Integrated model

IXIS Corporate & Investment Bank employs an integrated financing-credit market platform to develop innovative customized solutions for clients looking to obtain financing under improved terms or diversify their investment portfolio with structured products.

This integrated organization groups together the origination of exposure with corporate clients and the public sector, the transformation of risk and the distribution of credit products to investors.

New developments

The Bank capitalized on the synergies arising from its integrated model to leverage transaction structuring capacity to the full during the year. Securitization (CMBS) has become an essential part of the Real Estate Finance unit's business model, thanks to the use of a London-based platform which securitizes loans originated by the Real Estate Finance teams throughout Europe.

The Bank's move to set up a loan trading book also paved the way for a new intermediation activity focused on the secondary market for corporate syndicated loans or structured loans. This activity provides a fresh source of growth momentum to complement that from conventional financing business.

In line with the action plan initiated in 2005, Credit department staffing was reinforced to match growth in business. All in all, 180 staff were employed in Credit department front-office and support functions in Europe and Asia at the end of 2006.

Transaction processing

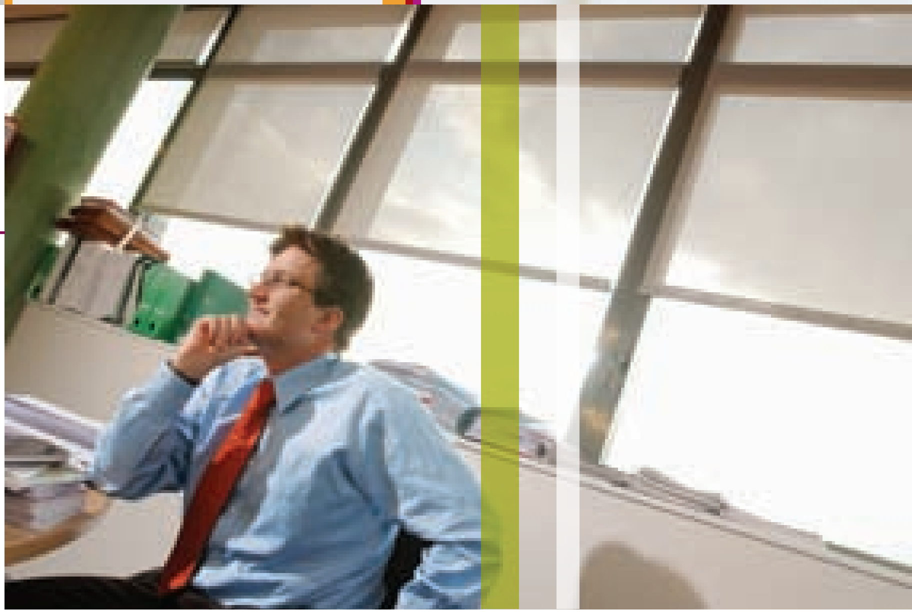
The Bank demonstrates a constant concern for security and the demands raised by continuous volume growth and ever-more complex products. To this end, it introduced new efficient transaction processing tools in 2006, including Calypso for credit derivatives (a front-to-back credit derivatives processing system) and ACBS for structured financing (a middle-back STP system with integrated workflow procedures).

Improved results

The introduction of the new organization and the corresponding integrated offering both paid off in 2006 and confirmed the encouraging results achieved in the previous year.

PARTICIPATION IN HEADLINE DEALS

- Arranger and lead manager on a first commercial mortgage-backed securities (CMBS) transaction in Europe as part of the Bank's recently-created Infinity program.
- Arranger of financing and provider of financial engineering services for the city of Reims' first tramway (France's first PPP-financed tramway project).



8th Mandated Lead Arranger in France

IXIS Corporate & Investment Bank was appointed mandated lead arranger, mandated lead arranger bookrunner or sole MLA bookrunner on 17 occasions during the year. The Bank moved up five places to 8th in the league table of MLA Bookrunners in France. It also rose one place to 8th in the French MLA market[2]. The Bank took part in a number of sizeable transactions on behalf of APRR, Mines de Lucette, Altarea SA, Groupe OFIC, RTE, Gécina and Marc Orianas, either as sole bookrunner or within narrow pools.

8th in project finance in Europe in first-half 2006[3]

The Bank confirmed its position as one of the leading European players in the infrastructure and project finance fields. It ranked 8th in Europe and 15th worldwide in the 2006 project finance MLA league tables. The Bank provides financial advisory services, and arranges and underwrites financing. It is a major player in the public-private partnership sector (PPP) and offers industrial sponsors a comprehensive package incorporating all the required types of financing (debt and equity).

World's 7th largest bank for CDOs in third-quarter 2006[4]

The Bank boasts an execution and sales platform for all types of ABS, RMBS and CDO structured products with a staff of 80 based in North America, Europe and Asia.

More than 50 people are engaged in manufacturing a broad range of investment products (managed or non-managed CDOs, cash or synthetic CDOs, CLOs, correlation products, hybrid products) on a large variety of underlyings (corporates, ABS, leveraged loans, private equity, etc.).

Products are structured out of Paris and New York by quantitative and credit research, credit derivatives trading, correlation trading and structuring teams. By grouping expertise on these two locations, the Bank shortens the time needed to manufacture new products and reinforces its client-driven innovation know-how.

Proprietary activities

In the proprietary management field, the Bank used the credit portfolio management desk to develop a policy for dynamically managing credit risk, originating financing and selling exposure on the market or transforming it into investment products.

2006 ended with credit spreads very tight and close to their narrowest-ever levels, while volatility declined continuously throughout the year. This situation reflected a marked resurgence in LBO and M&A risk, which was largely counterbalanced by conditions highly conducive to credit, i.e. continued low default rates, further improvement in corporations' financial profiles and abundant liquidity. Proprietary credit activities responded with another fine performance.

(2) Source: Dealogic.
(3) Source: Thomson Financial – second-quarter 2006. This is the last ranking available for IXIS Corporate & Investment Bank. Over 2006 as a whole, Natixis ranked 7th in project finance in Europe.
(4) Asset-Backed Alert rankings.

STRUCTURING

In an ever-more competitive market, IXIS Corporate & Investment Bank strengthened its presence on alternative fund structuring, cemented its leadership on sale & leaseback deals and captured several private equity mandates.

Good opportunities

Growth in alternative management

IXIS Corporate & Investment Bank strengthened its presence on alternative fund structured products (guaranteed capital or leveraged products) designed for a diverse range of clients in Europe and Asia.

2006 featured sharp growth in Europe for alternative fund structuring for retail banking networks, especially in France (Crédit Agricole, Caisses d'Epargne), and several restructuring transactions.

In Asia, the Bank reaped the benefits of the investments made in 2005 and particularly the partnership with SPARX Asset Management. The Bank cemented its position on public offerings of hedge-fund indexed structures. The range of funds authorized as underlyings for structured products was broadened to include commodity funds. It now covers the full set of alternative management strategies. The flow of transactions was much heavier in 2006 than in 2005.

IXIS Alternative Investment

The London-based alternative management subsidiary, IXIS Alternative Investment, injected fresh impetus into the growing alternative product segment. It notably launched a managed funds platform, which offers investors greater risk control and transparency, including on alternative funds used as supports for structured products. The first managed funds were created in the second half of 2006 and provided greater liquidity than conventional alternative funds as well as daily risk monitoring.

IXIS Alternative Investment also developed a seeding and incubation program for new hedge fund managers, which is due to be launched in early 2007. The program will be syndicated to third-party investors and will be underpinned by the managed fund platform's risk management infrastructure.

> IXIS Capital Partners changed to **Natixis Capital Partners** on December 14, 2006.

> IXIS Alternative Investment changed to **Natixis Alternative Investments** on January 23, 2007.

Innovative transactions

Another highlight of 2006 was the structuring of collateralized fund obligations (CFOs), including the first CFO to be rated on a mono-strategy fund. These transactions – Phénix and RMF Four Seasons – generated over €550 million in issuance and were placed with investors by the Bank's fixed-income and equity sales teams.

The Bank also harnessed its CPPI know-how to issue the first credit CPPI managed by a third party, in collaboration with the marketing and trading teams.

Success in real estate

The IXIS Capital Partners subsidiary bolstered its leading position on sale & lease-back deals in continental Europe in 2006. This real-estate investment structure used its Captiva II fund to acquire seven real-estate portfolios in Germany, France and Belgium, including one owned by the city of Hamburg and comprising 39 properties for a cost of €815.5 million.

Buoyed by this success, IXIS Capital Partners is preparing to seek investment for its third fund to be launched in 2007.

New private equity mandates

IXIS Corporate & Investment Bank strengthened its private equity fund advisory and placement business by executing an advisory mandate awarded by Apax Partners SA and a European LBO mezzanine fund, IFE Fund II.

The Bank also broadened its field of operations via a first-ever mandate from a $1 billion North American buyout fund.

CORPORATE FINANCE

IXIS Corporate and Investment Bank continued to grow its Corporate Finance business during the year. Efforts were focused on devising and executing made-to-measure financial structures by leveraging expertise in three areas, namely Equity Capital Markets, infrastructure and real-estate advisory services and the structuring of customized financial solutions.

> Sole global coordinator for the placement of €5.52 billion of Natixis shares

Business up sharply

A good year for Equity Capital Markets

2006 was one of the best years of the decade for equity primary markets in France and worldwide. Over €30 billion were raised in France through some 70 transactions. The momentum during the year came less from IPOs involving state-owned companies (with the exception of ADP) and more from industrial companies like 9Cegetel, Legrand or Vinci, or from banks and insurers like AXA, BNP Paribas or Société Générale.

Lazard-IXIS makes progress

IXIS Corporate & Investment Bank's partnership with Banque Lazard continued to bear fruit, with Lazard-IXIS achieving some highly visible successes with IPOs, capital increases and block divestments.

Lazard-IXIS acted as sole global coordinator for the placement of €5.52 billion of Natixis shares. This deal, which resembled a re-flotation, was the biggest equity placement in France and the largest in Europe during the year.

Lazard-IXIS was also appointed lead manager-global coordinator for three highly successful IPOs in 2006, on behalf of ICADE (the largest real-estate firm to IPO in Paris), Parrot (the only high-tech company to overcome the tough market conditions in the early part of summer), and EDF Energies Nouvelles (a global leader in the renewable energy field which was in exceptional demand from investors).

Lazard-IXIS took part in capital increases undertaken by Vinci and BNP Paribas. It also lead-managed the sale of a €238 million block of Mercialys shares, after it had successfully lead-managed the same company's IPO six months earlier.

The partnership is due to broaden its contours and become Lazard-Natixis in 2007. The combined strengths of the new pairing should improve the partnership's ability to capture new mandates.

IXIS Corporate Conseil (Advisory)

IXIS Corporate Conseil provides advisory services for M&A and capital-market transactions in the infrastructure and real estate fields.

In the real estate field, commercial activities concentrated on marketing France's new OPCI fund status which is scheduled for introduction in the first half of 2007. OPCIs are unlisted investment vehicles that raise capital from the public and offer similar tax advantages to existing SIIC (listed real estate investment company) structures.

The team was appointed to advise on the setting-up of several OPCIs involving several billion euros of real estate assets. It also advised *Les Nouveaux Constructeurs* on its introduction to Eurolist.

Advisory business expanded sharply in the infrastructure, energy and utilities field in 2006. This vindicated the decision to set up a dedicated sectoral team in 2005, specializing in financial engineering and corporate finance transactions for large corporates.

The team notably advised Caisse des Dépôts on the acquisition of Eiffage's 49% stake in Compagnie Eiffage du Viaduc de Millau. In the energy field, it continued its global remit to advise Exeltium, the consortium set up by Alcan, Air Liquide, Arcelor, Arkema, Rhodia, Solvay and the Finnish paper maker, UPM Kymmene, to negotiate long-term electricity procurement contracts with European energy groups and refinance them on the market.

IXIS Corporate Solutions

Synergies arising from the takeover of Nexgen Financial Solutions (Nexgen) in March 2006 lived up to expectations.

The busy M&A market during the year helped ensure the efficient functioning of the commercial agreement concerning strategic derivatives signed with Lazard in 2003. These sustained activity levels paved the way for a broader range of underlying instruments and especially the first carbon emission transactions. The international nature of IXIS Corporate Solutions' business was much in evidence, with transactions executed in a growing number of countries, especially in Asia, Australia and Southern Europe.

Numerous transactions were undertaken in 2006, most of which remained confidential. IXIS Corporate Solutions generally proposes itself as counterparty for structured derivatives transactions for clients and retains the transactions throughout their life span. Transactions are managed via a specialized platform in Dublin. This organization provides a highly flexible way for clients to alter their risk profile prior to transaction maturity date.

Nexgen's proprietary technology for executing customized, complex and non-repetitive financial transactions, combined with the stringent control procedures applied within IXIS Corporate & Investment Bank and its subsidiaries, respond to clients' concerns for confidentiality and ensures secure transaction execution.

During the year, IXIS Corporate Solutions added Hong Kong and New York to its existing operations carried out in Paris, Dublin, Singapore and Milan, and in the Tokyo and Frankfurt branches. A sales representation agreement was signed with a Brazilian firm. At the end of the year, IXIS Corporate Solutions' headcount was near the 90 mark.

In the alternative risk transfer (ART) field, IXIS Corporate Solutions devoted the first half of 2006 to marketing an auto insurance portfolio securitization deal for Axa. All in all, the team approached 25 insurers in the largest European markets. The team took part in four conferences on the subject of the deal and won five awards, i.e. ABS Deal of the Year for ISR, Insurance Deal of the Year for SFI, *Meilleure Innovation Financière* for *Club des 30*, Reinsurance initiative of the Year for The Reinsurance Review and Alternative Risk Transfer Deal of the Year for Reactions.

The Bank also obtained a new mandate from Axa for another auto insurance portfolio securitization deal in Germany, Spain, Italy and Belgium.

It additionally reinforced its expertise in devising balance-sheet management and optimization solutions, within the scope of co-investment projects notably involving private-equity fund and CDO equity underlyings.

NEW THIRD-PARTY ASSET MANAGEMENT FUNCTION

IXIS Corporate & Investment Bank set up a third-party asset management function on May 1, 2006, with a view to improving security and enhancing conditions for its third-party asset management activities.

In September 2006, the Bank gained approval from the French financial and banking authorities for its program of activities geared to managing, as a non-core business, collective investment schemes established under foreign law and not harmonized with the European directive.

These activities are highly specialized, both in terms of management methods (structured and alternative) and clients targeted (qualified institutional investors), and comprise:

- structured management mandates executed directly by IXIS Corporate & Investment Bank, especially in the area of constant portfolio protection insurance (CPPI) with hedge-fund underlyings,
- a management unit for venture capital-type funds heavily specialized in the environment and infrastructure fields,
- a hedge fund management development center (managed accounts platform, funds of hedge funds management, hedge fund seeding),
- European business real-estate investment companies.

These activities are a logical extension to the bank's capital-markets business and are often executed in partnership with recognized names in the industry.

INTERNATIONAL OPERATIONS

IXIS Corporate & Investment Bank continued to expand its international footprint during the year. With 300 staff at the end of 2006, the Frankfurt, London, Milan, Madrid and Tokyo branches, along with the Dubai, Hong Kong and Luxembourg subsidiaries, extend the reach of the Bank's business lines in Europe and Asia and bolster international distribution capacity.

> New offices in Madrid and Dubai

> Increased headcount and growth in business in Asia (Tokyo and Hong Kong)

International expansion

Frankfurt

The Frankfurt branch has traditionally been highly active on fixed-income products and specializes in financials and covered bonds (especially German *Pfandbriefe*) for which it acts as market maker. The branch has built a strong reputation on the Frankfurt market and is the Bank's springboard for expansion in Eastern Europe.

Frankfurt fared well in the trading arena in 2006, especially in the financials segment where it launched a Bloomberg electronic platform for its clients.

The branch also developed new activities as a logical extension of the Bank's business lines and strove to broaden the client base in all areas of operation.

The real estate investment banking unit, which has only been operating in Frankfurt since the end of 2005, spent the year on organizational matters and raising its profile with the market. Against a backdrop of growing demand for German real estate assets, the unit successfully executed its first transactions.

The corporate finance business line, which has also been active in Frankfurt since the end of 2005, concentrated on three areas during the year, namely cooperation with Lazard, development of the certificate based life insurance (CBLI) product which is earmarked for launch in 2007, and prospection for the carbon fund.

Frankfurt began to distribute fixed income products in Eastern Europe. The branch broadened its client base in the region as well as winning several placement mandates in the Czech Republic.

London

The London branch operates across a broad spectrum of investment banking activities, from derivatives sales, to trading and advisory.

2006 brought growth in both business and headcount, with the number of staff rising from around 100 to 140 during the year.

London bolstered its positions on traditional activities, while also starting up new ones. A syndicated loan trading desk was set up locally, while sourcing and management of syndicated loans related to the setting-up of CLOs was gradually transferred to the branch.

The various trading desks – proprietary, quantitative arbitrage on credit indices, securitization swaps and ABS and CDO trading – all contributed to the branch's excellent results.

The equity and interest-rate derivatives sales teams further extended their coverage to include the Middle East during the year.

The fund advisory activity, which was transferred to London in early 2006, obtained good results and plans to open its platform to external investors shortly.

Commercial successes

The activities launched in London in 2005 made good headway in 2006. The securitization teams successfully initiated the Infinity securitization program. The UK real-estate lending activity also significantly expanded its portfolio.

In addition, the London branch lead-managed HSBC's first-ever covered bonds issue (€1.5 billion, maturity 2011) and thereby helped the Bank to rank 4th in the IFR covered bond benchmark league tables. This issue, together with a $1 billion CDO of CDO issue for New Bond Street Asset Management, underscored the Bank's solid position in the London market.

New subsidiaries

IXIS Capital Partners, the London-based real-estate investment advisory and management subsidiary, began operating in 2006. It undertook several acquisitions in Germany for the Captiva 2 fund, inlcuding that of the DaimlerChrysler headquarters for €240 million.

IXIS Alternative Investment, an alternative investment subsidiary also started up in 2006 with the development of a Managed Fund/Managed Account platform. Six managed funds were set up in all, including one as part of the seeding program, while numerous projects are earmarked for 2007.

Madrid

The Bank set up the Madrid branch in July 2006 to establish a platform for distributing a range of capital-market services and products, primarily to institutional investors in Spain and Portugal.

The Madrid branch was manned by a 10-strong team at the end of 2006 and is underpinned by the Bank's Paris-based trading, research and support functions. Madrid focuses on distributing interest-rate and credit cash products and derivatives, selling equity derivatives and structured products (single stock, baskets, indices, etc.), structuring transactions on alternative investment underlyings, and originating and structuring securitizations.

Madrid confirmed its leading position in covered bond origination, by lead-managing 14 *cedulas hipotecarias'* issues in 2006. It also made fine inroads into the securitization field, by lead-managing eight deals during the year (RMBS, ABS of consumer loans, SME loans, etc.).

Milan

During its first first full year of business, the Milan branch managed to establish good positions in the Italian market in its three business lines of real estate, fixed-income markets and public finance.

> IXIS Luxembourg Investissements changed to **Natixis Luxembourg Investissements** on December 20, 2006.

> IXIS Middle East Limited changed to **Natixis Middle East Limited** on December 10, 2006.

The local fixed-income activity leveraged its solid and competitive platform to originate and place several sizeable bond deals. It also successfully launched two new platforms for warehousing residential mortgage loans and customer receivables held by several Italian public sector entities, with a view to their forthcoming securitization.

In the real-estate segment, Milan carved out a solid foothold in the traditional lending market, essentially by lead-managing some important loan deals. It also responded to demand for new products and especially for funds of funds, which account for a growing share of Italian real-estate investment.

Milan also introduced the Bank to the Italian commercial mortgage market. It notably originated and structured the €436.5 million Classico synthetic CMBS transaction, which was well received by European institutional investors. This deal marked the first step on the road to placing the Bank among the foremost CMBS lead managers in Europe, to go with the status it already holds in this area in the US.

Luxembourg – IXIS Luxembourg Investissements

IXIS Luxembourg Investissements was set up in 2005 as a limited liability company incorporated under Luxembourg law. It invests in selected financial assets as part of optimized financing solutions.

IXIS Luxembourg Investissements continued to develop its two main activities in 2006, namely the acquisition and management of a portfolio of asset-backed securities and the acquisition and management of a portfolio of loans to first-tier industrial or financial groups or their subsidiaries.

By the end of 2006, the ABS and CLO portfolio amounted to €1.3 billion, of which 71% was invested in RMBS. The portfolio was also geographically diversified between Europe and the US.

The second activity made good progress in the final quarter, with several transactions completed at the end of 2006. Another feature toward year-end concerned the investment of some €0.9 billion devoted to corporate investments and to set up subsidiaries in Belgium and Luxembourg.

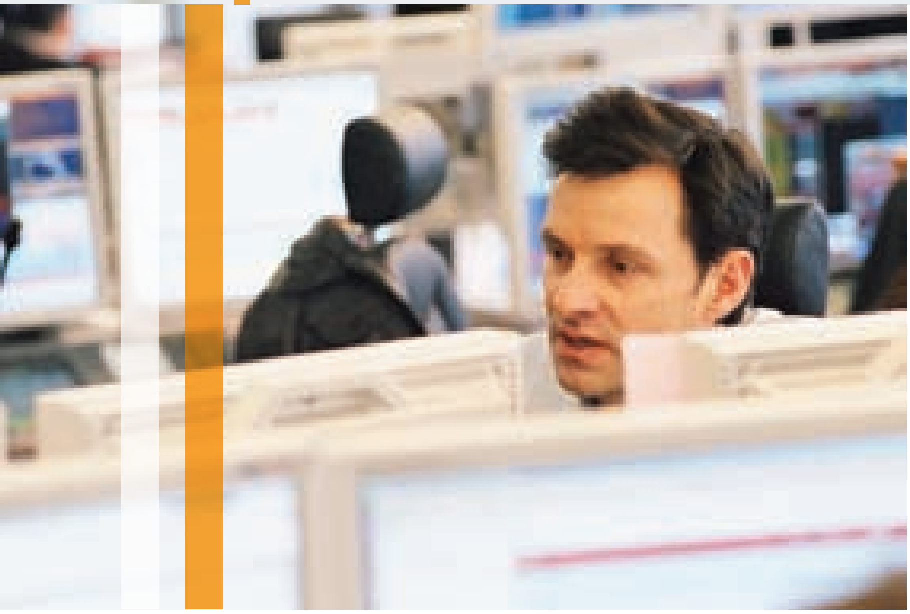
IXIS Luxembourg Investissements was staffed with a team of 7 at the start of 2007.

Dubai – IXIS Middle East

Middle Eastern oil-producing countries are experiencing a period of major economic growth. Strong global demand for oil is enabling them to build up sizeable cash reserves and prompting them to look for diversified onshore or offshore investments.

This situation requires all major banks to be present in the region. IXIS Corporate & Investment Bank responded to this need in November 2005 by deciding to set up a new subsidiary situated geographically between its European and Asian offices. The Bank opted to locate in Dubai in recognition of the rapid expansion of Dubai's financial marketplace.

IXIS Middle East Limited was licensed by the Dubai Financial Services Authority (DFSA) on March 22, 2006 and lays claim to being the first French bank represented in the Dubai International Financial Center. It markets the Bank's full range of products, e.g. funds, structured interest-rate products, equities, money market products, forex, swaps, bonds, ART. Transactions are structured by teams based in Paris, London or Tokyo, in collaboration with Dubai.



The subsidiary is already recording encouraging transaction volume that vindicates the strategic decision to set up in Dubai. One highlight was Dubai's successful role in placing the RMF Four Seasons CFO in the Middle East.

Tokyo

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

Tokyo expanded in all its business lines in 2006. The measures begun in 2005 and geared to strengthening the front office (structuring, trading and sales), risk control and support teams, were coupled with strong growth in activity levels, both in Japan and other countries in the region.

Demand for equity derivatives remained robust throughout the year. The investments in human and IT resources undertaken in the previous year, paved the way for the branch to offer a broader array of products and cover more markets, all in a secure environment. Tokyo has built up a strong reputation in the highly competitive equity- and index-linked structured product fields.

In the interest-rate derivatives segment, Tokyo bolstered its commercial franchise on several complex products during the year. The branch also capitalized on its strong infrastructure to overcome fairly adverse market conditions that featured sudden movements in interest and exchange rates. 2006 saw the culmination of several major projects begun in the previous year, notably in the IT and quantitative research fields.

In the alternative management area, Tokyo reaped the reward of the investments and developments of 2005, especially via the partnership with SPARX Asset Management. The Bank consequently cemented its position in public offerings of hedge-fund indexed structures, particularly in Japan. 2006 was much busier than 2005 in terms of transactions, notably due to the inclusion of commodities funds in the range of funds allowed as underlyings for structured products.

All in all, Tokyo more than doubled business compared to 2005.

> IXIS Asia Limited changed to **Natixis Asia Limited** on December 13, 2006.

Hong Kong: IXIS Asia

IXIS Asia Limited is a wholly-owned subsidiary of IXIS Corporate & Investment Bank that has been operational in Hong Kong since 2004. It concentrates on structuring, pricing and selling the Bank's products in Asia ex-Japan and Korea. The core target markets are in the Chinese-speaking world (China, Taiwan, Hong Kong, Singapore), but coverage extends to Australia and South-East Asia (Malaysia, Thailand, Indonesia and India).

IXIS Asia uses Paris's trading resources for interest-rate and credit transactions and Tokyo's trading resources for equity derivatives. Despite fierce competition, the subsidiary capitalized on attractive market conditions and the start-up of new activities to practically double headcount during the year. By the end of 2006, IXIS Asia employed some 40 market professionals, most of whom were engaged in sales, structuring or pricing.

IXIS Asia concentrates on three broad areas: distributing interest-rate and credit derivatives and structured products for institutional clients and distributors; selling equity-based derivatives and structured products for retail banks or private banks; structuring complex transactions on other alternative underlyings like hedge funds.

IXIS Asia harnessed the fairly attractive market conditions for these asset classes to generate a flow of transactions with numerous clients in the Chinese-speaking world, while also sealing distribution agreements with retail banks in Hong Kong, Taiwan and Singapore. The subsidiary more than doubled business levels in 2006 and is anticipating further sizeable growth in 2007.

IXIS Asia also forged strong relations with the main Chinese banks, thereby enabling it to develop complex ALM structures destined for Chinese industrial companies.

The subsidiary is expecting a further sizeable increase in headcount in 2007, thanks to the arrival of trading teams for the region's equity derivatives and interest-rate products. Support functions are also to be reinforced accordingly, notably in the risk control, back-office and IT areas.

Following the efforts to install various teams in Japan and Hong Kong and to offer tailored product coverage, IXIS Asia is now well-placed to service all its traditional clients and capitalize on attractive economic conditions throughout the region.

IXIS CAPITAL MARKETS (UNITED STATES)

Despite tough competition, IXIS Capital Markets, IXIS Corporate & Investment Bank's North American subsidiary, posted a good performance and achieved considerable growth in 2006.
In order to match its long-term growth ambitions, the Firm opened new offices in Jersey City, Atlanta and Chicago.

> Revenues up 26%

> Record origination of $4.8 billion of fixed- and floating-rate loans and mezzanine financing

> Three new offices opened during the year

Fine year in 2006

450 staff

IIXIS Capital Markets provides innovative, customized financing, investment and risk management solutions for 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. Among its specialist products and services are financing and asset securitization, asset- and fund-linked structured products, securities and derivatives sales/trading and investment products. The Firm's 450-person workforce is predominantly located in New York, with select activities being operated out of Jersey City, Los Angeles, Chicago and Atlanta.

The North American subsidiary performed well in 2006 amid a competitive landscape. Revenues(5) rose 26% to $637 million and net income advanced by 30% to $118 million.

Securitization and financing

IXIS Capital Markets delivered robust financing solutions in 2006, generating strong revenues and advancing its position within the structured finance markets. Commercial real estate financing grew by 41% over 2005 levels, thanks to the team's high degree of specialist expertise and ability to deliver a variety of financing solutions, ranging from the simple to the complex.

The Firm originated a record $4.8 billion of fixed- and floating-rate loans and mezzanine financing for property acquisitions and recapitalizations in the United States. IXIS Capital Markets also sold and securitized over $3.3 billion of its commercial mortgage assets to seven securitizations totaling $19.5 billion.

The Firm's ABS business, which involves purchasing, financing and securitizing various forms of collateral (excluding CMBS), also posted good results. IXIS Capital Markets sold and securitized over $4.1 billion of home equity loans to eight securitizations totaling $5.6 billion of new asset-backed securities (ABS).

(5) IXIS North America consolidated data, restated IFRS.

> IXIS Capital Markets (New York) changed to **Natixis Capital Markets** on March 15, 2007.

Also in the ABS sector, the Firm securitized $1.8 billion of non-mortgage, non-CDO ABS. Indeed, the Firm's position within the structured credit arena has never been stronger. IXIS Capital Markets continues to hold a global leadership position as an underwriter of cash-collateralized debt obligations (CDOs) and collateralized loan obligations (CLOs) with a wide variety of underlying asset characteristics. This past year, IXIS Capital Markets structured and placed $14.6 billion of CLOs, more than doubling production levels of the previous year. Together with the production of its Paris-based associates, IXIS ranked third[6] among bookrunners of worldwide arbitrage CLOs for total issuance. The Firm also used its 10-plus years of experience in the ABS arena to close another $1 billion of ABS CDOs for which it will act as collateral manager.

In the credit intermediation arena, IXIS Capital Markets' relationship with CharterMac was formalized in June 2006 through a joint venture, Centerbrook Financial LLC., which combines CharterMac's origination platform with IXIS Capital Markets' structuring expertise. Centerbrook Financial provides credit intermediation products to the affordable housing finance industry. The joint venture provides IXIS Capital Markets with access to a segment that offers very good fit with its existing North American businesses and is consistent with many of IXIS's activities in Europe.

Structured products

Structured products made another strong contribution to the Firm's revenue growth in 2006. Recognition of IXIS Capital Markets as a prominent provider of structured product solutions is a primary driver of business. IXIS Capital Markets' strength lies in the quality of its risk management, structuring capabilities and dedicated teams.

The Firm's business provides both principal protection and structured leverage products for asset managers of, and investors in, actively-managed alternative investments. Notional transactions grew significantly during the year, with 60% of the increase stemming from new client relationships. The business 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.

IXIS Capital Markets is one of the leading wrap providers in the stable-value-investments industry. Stable Value Funds, also known as interest-income funds or fixed-income funds, offer a conservative fixed-income option to employees within the framework of US employer-sponsored 401(k) pension plans. IXIS Capital Markets increased its book by 5% in 2006, closing the year with $27.7 billion in wrapped assets.

(6) Source: Asset-Backed Alert.

Municipals

IXIS Capital Markets participates across the spectrum of municipal products, from bonds to derivatives and from structured finance solutions to guaranteed investment contracts (GICs). These businesses performed relatively well in 2006, with select activities being adversely impacted by a flattening yield curve. The Firm serves the reinvestment needs of state and municipal issuers and develops customized investments that help to mitigate interest-rate risk. The Firm also invests in bonds AA-rated or higher as well as municipal leases as part of its Municipal Tender Option Bond program.

Equity derivatives and arbitrage

IXIS Capital Markets, through its US-registered broker-dealers, reinforced its equity cash and derivatives businesses by strengthening its marketing efforts, product offering and teams in 2006. The Firm provides customized over-the-counter (OTC) equity derivative strategies for institutional, corporate and high-net-worth clients.

The derivative businesses performed relatively well within a competitive market environment displaying extremely low market volatility.

Equity broking

IXIS Capital Markets' European equity sales business – IXIS Securities North America – offers French and Pan-European stock order execution to the North American marketplace. 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.

Interest-rate derivatives

Within the interest-rate derivatives market, IXIS Capital Markets expanded its team and product offering in 2006. It provides a range of vanilla and complex interest-rate products to a wide range of institutional clients such as hedge funds, regional banks, supranationals, insurance companies, etc.

FINANCIAL FUNCTIONS

IXIS Corporate & Investment Bank's Finance department monitors and manages the Bank's balance sheet. It includes three operational functions, namely asset-liability management, refinancing management and monitoring of equity stakes and investments.

Optimizing asset-liability management (ALM)

International harmonization

2006 saw IXIS Corporate & Investment Bank finish the work needed to feed its asset-liability management mechanism, which uses the dedicated Risk Pro tool to monitor all balance sheet and off-balance sheet transactions. Now that the mechanism is in operation within all the main subsidiaries, all transactions belonging to the Bank's scope of consolidation can be accounted for at the finest level of detail. Risk Pro is consequently fed directly and extensively by all of the Bank's management software.

In the interests of harmonization, the New York subsidiary, IXIS Capital Markets, has reproduced the ALM mechanism used by IXIS Corporate & Investment Bank in Paris. The Bank has integrated a dedicated team into the US subsidiary's Finance unit. The unit applies the same analytical principles and tools as in Paris, thus ensuring that the Risk Pro ALM tool is now constantly updated with the subsidiary's transactions.

Organizational enhancements

The ALM function prepared a charter during 2006 that described its responsibilities in terms of asset-liability management, business analysis and the methods of monitoring the Bank's structural balance sheet risks, e.g. liquidity, exchange rate and interest rate risks.

The ALM function's activities are split into two – the first unit focuses on overall balance sheet management based on the parent company/consolidated perimeter and the monitoring of general guarantees, while the second concentrates on refinancing management.

The Balance Sheet Management Committee is organized by the Finance department and meets on a monthly basis to analyze the results of risk indicators and crisis-scenario simulations. It is also kept abreast of financing programs. It decides the principles underlying liquidity policy, validates crisis-scenario simulations and oversees compliance with limits.

The ALM function also measures, monitors and manages the different mandatory regulatory indicators such as the liquidity ratio, the capital and long-term resource ratio, etc.

Lastly, the ALM function provided input to the RAROC (Risk Adjusted Return On Capital) Project and pursued its policy of hedging exchange-rate risk exposure to subsidiaries' revenues and branches' expenses.

Centralized management of medium/long-term liquidity

Since 2005, the ALM function has been transmitting the information needed for operational units to refinance their activities in an optimal manner.

To this end, all medium- and long-term refinancing needs are centralized within a long-term liquidity management section via internal refinancing contracts signed between the medium/long-term liability section and the long-term liquidity management section. This overall management mechanism enables the cost of medium- and long-term resources to be billed directly to the consuming business lines via the use of financings that are set up between the long-term liquidity management section and the business line at the outset of transactions. The interest rate applied to these transactions reflects the Bank's average cost of liabilities for the maturity concerned and incorporates the regulatory requirement to comply with a minimum long-term resources ratio.

Changes in the internal refinancing mechanism for the different business lines – especially the pricing grid – are validated on a six-monthly basis by the Balance Sheet Management Committee.

Comprehensive management of market refinancing

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 refinancing of medium- and long-term transactions via the issue of debt securities.

With liquidity remaining plentiful in the market and without any particular pressure on prices, the Bank refinanced under good conditions in 2006.

The close proximity between classical short-term refinancing activities and collateralized refinancing activities enabled the Bank to continue to seek the best sources of refinancing, while also ensuring a secure process.

Classical refinancing activities (interbank deposits, issuance of CDs and euro commercial paper) expanded via the use of a wider variety of refinancing sources, especially in terms of counterparties.

At the same time, the short-term treasury function continued to rationalize collateral management, notably by rounding out and enhancing tools during the year. Activity in this area also expanded via the use of new types of repurchase contracts.

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) – have been 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.

In New York, IXIS Capital Markets' treasury function capitalized on the depth of the US market to expand its access to liquidity, both in the short-term segment and in the segment for medium-term maturities linked to the US structured MTN program.

A committee organized in conjunction with the Paris-based Finance department meets on a monthly basis to analyze all aspects of the subsidiary's treasury and ALM activities.

Market exchange tools

Access to CLS Bank in third party mode has been operational since early 2005 and ensures greater security for forex transaction settlements.

The Bank's CLS activity grew sharply in 2006, both in terms of the number of transactions (+35%) and the sums exchanged (+60%). This growth was notably driven by the sharp rise in transactions undertaken by the FX swaps and treasury desks, as well as the completion of the process needed to integrate FX counterparties belonging to the CLS system, via the signature of bilateral conventions with IXIS Corporate & Investment Bank.

IXIS Corporate & Investment Bank's membership of CLS, against a backdrop of growth, allows the Bank to maximize the advantages offered by the system, e.g. reducing the number of settlements via the netting effect, lowering settlement risk on currency transactions, cutting intraday liquidity needs, decreasing consumption of settlement lines, optimizing back-office processes and eliminating suspense accounts.

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 assistance in setting up specific transactions or new projects.

All the information needed to carry out these functions is defined according to precise rules, including the details concerning the constitution of decision-making bodies, on which the Finance department is generally represented.

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 effectively put into practice. The Finance department is responsible for ensuring compliance with these terms and conditions.

The Finance department monitors all the subsidiaries and equity investments held by IXIS Corporate & Investment Bank for its own account. All these assets are centralized in a financial instrument management system that enables them to be controlled in a unified manner along with the Bank's customary transactions. Transactions linked to subsidiaries and equity investments are processed via an integrated procedure, encompassing the front office, the back office and accounting.

RESEARCH

IXIS Corporate & Investment Bank considers research both a priority and a vital 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 (economic, quantitative, sell-side, analysis) is devoted to every two or three traders or sales persons.

> Two new publications in 2006 – *Emerging Markets Quarterly* and *Economic Indicators*

Economic research – a reputation for sharp analysis

Client-driven research

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.

The Research department contributed to the 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 and IXIS Securities' sales teams.

Diversified range of publications

The range of publications is organized by broad themes:

- News: including *Flashes*, which provide in-depth themed analysis of economic trends, and *Special Reports*;
- Markets: this category comprises *Markets Weekly*, which assesses the week's key macroeconomic data, *Daily Round-up*, the quarterly *Hedge Fund Trends* and the monthly *Inflation-linked*;
- *Monthly Notes*: this range of publications provides 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*.

Two new publications enhanced the range in 2006. The first of the two, *Emerging Markets Quarterly*, deals with the main financial movements in emerging markets, while the second, *Economic Indicators*, provides an overview of the main economic indicators liable to impact financial markets.

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.

Investment strategies

The Research department provides advice and analysis on investment and arbitrage strategy on interest-rate markets. Strategic recommendations may have various time-frames, 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 for Bloomberg TV France.

Quantitative research – innovation and business development

Financial engineering

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 part of the Financial Engineering unit.

Evolving models

Financial engineers design mathematical and statistical models for calculating the value of financial products and transactions, especially derivatives and complex structured transactions. The success of these models depends particularly on their ability to make accurate calculations of hedging requirements 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.

Technology watch

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.

In order to remain competitive, IXIS Corporate & Investment Bank needs to be kept abreast of the work conducted by the best university research teams. This technology watch is vital to maintain the Bank's powers of innovation and is supported by the research-promoting activities of the IXIS Corporate & Investment Bank Foundation.

IXIS CORPORATE & INVESTMENT BANK FOUNDATION

The Foundation's goal is to finance a broad spectrum of quantitative finance research and events, covering the fields of market finance, credit, risk management, asset management and statistical finance.

It awards grants for doctoral theses, dissertations and university research in areas that are currently of direct concern to financial institutions. The Foundation co-organizes high-level conferences with top-tier universities. It also rewards examples of the best research theses.

Another of the Foundation's purposes is to help promote IXIS Corporate & Investment Bank's image and thereby facilitate the Bank's recruitment of financial engineers.

Financial structure and regulatory ratios

Analysis of consolidated balance sheet data and off-balance sheet items

(audited data)

CONSOLIDATED BALANCE SHEET *(billions of euros)*	2006	2005	Year-on-year change amount	Year-on-year change %
Assets				
Cash, central banks and post-office banks	0.0	0.0	0.0	0.0%
Financial assets at fair value through profit and loss	137.2	123.2	14.0	11.4%
Hedging derivatives	0.3	0.3	0.0	0.0%
Available-for-sale financial assets	4.6	8.0	– 3.4	– 42.5%
Loans and receivables with financial institutions	74.1	74.0	0.1	0.1%
Loans and receivables with customers	31.1	25.5	5.6	22.0%
Current and deferred tax assets	0.3	0.3	0.0	0.0%
Accrued income and other assets	13.9	13.9	0.0	0.0%
Investments in subsidiaries and affiliates accounted for by the equity method	0.0	0.1	– 0.1	– 100.0%
Tangible fixed assets	0.1	0.1	0.0	0.0%
Intangible fixed assets	0.0	0.0	0.0	0.0%
Goodwill	0.0	0.0	0.0	0.0%
TOTAL ASSETS	**261.6**	**245.4**	**16.2**	**7%**
Liabilities				
Financial liabilities at fair value through profit and loss	121.3	127.0	– 5.7	– 4.5%
Hedging derivatives	0.1	0.2	– 0.1	– 50.0%
Debts and payables with financial institutions	93.0	66.8	26.2	39.2%
Debts and payables with customers	25.6	29.0	– 3.4	– 11.7%
Debt securities	7.1	6.2	0.9	14.5%
Valuation difference on portfolios hedged for interest-rate risk	0.0	0.1	– 0.1	– 100.0%
Current and deferred tax liabilities	0.1	0.1	0.0	0.0%
Accrued expenses and other liabilities	8.0	9.5	– 1.5	– 15.8%
Technical reserves on insurance policies	0.0	0.0	0.0	0.0%
Provisions for contingencies and losses	0.1	0.2	– 0.1	– 50.0%
Subordinated debt	2.0	2.1	– 0.1	– 4.8%
Shareholders' equity	4.3	4.2	0.1	2.4%
TOTAL LIABILITIES	**261.6**	**245.4**	**16.2**	**7%**

Comments on the consolidated balance sheet

The balance sheet total amounted to almost €261.6 billion at year-end 2006, a €16.2 billion (7%) increase on the previous year.

The increase primarily stemmed from growth in business during the year.

Financing activity grew sharply in the France and Europe entities, with the portfolio of customer loans registering a 22% increase, most of which was attributable to the real-estate sector. Structured and placement transactions also expanded and significant acquisitions were recorded in the tri-party repo and repo segment.

The North American subsidiary recorded strong growth in securitization business notably via a sizeable increase in investment in securitization vehicles and growth in the loan portfolio.

The balance sheet total was also significantly affected in 2006 by the full consolidation of the Nexgen sub-group for the first time, in the wake of IXIS Corporate & Investment Bank's acquisition of all of Nexgen's capital.

Balance sheet liabilities grew by a sizeable amount of the same order, due to increases in the Bank's net borrowing position and repo transactions.

In terms of balance sheet structure by term to maturity, items under one year amounted to 65.0% of assets and 74.3% of liabilities, versus 83.1% of both assets and liabilities as at December 31, 2005.

Off balance-sheet instruments

The notional amount of futures traded during the year rose to €4,230 billion in 2006 versus €3,804 billion in 2005.

The corresponding total for options climbed by €1,112 billion to €2,267 billion during the year.

Lastly, the total amount of traded credit derivatives also rose substantially, by €236 billion to €408 billion in 2006.

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 derivatives market and does not reflect the market risk attached to these instruments.

The equivalent weighted credit risk on derivatives amounted to €5.4 billion at December 31, 2006 versus €5.2 billion a year earlier (+4%).

Regulatory ratios

All regulatory ratios comply with statutory requirements.

Capital adequacy ratio

The capital adequacy ratio worked out to 179% on a consolidated basis at year-end 2006 versus 190% a year earlier.

The minimum capital requirement amounted to €3.285 billion compared to consolidated net shareholders' equity of €5.865 billion at year-end 2006 (versus a minimum requirement of €3.093 billion and equity of €5.871 billion at year-end 2005).

The overall €192 million rise in minimal capital requirement during the year comprised a €268 million decrease for market risk and a €460 million increase for credit risk.

Liquidity ratio

The liquidity ratio stood at 181% at year-end 2006 versus 347% a year earlier. It remained above the regulatory minimum of 100% throughout 2006.

Major risks

As at December 31, 2006, 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 123% at year-end 2006, versus 151% a year earlier.

IXIS CORPORATE & INVESTMENT BANK MANAGEMENT REPORT

RISK MANAGEMENT AND CONTROL

CONTENTS

Overview

IXIS Corporate & Investment Bank's overall risk policy continued to be driven in 2006 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.

The Bank controls risk through a unified Risk department, which comprises the credit, market and operational risk teams and oversees all of the group's activities in its Paris headquarters and offices abroad.

This 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 supervises and controls overall risks, while the business lines have first-tier responsibility for proposing risks and managing them. The Risk department is strictly independent of operational reporting lines and answers directly to the Chairman of the Executive Board. It implements the risk policies approved by the Executive Board and monitors all risks to which the Bank and its operational subsidiaries are exposed on a regular and ongoing basis.

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.

The Risk department comprises five main components:

- a credit risk function, which analyzes and rates counterparties, examines credit and limit requests, and monitors credit/counterparty risks on a consolidated basis;
- a market risk function;
- an operational risk function, which measures operational risks and monitors the action plans geared to reducing the frequency and severity of such risks;
- a risk analytics function, which develops and operates risk methods and tools (internal software: *Scénarisk* for market risks, *AMeRisC* for counterparty risks and *B2C* for regulatory risks);
- a New York risk function, which monitors the IXIS Capital Markets subsidiary's 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, i.e. 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. A major development in this area in 2006 was the launch of an industrial tool for calculating Basle II capital requirements (credit risk and specific risk) throughout the whole of IXIS Corporate & Investment Bank (parent company and subsidiaries).

Risk supervision was both expanded and fine-tuned in 2006 by:

- 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;
- enhancing the internal ratings system in accordance with international standards and Basle II requirements;
- rolling out the operational risk management mechanism across the whole of the Bank, including its branches and subsidiaries.

Market risks

Systems in operation

IXIS Corporate & Investment Bank's Market Risk function is totally independent from operational units. It establishes the principles for measuring market risk, and examines and monitors the corresponding limits mechanism in accordance with Group standards. The function reports directly to the Chief Risk Officer.

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, Madrid, 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 has been 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. The Bank's *Scénarisk* software currently models more than 3,500 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;
- **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.).

Ex-post 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 4 (29 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/forex risk and specific equity risk) via its own internal *Scénarisk* model. The Banking Commission extended this authorization in February 2006.

Other duties

Market Risk also has the following duties:

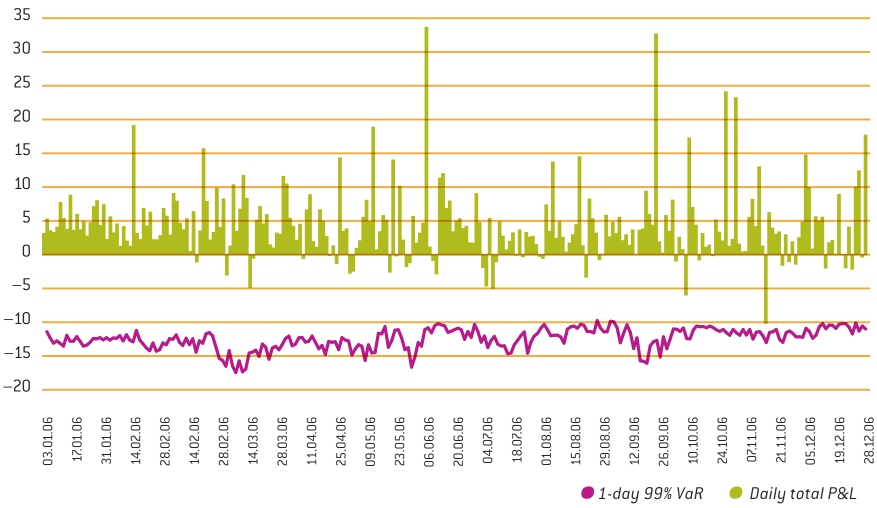
- second-tier validation of management income produced by the Results department,
- validating valuation models (pricers),
- establishing securities fair-value adjustment policy (for liquidity risk, statistical risk, non-hedgeable parameters, modeling risks, etc.).

Quantitative data on market risks

Between January 1, 2006, and the end of the year, 1-day 99% VaR for IXIS Corporate & Investment Bank's trading portfolios averaged €11.7 million with a high of €17.5 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 - Trading portfolio

(in millions of 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, 2006, the breakdown of 1-day 99% VaR by class of risk (€ million) was as follows:

1-DAY 99% VaR *in millions of euros*	29.12.2006	Average year to 29.12.2006
Interest-rate risk	7.5	6.0
Equity risk	6.7	6.3
Equity specific risk	3.2	2.4
Interest-rate specific risk	5.8	7.5
Currency risk	0.7	1.8
Netting effect	– 12.9	– 11.6
Consolidated VaR	11.0	12.4

In addition, the main stress tests carried out on positions as at December 29, 2006 yielded the following data concerning the impact on the income statement:

Variation of interest rates: €75.9 million *(EUR +40bps, GBP +80bps, USD +60bps, other currencies +60bps)*
Variation of interest rate volatility: €147.5 million *(homothety of +50%)*
Increase in paper/swap spreads: €172.3 million *(uniform increase of +45bps)*
Uniform translation of credit spreads: – €290.4 million *(uniform increase in all credit spreads of +30bps)*
Variation of indices/equities and indices/equity volatilities: – €243.3 million *(25% decline in indices, homothety of +20% for short term and 10% for long term)*

Credit derivatives

As at December 31, 2006, the credit-derivatives portfolio represented an overall notional amount of €400.4 billion and was composed of credit-default swaps, credit-linked notes and credit-indexed loans. The portfolio included €200.6 billion of credit risk bought and €199.8 billion of credit risk sold.

Notional amounts on the credit derivatives portfolio as at December 31, 2006 *(excluding intra-group transactions)*

POSITION/REGULATORY PORTFOLIO TYPE (EUROS)

euros	banking	trading	Total
Credit risk bought	**892,532,922**	**199,759,952,286**	**200,652,485,207**
- up to 1 year	835,532,922	6,883,532,931	7,719,065,852
- 1 to 5 years	-	138,157,953,618	138,157,953,618
- over 5 years	57,000,000	54,718,465,737	54,775,465,737
Credit risk sold	**5,310,977,653**	**194,461,391,343**	**199,772,368,996**
- up to 1 year	969,741,622	7,132,745,242	8,102,486,864
- 1 to 5 years	2,420,807,243	126,702,232,548	129,123,039,791
- over 5 years	1,920,428,788	60,626,413,553	62,546,842,341
Position globale	**6,203,510,575**	**394,221,343,629**	**400,424,854,203**
- up to 1 year	1,805,274,543	14,016,278,173	15,821,552,716
- 1 to 5 years	2,420,807,243	264,860,186,166	267,280,993,410
- over 5 years	1,977,428,788	115,344,879,290	117,322,308,078

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-hedgeable parameters (notably the recovery rate). The usual fair-value adjustment measures are also applied to counterparty risk (statistical risk, e.g. anticipated losses are subject to fair-value adjustment).

Credit risks

An integrated system within the Risk department

The mechanism for analyzing, measuring and controlling credit risks is incorporated into the overall organization of IXIS Corporate & Investment Bank's Risk department.

Credit risk is defined in the strict sense as the risk of incurring a loss at a given point of time in the future, following default by 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 function is housed within the Bank's Risk department. It analyzes counterparties, examines credit requests, and measures and controls credit risk exposure throughout the Bank.

Analytical expertise is structured on a sector basis. Analyses are carried out according to a range of specific internal rating methodologies, which includes methodologies for financial institutions (banks, insurers, funds and securitizations), corporates and specialized financing (LBOs, and project, asset management and real-estate financing).

The Credit Risk function examines credit risk on an ex-ante basis and controls it on an ex-post basis throughout the investment bank. This oversight 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.

The main principles that have underpinned the decision-making process for the last few years remain in force, 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 after contradictory analysis within the framework of a delegation mechanism comprising several levels of Credit Committees;
- business lines have the right to appeal decisions up to the highest level Credit Committee in the Bank;
- 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.

Internal ratings

As part of the Basle II project, methodologies for analyzing and assigning internal ratings were applied and regularly reviewed. These methodologies are based on sector-specific expertise. 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 process, 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 surveillance, 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. It is validated quarterly by the Bank's highest-level Credit Committee.

Managing limits

Compliance with limits is checked daily. A weekly summary report showing uses, any breaches of limits and the corrective measures taken is transmitted to business-line managers and, if necessary, to the Bank's Executive Board.

In addition to the committee process, a separate procedure for approving limits between committee meetings exists in order to make the decision-making process more responsive. It also enables the Bank to respond to business-line time pressures, while 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.

Ex-post control and monitoring

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.

Dedicated consolidation and reporting tools are used to manage limits and consolidate exposure on a centralized basis.

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 counterparty 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, 2006
(IXIS Corporate & Investment Bank Group, proprietary business, risk equivalent in millions of euros)

1. Summary

RISK EXPOSURE[7] *(millions of euros)*

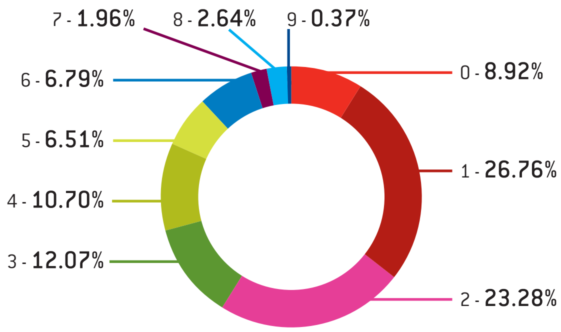
IXIS Corporate & Investment Bank (overall)	**95,313**
IXIS Corporate & Investment Bank (Europe, Asia)	**74,993**
Capital Markets	49,450
--> *Balance sheet*	*39,204*
--> *Off-balance sheet*	*10,246*
Financing	25,543
IXIS Capital Markets (New York)	**17,344**
IXIS Luxembourg Investissements	**2,051**
Nexgen	**925**

(7) 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 measurement procedure as at 29.12.06.

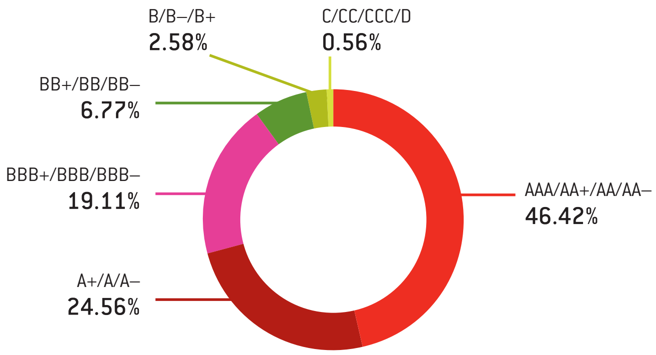
2. Risk exposure by internal rating

The system for rating French public-sector and local-government counterparties does not use the standard rating scale employed for other client segments. Instead, a scoring tool developed internally by Groupe Caisse d'Epargne's Ecolocale subsidiary is used to set a preliminary rating, which is then either validated or amended by the analyst. The scoring scale runs from 0 to 9, with 0 representing the highest possible rating and 9 the lowest possible rating.

Outstanding credit with French public-sector and local-government counterparties by internal rating

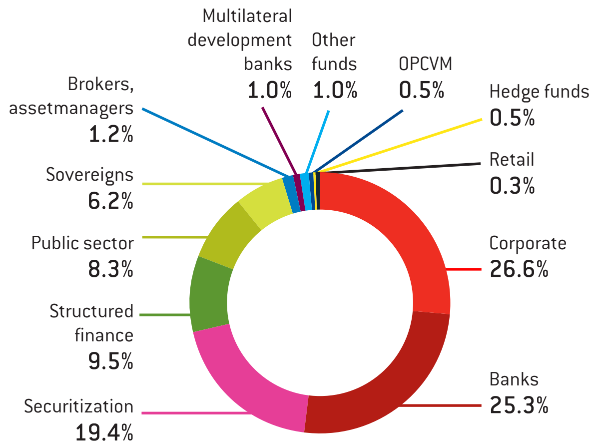


Outstanding credit (excluding French public-sector and local-government counterparties) by internal rating

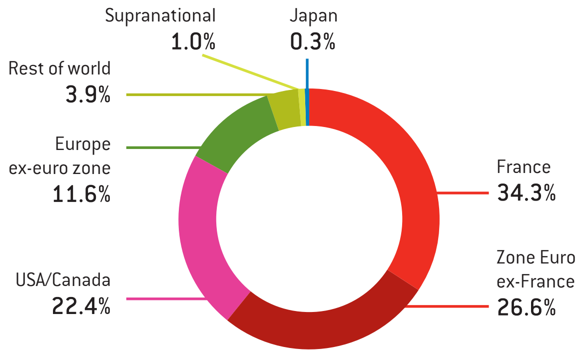


Non-internally rated exposures essentially concern securities positions housed in the trading portfolio. Regarding the exposures needing to be considered for the calculation of minimum capital requirements for covering credit risk as stipulated in the Basle II accord, 98.2% of IXIS Corporate & Investment Bank Europe and Asia's exposures were internally rated.

3. Risk exposure by counterparty



4. Risk exposure by geographic region



Operational risks

In line with its endeavor to establish a genuine operational risk culture, IXIS Corporate & Investment Bank continued to roll out its mechanism for controlling and managing operational risks and also strove to develop a method for evaluating operational risk during the year.

Operational risk

Operational risk is defined as the risk of loss resulting either from a mismatch or a defect attributable to procedures, personnel or internal systems, or stemming from external events. Operational risk is the new component of the Basle II solvency ratio due to come into force on January 1, 2008. As with credit risk and market risk, operational risk must be identified, managed, controlled, quantified and covered.

As an inherent part of all banking activity, both in front-office and support functions, operational risk is already “naturally” managed via existing procedures, controls and surveillance mechanisms. Under the new regulations, the Bank will implement a formalized procedure for covering operational risk that complies with standards, while also imposing regulatory minima to ensure such risk is managed effectively.

Governance and organization

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 which monitors and controls 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 as permanent members, the Chief Risk Officer, the Head of Operational Risk, representatives of the front and back offices, of the Compliance department, of the Organization department and of the IT Systems department, as well as the Head of IT Systems Security.

The Committee meets every two months to examine and validate action plans proposed either following serious incidents or during the course of operational risk mapping procedures, to discuss the horizontal operational-risk projects and to monitor progress as regards the introduction of operational risk management processes and procedures.

Within the Risk department, the Operational Risk team applies the mechanism for recording operational losses and for risk indicators, enhances employee sensitivity to the issue of operational risk, provides employee training, maps potential risks, analyzes serious incidents, produces reports for the Executive Board, the Operational Risk Committee and correspondents, and designs the risk-measuring model. The Operational Risk team is supported in its tasks by Risk department representatives located in the subsidiaries. These representatives manage and control operational risks autonomously on a local basis and transmit information to the Operational Risk function for the purposes of producing consolidated reports.

In addition, a network of operational risk correspondents throughout the Bank ensures that both the information transmitted to risk management following proven incidents and the indicators used in operational risk tools are reliable and complete. This network is essential for monitoring action plans and as a communication conduit with regard to the Bank’s activities.

Managing operational risks

The process for recording operational losses and serious incidents (even those devoid of financial impact) was extended to all areas of the Bank (including branches and subsidiaries) and was significantly enhanced in terms of reliability in 2006. The results of this process, along with the analysis of serious incidents, served as genuine operational-risk management tools and led to the introduction of curative action plans. Likewise, risk maps were prepared and used as the basis for proposing and launching preventative action plans. All in all, over 500 action plans (half of which are still in progress) have been identified since the mechanism was launched.

Operational risk indicators represent a tool for operational personnel to monitor changes in operational risk exposure in their business and are often incorporated in their management reports.

The Bank’s operational risk culture was reinforced in 2006, with over half of the Bank’s personnel sensitized to the issue during training sessions.

IXIS Corporate & Investment Bank's chosen approach

Of the three approaches proposed by the regulator for evaluating the capital required to cover operational risk, IXIS Corporate & Investment Bank has opted for the Advanced Measurement Approach (AMA). This approach provides the best match between the amount of capital required and the Bank's operational risk profile.

From this perspective, a project geared to quantifying the capital required to cover operational risk was begun in 2006. Using results from potential risk mapping exercises and data on proven incidents, the model seeks to represent in normalized fashion all identified operational defect situations and gauge the probability of such situations occurring and the extent of their impact, with reference to standardized, documented and objective criteria.

The method was tested on one of the Bank's business lines during the second half of the year and the results proved conclusive. It not only enables objective choices to be made between action plans designed to limit operational risks (the cost of implementing solutions is compared to the cost of the identified risk), but also enables operational risk to be evaluated fairly (VaR) on a given perimeter, based on a pre-defined confidence interval.

Covering risks through insurance

Exhaustive coverage

IXIS Corporate & Investment Bank took advantage of the new possibilities offered by the market to improve its coverage and guarantees in 2006. The Bank also harmonized coverage for its different entities through its global insurance program and thereby ensured its risks were exhaustively covered by leading insurance companies.

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 Bank and its employees.

Insurance risk coverage primarily comprises the following types of policies:

- Fraud: these policies provide a €100 million guarantee against financial losses resulting from fraud;
- Professional civil liability: these policies provide a €75 million guarantee against financial losses resulting from claims against the Bank'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 and resulting from professional faults entailing their civil, personal or joint and several liability;
- Multi-risk premises and office equipment: covers damage to buildings and their contents, including IT and telephone equipment. These items are insured for their replacement value;
- Business interruption: compensates for financial prejudice sustained following material loss or damage.

Controlling legal risk

IXIS Corporate & Investment Bank's Legal department is responsible for the documentation and upstream legal validation of transactions executed by the Bank's trading rooms and operational departments. This responsibility covers Paris, the London, Tokyo, Madrid, Milan and Frankfurt branches, and all subsidiaries that do not have their own legal resources. 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 (notably regarding labor law issues) and the Corporate Legal Affairs unit.

Legal's remit is to ensure transactions are safe and to identify the potential legal consequences for IXIS Corporate & Investment Bank. In 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 to monitor changes in legislation in the fields of activity concerned.

Legal also maintains and enhances the expertise of the department's legal officers via training sessions concerning legal news and developments and via working groups that involve professional associations within the market. 2006 was a particularly busy year in this respect, due to the reform in the collateral area, the reform of collective procedures and the fundamental work on the Markets in Financial Instruments Directive (MiFID).

The department implemented a process through which those subsidiaries with their own legal resources report upstream on their legal risks, thereby enabling the Legal department to exercise second-tier control. This reporting procedure notably covers organizational issues, the conditions applying to the use of external counsel and the monitoring of ongoing disputes. A consolidated report on legal risk is addressed periodically to the Bank's Financial and Internal Control Committee.

Legal also administers 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, liable to have a material negative impact on IXIS Corporate & Investment Bank's revenues, profits or financial situation, or those of its subsidiaries.

IT Systems Security

IXIS Corporate & Investment Bank set up a dedicated IT Systems Security function two years ago, with a view to complying with French and international regulations.

The specialist team is coordinated by a head of IT Systems Security who reports directly to the Executive Board member in charge of Operations.

The function has responsibility for all of IXIS Corporate & Investment Bank's offices worldwide and is underpinned by a network of local correspondents reporting to the Paris-based IT Systems Security function.

The team seeks to attain the IT security objectives established by the Bank's Executive Board and consequently operates across the full spectrum of IT security activities as follows:

- Physical security (access controls, badges, etc.), infrastructure security (firewalls, antivirus, etc.) and operational security (back-ups, etc.);
- Business continuity: undertaking business-line tests in accordance with prevailing regulations, integrating and centralizing crisis management procedures throughout the Bank and applying IT security methodology in international offices;
- Managing user authorizations: centralizing major applications and automating functional requests.

Lastly, IT Systems Security conducts first-tier security controls (permanent feedback of indicators) and specific checks to ensure security policy is being respected (snap audits, intrusion tests, etc.). It also trains personnel in IT security and heightens their awareness of the associated issues as well as providing a security, technology and regulatory watch service on all continents.

Prevention and control

Periodic internal control and internal audit

The internal control mechanism

IXIS Corporate & Investment Bank's internal control system is geared to controlling all types of risk and the quality of accounting and management information.

The system is organized in accordance with legal and regulatory requirements and notably the provisions of the French Banking Commission's amended rule CRBF 97-02. The system:

- is founded on the principle of separation between the risk-taking and risk-control functions,
- employs dedicated staff housed in the business lines and subsidiaries, with a view to ensuring a consistent internal mechanism.

Internal control comprises both permanent and periodic control mechanisms.

The permanent control mechanism encompasses the set of organizational principles, procedures and control systems enabling the risks associated with the Bank's activities to be selected, overseen, measured, monitored and reported.

Permanent internal control is conducted:

- at a first level: within operational and support functions, which prepare and apply appropriate risk control measures for their activities, under the supervision of their respective hierarchies,
- at a second level: by central permanent control bodies, which monitor and manage risks at the highest level within their areas of responsibility (the Risk and Compliance departments).

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.

Internal audit

Internal audit has a general duty to evaluate the suitability and safety of the internal control and risk management mechanisms employed by the Bank and its subsidiaries.

The Bank's Internal Audit function reports to the Chairman of the Executive Board and conducted its duties in 2006 in accordance with Groupe Caisse d'Epargne's Audit Charter.

The audit plan is organized according to the map of "auditable" entities (business lines, support functions, horizontal processes, branches, subsidiaries, etc.) and comprises three components:

- regulatory requirements regarding cyclical examinations of activities,
- assessment of the associated risks,
- results of past controls.

The Internal Audit function is staffed by a multi-disciplinary team specialized in capital market and financing transactions, and the associated support functions. It carries out several tasks as follows:

- assess the solidity of operational, risk management, control and compliance processes on the Bank's business lines and activities, and on those of its subsidiaries;
- verify that the internal control mechanism is suited to key issues, such as those linked to the development of new products or activities;
- undertake regular checks regarding the implementation of issued recommendations and their concrete translation into operational practices.

Internal Audit applies a methodology shared by Groupe Caisse d'Epargne's audit function and conducts its work in accordance with the importance of the risks entailed. Its methods combine fundamental analysis and a reactive approach that focuses on changes in businesses, systems and regulations, and comprises:

- full audits of business or entities, more often than not involving a front-to-back accounting process,
- specific 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 2006

During 2006, the Bank's Internal Audit and Groupe Caisse d'Epargne's General Inspection focused on:

- the fund structuring and equity primary markets activities; several fixed-income desks; corporate and specialized financing (real estate, LBO, asset and project finance);
- support functions: IT systems department, back-office, accounting;
- Finance department activities (ALM, management of equity holdings);
- international activities: the London, Tokyo and Frankfurt branches, together with the IXIS Asia, Nexgen subsidiaries; the IXIS Capital Markets North America subsidiary (internal control system, Credit department, the spreadbook and servicing activities on the mortgage market);
- the application of Basle II requirements (audit of rating models for large counterparties, the operational risk management mechanism).

Measures were also undertaken to assess the extent to which recommendations issued by the different control bodies (concerning the calculation agent function, the results reconciliation process, credit risk monitoring and IT systems security, etc.) were effectively implemented. This allowed Audit to gauge progress and identify any additional efforts required in these areas.

The main conclusions of these audits and inspections were periodically transmitted to the Financial and Internal Control Committee which oversees the quality of all components of the internal control system and reports its observations to the Supervisory Board.

Outlook for 2007

Periodic control assignments during 2007 will be conducted within the framework of Natixis, the new entity created through the merger of Groupe Banque Populaire and Groupe Caisse d'Epargne's corporate and investment banking and services activities.

Compliance

Changes in the Compliance function

The Compliance department continued to strengthen and extend its presence, all with a view to accompanying the expansion of the Bank and its subsidiaries. To this end, Compliance took steps to prevent the risk of non-compliance in decision-making and organizational processes both in France and in the Bank's entities abroad.

During 2006, Compliance strove to bring its internal standards into line with market abuse regulations, especially as regards lists of insiders and the introduction of a procedure for declaring suspected cases of market abuse. Internal initiatives to sensitize staff to compliance issues centered on this theme, as well as on anti-money laundering procedures in the different business lines.

Compliance standards were further applied and adapted both to the Bank's different activities and to legislative and regulatory amendments, including those relating to money laundering and terrorism. The department also examined the impact of the Markets in Financial Instruments Directive in light of the organizational changes affecting the Bank as of November 2007.

The Compliance function undertook an investigation at the end of the year geared to establishing a list of priority compliance issues raised by IXIS Corporate & Investment Bank's new status as a subsidiary of Natixis

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 the Bank's various activities.

The department's Control unit continued to incorporate branches and subsidiaries into the compliance risk-mapping procedure. This work encompassed IXIS Corporate & Investment Bank and its main subsidiaries (the IXIS Corporate & Investment Bank parent company, plus its branches, IXIS Capital Markets and the Nexgen group). The compliance risk-mapping work undertaken in 2005 was extended by devising a specific tool containing data on standards and effected compliance controls.

In line with the 2006 controls action plan, compliance controls assigned priority to ensuring financial regulations were effectively applied. Work on the market abuse project during the year was focused on implementing specific procedures, devising an internal organization for centralizing analyses and selecting appropriate software.

Outlook for 2007

One of the Compliance function's main tasks in 2007 will be to harmonize the compliance mechanism across Natixis's various business lines and activities, specifically:

- assisting with the forthcoming mergers of personnel teams or activities,
- examining how to adapt procedures to the future organization,
- factoring in major regulatory changes, especially as regards the introduction of the Markets in Financial Instruments Directive and its impact on financial market architecture.

2007 action plan

The Compliance department's workload in 2007 will involve:

- harmonizing compliance and control procedures throughout Natixis,
- deploying tools for mapping risks and controlling conflicts of interest within the Natixis entities concerned,
- maintaining efforts to train staff and heighten their awareness of compliance issues,
- continuing work on the market abuse mechanism,
- developing the mechanism for implementing the Markets in Financial Instruments Directive.

Developments in these areas will be integrated with the corresponding projects within Natixis.

Compliance also plans to strengthen the teams of compliance officers dedicated to the business lines.

IXIS CORPORATE
& INVESTMENT BANK
MANAGEMENT REPORT

RESOURCES AND EXPERTISE

CONTENTS

Human resources

IXIS Corporate & Investment Bank strengthened its human resources and increased overall headcount by 18% during the year, all with a view to fulfilling the needs imposed by growth in business. At the end of December 2006, IXIS Corporate & Investment Bank, its subsidiaries and its branches employed 2,308 staff worldwide.

> 18% growth in consolidated headcount

> 1/3 of staff employed outside France at end-2006

Accompanying change

Labor relations

2006 was a busy year for labor relations. Numerous existing labor agreements were amended in order to close the labor aspects of the "Refoundation"(8) transaction. Consultation concerning the capital-related apects of the tie-up with Natixis began in March 2006.

Status harmonization

The first half of 2006 was devoted to negotiating amendments to existing company agreements following the transfer of personnel from CDC IXIS.

Six amended agreements were signed during the year. The first agreement set out the measures relating to union resources, while the second closed out the provisions concerning length of service benefits and which originated from IXIS Corporate & Investment Bank's previous affiliation to the ASF (French association of financial companies) convention. The third and fourth agreements concerned the themes of employee classification, recruitment and absences, as well as redundancy and retirement. Lastly, the fifth and sixth agreements amended previous ones concerning France's 35-hour working week and the *Compte Épargne Temps*, a mechanism enabling staff to accumulate paid holidays or cash.

The Natixis transaction

Consultations with employee representative bodies concerning the capital aspects of the transaction took place for the companies concerned between March and end-May 2006. The information-consultation process relating to the organizational aspects began in the final quarter of 2006 and will continue in 2007.

(8) IXIS Corporate & Investment Bank's shareholder structure and organization changed significantly in 2004 as a result of CNCE's takeover of the Company, which formed part of the change in the partnership between Caisse des Dépôts and Groupe Caisse d'Epargne.

Human resources management

Management launched a study into the organization of the Human Resources department, as well as a project geared to describing and analyzing departmental processes. This work highlighted the need to enhance tools.

Several actions were undertaken in 2006, including the introduction of an automated procedure for annual employee evaluations, with these also being overhauled at the same time. The payroll and headcount management projects begun in 2006 are scheduled to continue in 2007.

The first cross-departmental managerial training sessions began with a session on annual employee evaluations.

International mobility

IXIS Corporate & Investment Bank introduced its international mobility charter in 2006. The charter provides the Bank with a competitive policy and the resources needed to manage expatriations within a framework that ensures employee needs are met as closely as possible.

Headcount by socio-professional category as at December 31, 2006

(permanent staff)

Managerial status	1,294
Technical staff	191
Total France	**1,485**
Branches, IXIS Asia, IXIS Luxembourg Investissements, IXIS Middle East	285
IXIS Capital Markets (USA)	455
Total outside France	**740**
Nexgen	83
TOTAL	**2,308**

Back office

The back office undertook numerous projects in 2006 with a view to optimizing processes and introducing more efficient management tools.

Optimized processes

Horizontal back-office functions

By the end of 2006, the back office employed some 280 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, forex,
- securities,
- bank financing.

Following the reorganization of 2005 which saw horizontal back-office processes applied to all functions poolable across product lines (e.g. bank reconciliations, collateralization, broking fees, first-level accounting, etc.), the back office focused efforts on developing dedicated tools for these processes.

As a result, all bank, inter-system and accounting reconciliations are now carried out on the Recon system. Collateral management software was also substantially updated in order to optimize the collateral management process.

The back office has already specified other areas for optimization and development work is earmarked to begin in 2007.

New management tools

Management software was also modified within product lines. The changes involved:

- launching the CALYPSO tool for managing credit derivatives;
- implementing the latest version of SUMMIT within the Fixed-Income and Treasury departments;
- installing ACBS software in part of the financing business line (it will be fully installed in the first quarter of 2007).

Interest-rate derivatives and credit derivatives processing is currently being examined and is likely to change considerably in 2007, with the introduction of straight-through-processing across the whole of these product lines.

IT systems

The IT Systems department began numerous projects during the year to accompany growth in the Bank's business lines, while also continuing to enhance process reliability and system security. The department also strengthened its infrastructure and continued efforts in the project control and quality areas.

Integration and automation

Accompanying business lines

In the business-line solutions field, the Bank continued with its strategy of selecting standard market solutions for standard processes, and then complementing them with specific high value-added solutions for functions like pricing and the calculation of hedging requirements and risks.

Growth in the Bank's financing business required the implementation of a management tool capable of handling high volumes and complex transactions in more secure conditions, and its integration within the IT system as a whole. Following a stringent selection process, the department opted for ACBS software. ACBS covers all products and business functions, ranging from the front office (creation of transactions) to the back-office (schedules, payments, etc.) and accounting.

In the credit derivatives field, the introduction of CALYPSO software paved the way for an integrated front-to-back processing chain, which highlights anomalies and thereby considerably reduces the operational risks with these transactions.

SUMMIT technology, which is used for interest-rate derivatives, was rounded out with a CALYPSO component specifically tailored to complex products. This new software facilitates and enhances product and transaction modeling and thereby improves risk management and shortens time-to-market for new products.

In order to increase the Bank's presence on electronic markets, the IT department set up a platform for automatic processing of government bonds on the BondVision, Bloomberg and Reuters RTFI platforms.

Lastly, as part of the Bank's strategy of expanding coverage and cross-selling, the CRM tool, Pivotal, was introduced for the fixed-income, credit, financing and equities business lines in Paris, London, Frankfurt and Tokyo. Pivotal provides for shared real-time access to sales and marketing data (management of contacts, opportunities and client portfolios), and thereby enhances coverage and the productivity of sales and marketing personnel

Process reliability

The implementation of CALYPSO and ACBS significantly improved the overall level of integration of transaction-processing, starting with the front office, continuing with the need to feed reporting and management tools (risks, ALM, results monitoring), and ending with the accounting and back-office functions. The equity derivatives business line made a big contribution to this improvement, thanks to the introduction of Sophis lending/borrowing and asset accounting software modules.

This integration is now reinforced and controlled via the Recon tool, which automates reconciliations between the back-office and accounting functions. This mechanism was rounded out with the development of a new tool for reconciling economic profit with accounting profit and which ensures reliable accounting results are produced while respecting the need to reduce period-end reporting timescales.

In order to integrate transaction processing, databases need to be updated on a permanent basis. To this end, the counterparty database underwent a technical overhaul in 2006, which involved introducing automated procedures for referencing counterparties and rendering operating systems dependent via Web services.

At the same time, the tool for calculating daily economic results, Madone, was rounded out with the automated calculation of fair-value adjustments, the integration of IFRS calculation rules and the implementation of a mechanism for calculating hypothetical profit and loss in a manner consistent with regulatory requirements (backtesting of Value-At-Risk, in accordance with CRBF rule number 95-02).

Lastly, the Bank selected specialist software with a view to implementing the provisions of the Market Abuse directive and began work on implementing it.

Infrastructure and security

The rapid growth in the Bank's business lines and the increasing complexity of pricing and risk models prompted it to update technical infrastructure by significantly increasing calculating power and storage capacity. This work involved setting up additional technical sites and thereby extending data centers and increasing the number of distributed calculation servers (grid computing). These technical sites have been installed with reference to the principle of redundancy, thus ensuring continuity of business operations in the event of a technical site default.

Further efforts were made to enhance IT systems security, notably by introducing a tracking system for all technical components (network and system) and applying a new security policy within the Bank.

Managing projects and quality

As part of the efforts to enhance IT systems efficiency, the department introduced software for managing the portfolio of IT projects (Mercury) as well as a platform for analyzing the quality of IT developments (CAST). This approach is geared to the broader aims of constantly upgrading the productivity of development personnel and reducing operational risks.

Sustainable development

IXIS Environnement & Infrastructures structures, places and manages investment funds to finance sustainable development projects in the two areas of environment and infrastructure.

> IXIS Environnement & Infrastructures changed to **Natixis Environnement & Infrastructures** on March 13, 2007.

Financing sustainable development

Three dedicated funds

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 the Bank's sustainable development policy.

Two funds were managed directly in 2006 – FIDEME and FIDEPPP – while a third – the European Carbon Fund (ECF) – was managed under a mandate. The three funds together represent close to €390 million of assets devoted to sustainable development and are managed by a 20-strong team of energy, climate and infrastructure specialists.

FIDEME: €45.7 MILLION UNDER DIRECT MANAGEMENT

The FIDEME (*Fonds d'investissement de l'environnement et de la maîtrise de l'énergie*) investment fund was set up in 2003 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 2006, FIDEME had completed its period of investment and possessed 25 investments in its portfolio, primarily in the form of convertible bonds in windfarms, hydraulic power plants, a waste recycling unit and a biofuel plant. FIDEME contributed to producing close to 300 megawatts (MW) of renewable energy in France.

IXIS Environnement & Infrastructures plans to complement FIDEME by setting up a new European renewable energy fund in 2007.

FIDEPPP: €200 MILLION UNDER DIRECT MANAGEMENT

FIDEPPP (*Fonds d'Investissement et d'infrastructures et de Développement de Partenariats Public Privé*) was set up to make equity investments in France and Europe in all forms of public-private partnerships (PPP) that involve private-sector companies financing, building and/or operating public equipment or infrastructure. The fund is fully invested by entities belonging to Groupe Caisse d'Epargne.

Since FIDEPPP was founded in 2005, the fund management teams have been associated with PPP projects in the health, transport, justice and environment fields.

FIDEPPP achieved its first success in 2006 by obtaining a stake in the company holding the concession for a tramway project in the city of Reims. This was France's first-ever PPP-financed tramway project.

FIDEPPP is a candidate for the majority of PPP investments and is examining several potential projects in Europe.

THE EUROPEAN CARBON FUND: 15.6 MILLION TONS OF CO_2 IN 2006

The European Carbon Fund (ECF) was launched in 2005 by major European financial institutions and is a Luxembourg-registered mutual fund with assets of €142.7 million. The fund's objective is to finance the carbon component of industrial projects with a view to reducing greenhouse gas emissions.

ECF supports projects worldwide by purchasing future certified emission reductions (CERs). These credits are issued by the UN within the framework of the Kyoto Protocol and are designed to furnish liquidity to the European CO_2 market.

Acting on behalf of ECF, IXIS Environnement & Infrastructures had signed contracts for close to 16 million tons of CO_2 by the end of 2006. Some 10 transactions representing a market value of €283 million were involved. The contracts were highly diversified geographically and encompassed China, Korea, India, Lithuania, Brazil and Argentina. The technologies supported include wind energy, biomass-fired electricity plants, methane capture technology for landfills and coalmines, and technology to reduce industrial gases produced by the chemical industry.

The transaction carried out with Rhodia in early 2006 and focused on reducing N_2O emissions at the group's Korean and Brazilian plants ranks as the largest deal in the market to date. IXIS Environnement & Infrastructures also signed a transaction in November 2006 for close to 18 million tons of CO_2 with the Yang Quan mine in China and arranged the participation of several front-ranking banks in the deal.

IXIS Environnement & Infrastructures acts on behalf of ECF and is a major global player on primary transactions on the CO_2 emissions market within the framework of the Kyoto Protocol and the European Directive geared to reducing greenhouse gas emissions worldwide.

The outlook for 2007

IXIS Corporate & Investment Bank continues to pursue its expansion strategy via the tie-up with Natixis. The two entities' highly complementary business and client profiles offer the new combine the prospect of solid growth in both revenues and earnings, in France and internationally.

New strategic opportunity

2007 will be the first year of operation for the new corporate and investment bank, Natixis, which will be up and running in mid-2007. IXIS Corporate & Investment Bank is to merge each of its business lines with the corresponding activities held by the former Natexis Banques Populaires. The pooled interests are to be housed in the Corporate & Institutional Banking and Markets division.

The tie-up will achieve three objectives, i.e. immediately rebalance the product mix between the capital markets and financing segments; rebalance the client base via an increase in the weight of corporate clients; accelerate international expansion by providing access to greater resources and a much broader product portfolio.

Following a period of reorganization, the new corporate and investment bank will be in a position to look forward to substantial growth. The Natixis business plan provides for revenues to grow by 10% between 2005 and 2010, fuelled by international expansion.

Natixis' growth should also be facilitated by the links existing between the two shareholder groups, and specifically by their ability to access a broader range of products at lower cost.

IXIS CORPORATE & INVESTMENT BANK MANAGEMENT REPORT

CORPORATE GOVERNANCE AND LEGAL ELEMENTS

CONTENTS

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 and 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 capital	Total number	Nominal
Year	Nature of operation	Capital	Prime d'apport		of shares	value
Creation	Initial cash issue	5,000,000 francs	-	5,000,000 francs	50,000	100 francs
29.06.1990	Asset transfer	8,000,000 francs	-	13,000,000 francs	130,000	100 francs
28.05.1996	Initial cash issue	2,987,000,000 francs	-	3,000,000,000 francs	30,000,000	100 francs
01.09.2001	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 31.12.2006			Situation as at 31.12.2005			Situation as at 31.12.2004		
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
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
Natixis	125,207,265	100	100						
Others*	-	-	-	16	% n.s.	% n.s.	8	% n.s.	% n.s.
Total	**125,207,265**	**100**	**100**	**125,207,265**	**100**	**100**	**125,207,265**	**100**	**100**

** Members of the Supervisory Board.*

Double voting rights: nil.

To the Company's knowledge, a shareholding pact was signed between CNCE and Sanpaolo IMI during 2006.
Also to the Company's knowledge, a shareholding pact was signed between between BFBP and CNCE on November 17, 2006, in the presence of Natixis.

Information concerning Company Directors

Members of the Executive Board

2006 MR. DOMINIQUE FERRERO

Company	Form	Country	Mandates/Functions
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Chief Executive Officer and Member of the Executive Board (since November 17, 2006); Member of the Executive Committee
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Chairman of the Executive Board (since December 14, 2006)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Member of the Supervisory Board (since December 7, 2006)
Other mandates and functions			
AGF (listed)	SA	F	Member of the Board of Directors
VINCI (listed)	SA	F	Member of the Board of Directors

2006 MR. BERNARD MIGUS

Company	Form	Country	Mandates/Functions
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Joint Head of the Corporate and Investment Bank; Member of the Executive Committee
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Chief Executive Officer and Member of the Executive Board
NATEXIS BLEICHROEDER SA	SA	F	Member of the Board of Directors (since December 29, 2006)
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
IXIS CAPITAL PARTNERS LIMITED		UK	Member of the Board of Directors (resigned July 5, 2006)
NATIXIS LEASE (EX-NATEXIS LEASE)	SA	F	Member of the Board of Directors (since December 12, 2006)
Mandates and functions within Groupe Caisse d'Epargne			
GCE IMMOBILIER (EX-PEREXIA)	SA	F	IXIS Corporate & Investment Bank's permanent representative on the Supervisory Board (since February 28, 2006)

2006	MR. OLIVIER SCHATZ		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Joint Head of the Corporate and Investment Bank; Member of the Executive Committee
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Chief Executive Officer and Member of the Executive Board (since December 14, 2006)
NATEXIS BLEICHROEDER SA	SA	F	Natixis's permanent representative on the Board of Directors
NATEXIS BLEICHROEDER INC		USA	Member of the Board of Directors
NATIXIS LEASE (EX-NATEXIS LEASE)	SA	F	Natixis's permanent representative on the Board of Directors
NATIXIS PRAMEX INTERNATIONAL (EX-NATEXIS PRAMEX INTERNATIONAL)	SA	F	Natixis's permanent representative on the Board of Directors
NATIXIS TRANSPORT FINANCE (EX-NATEXIS TRANSPORT FINANCE)	SA	F	Member of the Board of Directors
NATEXIS COMMODITY MARKETS LIMITED		UK	Member of the Board of Directors
NATIXIS FINANCE (EX-NATEXIS FINANCE)	SAS	F	Chairman of the Supervisory Committee
INTERFINANCE NATEXIS NV		NLD	Member of the Supervisory Board
NATEXIS AMBS COMPANY LLC		USA	Director
Private Equity			
NATIXIS PRIVATE EQUITY (EX-NATEXIS PRIVATE EQUITY)	SA	F	Member of the Board of Directors
Asset Management			
AIVELYS ASSET MANAGEMENT (EX-ECRINVEST 10)	SA	F	Natixis's permanent representative on the Board of Directors
NATEXIS CONVERTIBLES EUROPE	SICAV	F	Chairman of the Board of Directors (resigned December 21, 2006)
VALEURO	SICAV	F	Natixis's permanent representative on the Board of Directors
Credit Insurance			
COFACE	SA	F	Member of the Board of Directors
Other mandates and functions			
IKB DEUTSCHE INDUSTRIEBANK AG		DEU	Member of the Advisory Board

2006	MR. NICOLAS FOURT		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
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 MIDCAPS	SA	F	IXIS Corporate & Investment Bank's permanent representative on the Supervisory Board (since January 1, 2006)
ICMOS IRELAND LTD		IRL	Member of the Board of Directors
ICMOS PANGAEA GLOBAL HEDGE FUND PLC		IRL	Member of the Board of Directors
NEXGEN FINANCIAL HOLDINGS LIMITED		IRL	Chairman of the Board of Directors (since March 24, 2006; previously Alternate Director)
NEXGEN RE LIMITED		IRL	Alternate Director

2006	MR. NICOLAS FOURT		
Company	**Form**	**Country**	**Mandates/Functions**
SPARX IXIS ALTERNATIVE INVESTMENTS ASIA-PACIFIC LIMITED		HKG	Member of the Board of Directors (since October 18, 2006)
Asset Management			
IXIS SP S.A.		LUX	Member of the Board of Directors
Other mandates and functions			
DENIS FRIEDMAN PRODUCTIONS	SA	F	Member of the Board of Directors
DIGIFFUSE		LUX	Manager

2006	MR. ANTHONY ORSATELLI		
Company	**Form**	**Country**	**Mandates/Functions**
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PRÉVOYANCE	SA	F	Natixis's permanent representative, non-voting Member of the Supervisory Board (since November 17, 2006; previously Member of the Executive Board; in charge of the Corporate and Investment Bank)
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Member of the Executive Board (since November 17, 2006); Member of the Executive Committee
Financial Guaranty			
CIFG HOLDING	SA	F	Chairman of the Supervisory Board and 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.		USA	Member of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Executive Board (since December 14, 2006; previously Chairman of the Executive Board; Head of Central Functions)
NATEXIS BLEICHROEDER SA	SA	F	Member of the Board of Directors (since December 14, 2006)
NEXGEN FINANCIAL HOLDINGS LIMITED		IRL	Chairman of the Board of Directors (resigned March 24, 2006)
NEXGEN RE LIMITED		IRL	Chairman of the Board of Directors (resigned March 24, 2006)
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

2006	MR. ANTHONY ORSATELLI		
Company	**Form**	**Country**	**Mandates/Functions**
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 Board
IXIS ASSET MANAGEMENT PARTICIPATIONS 2	SAS	F	Chairman of the Supervisory Board
IXIS ASSET MANAGEMENT US CORPORATION		USA	Member of the Board of Directors
IXIS ASSET MANAGEMENT US LLC		USA	Member of the Board of Directors
IXIS PRIVATE CAPITAL MANAGEMENT	SA	F	Chairman of the Supervisory Board (since March 2, 2006; previously Member of the Supervisory Board)
ÉCUREUIL GESTION	SA	F	Member of the Supervisory Board
ÉCUREUIL GESTION FCP	SA	F	Member of the Supervisory Board
IXIS SP S.A.		LUX	Chairman of the Board of Directors
Custody			
CACEIS	SA	F	Chairman of the Supervisory Board
Other mandates and functions			
EUROCLEAR PLC		UK	Member of the Board of Directors (resigned October 26, 2006)
EUROCLEAR SA/NV		BEL	Member of the Board of Directors (resigned October 26, 2006)
GIAT INDUSTRIES	SA	F	Member of the Board of Directors, Representative of the State
LAZARD LTD		BER	Member of the Board of Directors
SANPAOLO IMI S.p.A. (listed)		ITA	Member of the Board of Directors (mandate ended December 1, 2006 following merger with Banca Intesa)

Members of the Supervisory Board

2006	MR. PHILIPPE DUPONT		
Company	**Form**	**Country**	**Mandates/Functions**
BANQUE FÉDÉRALE DES BANQUES POPULAIRES	SA	F	Chairman and Chief Executive Officer
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Chairman of the Executive Board (since November 17, 2006; previously Chairman of the Board of Directors); Member of the Executive Committee
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Chairman of the Supervisory Board (since December 14, 2006)
Other mandates and functions: nil			

2006 **MR. NICOLAS MERINDOL**

Company	Form	Country	Mandates/Functions
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PRÉVOYANCE	SA	F	Chief Executive Officer (since September 29, 2006) and Member of the Executive Board
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	CNCE's permanent representative on the Supervisory Board (since November 17, 2006)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Vice-Chairman of the Supervisory Board
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Vice-Chairman of the Supervisory Board
IXIS ASSET MANAGEMENT	SA	F	Vice-Chairman of the Supervisory Board
IXIS ASSET MANAGEMENT PARTICIPATIONS 1	SAS	F	Vice-Chairman of the Supervisory Committee (mandate ended in 2006)
IXIS ASSET MANAGEMENT PARTICIPATIONS 2	SAS	F	Vice-Chairman of the Supervisory Committee (mandate ended in 2006)
IXIS ASSET MANAGEMENT US CORPORATION		USA	Member of the Board of Directors
LA COMPAGNIE 1818 - BANQUIERS PRIVÉS	SA	F	Chairman of the Supervisory Board
ÉCUREUIL GESTION	SA	F	Chairman of the Supervisory Board
ÉCUREUIL GESTION FCP	SA	F	Chairman of the Supervisory Board
Mandates and functions within Groupe Caisse d'Epargne			
BANQUE PALATINE	SA	F	Chairman of the Supervisory Board
CRÉDIT FONCIER DE FRANCE (listed)	SA	F	Chairman of the Supervisory Board (since March 1, 2006; previously Vice-Chairman of the Supervisory Board)
ÉCUFONCIER	SCA	F	Member of the Supervisory Board (resigned June 30, 2006)
ALLIANCE ENTREPRENDRE	SAS	F	CNCE's permanent representative on the Management Board (mandate ended in 2006)
CEMM	SAS	F	Chairman of the Supervisory Board
GCE FIDÉLISATION	SAS	F	Chairman (resigned December 18, 2006)
GCE FINANCIAL SERVICES	SAS	F	Chairman (since June 19, 2006)
GCE IMMOBILIER (EX-PEREXIA)	SA	F	Member of the Supervisory Board (resigned February 28, 2006)
EFIDIS	SA	F	Member of the Supervisory Board (resigned December 13, 2006)
SOCIÉTÉ LAMY (EX-GESTRIM)	SA	F	Chairman of the Supervisory Board (resigned February 3, 2006)
GCE CAPITAL	SAS	F	Chairman of the Supervisory Board (since December 13, 2006)
GCE - NEWTEC	SAS	F	Chairman of the Supervisory Board (resigned December 11, 2006)
CAISSE D'EPARGNE FINANCEMENT (CEFI)	SA	F	CNCE's permanent representative on the Board of Directors (mandate ended December 13, 2006)
FINANCIÈRE OCEOR	SA	F	Vice-Chairman of the Supervisory Board
BANQUE DES ANTILLES FRANÇAISES	SA	F	Member of the Board of Directors (resigned December 13, 2006)
BANQUE DE LA RÉUNION	SA	F	Member of the Board of Directors
ÉCUREUIL-VIE	SA	F	Chairman of the Supervisory Board
ERILIA	SA	F	Member of the Board of Directors (mandate ended in 2006)
ERIXEL	SAS	F	Member of the Board of Directors (mandate ended in 2006)

2006	MR. NICOLAS MERINDOL		
Company	**Form**	**Country**	**Mandates/Functions**
HOLGEST	SA	F	Chairman and Chief Executive Officer (resigned October 6, 2006)
INGEPAR	SA	F	Chairman of the Board of Directors (resigned December 13, 2006)
ISSORIA	SA	F	Vice-Chairman of the Supervisory Board
SOPASSURE	SA	F	Member of the Board of Directors
BANCA CARIGE (listed)		ITA	Member of the Board of Directors
Mandates and functions within Caisse des Dépôts Group			
CDC ENTREPRISES CAPITAL INVESTISSEMENT	SA	F	Member of the Board of Directors (resigned June 28, 2006)
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board
Other mandates and functions: nil			

2006	MR. GUY COTRET		
Company	**Form**	**Country**	**Mandates/Functions**
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PRÉVOYANCE	SA	F	Member of the Executive Board; in charge of Human Resources and Banking Operations
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	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	Member of the Supervisory Board
Mandates and functions within Groupe Caisse d'Epargne			
CRÉDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board
FONCIER PARTICIPATIONS	SA	F	Member of the Board of Directors (resigned June 30, 2006)
BANQUE DES ANTILLES FRANÇAISES	SA	F	CNCE's permanent representative on the Board of Directors
BANQUE DES MASCAREIGNES LTEE		MUS	Member of the Board of Directors
GCE - NEWTEC	SAS	F	Member of the Supervisory Board
GESTITRES	SA	F	Chairman of the Board of Directors
SOCIÉTÉ LAMY (EX-GESTRIM)	SA	F	Vice-Chairman of the Supervisory Board
ISSORIA	SA	F	Member of the Supervisory Board
GCE IMMOBILIER (EX-PEREXIA)	SA	F	Vice-Chairman of the Supervisory Board (since February 28, 2006; previously Member of the Supervisory Board)
SAS GROUPE CAISSE D'EPARGNE MAROC		MAR	CNCE's permanent representative on the Board of Directors (since June 30, 2006)
SOCFIM	SA	F	CNCE's permanent representative on the Supervisory Board
Other mandates and functions			
LA CHAÎNE MARSEILLE LCM	SA	F	CNCE's permanent representative on the Board of Directors

2006	MR. ANDRÉ-JEAN OLIVIER		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Head of Finance; Member of the Executive Committee
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Natixis's permanent representative on the Supervisory Board (since December 19, 2006)
NATIXIS COFICINE (EX-NATEXIS COFICINE)	SA	F	Natixis's permanent representative on the Board of Directors
NATEXIS LUXEMBOURG SA		LUX	Member of the Board of Directors
NATIXIS IMMO DÉVELOPPEMENT (EX-NATEXIS IMMO DÉVELOPPEMENT)	SA	F	Member of the Board of Directors
NATIXIS TRANSPORT FINANCE (EX-NATEXIS TRANSPORT FINANCE)	SA	F	Natixis's permanent representative on the Board of Directors
Private Equity			
NATIXIS PRIVATE EQUITY (EX-NATEXIS PRIVATE EQUITY)	SA	F	Member of the Board of Directors
Services			
NATIXIS ASSURANCES (EX-NATEXIS ASSURANCES)	SA	F	Member of the Board of Directors
Other mandates and functions: nil			

2006	MR. FRANÇOIS AUDIBERT		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board
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 (mandate ended December 15, 2006 following conversion to SAS status)
CIS AQUITAINE VALLEY	SA	F	Chairman of the Supervisory Board (since October 16, 2006)
EXPANSO - SDR (SOCIÉTÉ DE DÉVELOPPEMENT RÉGIONAL)	SA	F	Chairman of the Executive Board
EXPANSO CAPITAL	SAS	F	Member of the Board of Directors
GALIA GESTION	SAS	F	Caisse d'Epargne Aquitaine Nord's permanent representative on the Board of Directors
GCE CAPITAL	SAS	F	Member of the Supervisory Board (since December 11, 2006)
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	Expanso Capital's permanent representative on the Board of Directors
TV 7 BORDEAUX SA	SA	F	Caisse d'Epargne Aquitaine Nord's permanent representative on the Board of Directors

2006	MR. MARC-ANTOINE AUTHEMAN		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board
Mandates and functions within Caisse des Dépôts Group			
ICADE (listed)	SA	F	Member of the Board of Directors
ICADE EMGP	SA	F	Member of the Board of Directors (resigned May 3, 2006)
Other mandates and functions: nil			

2006	MR. FRANÇOIS CHAUVEAU		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (since September 13, 2006; previously Ecureuil Participations' permanent representative on the Supervisory Board)
Mandates and functions within Groupe Caisse d'Epargne			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PRÉVOYANCE	SA	F	Director of Financial Management
COMPAGNIE DE FINANCEMENT FONCIER	SA	F	Member of the Board of Directors
ÉCUFONCIER	SCA	F	Member of the Supervisory Board
GCE BAIL	SA	F	CNCE's permanent representative on the Board of Directors
INGEPAR	SA	F	Non-voting Board member
ISSORIA	SA	F	CNCE's permanent representative on the Supervisory Board
SURASSUR		LUX	CNCE's permanent representative on the Board of Directors
Other mandates and functions			
EUROTITRISATION	SA	F	CNCE's permanent representative on the Board of Directors

2006	MR. BERNARD COMOLET		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Vice-Chairman of the Supervisory Board (since November 17, 2006)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board
Mandates and functions within Groupe Caisse d'Epargne			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PRÉVOYANCE	SA	F	Vice-Chairman of the Supervisory Board

2006	MR. BERNARD COMOLET		
Company	**Form**	**Country**	**Mandates/Functions**
CAISSE D'EPARGNE ILE-DE-FRANCE PARIS	SA	F	Chairman of the Executive Board
BANQUE BCP	SAS	F	Chairman of the Supervisory Board (since July 24, 2006)
BANQUE BCP LUXEMBOURG		LUX	Member of the Board of Directors (since July 24, 2006)
EFIDIS	SA	F	Caisse d'Epargne Ile-de-France Paris's permanent representative on the Supervisory Board
Mandates and functions within Caisse des Dépôts Group			
CNP ASSURANCES (listed)	SA	F	Non-voting member of the Supervisory Board
Other mandates and functions			
IMMOBILIÈRE 3 F	SA	F	Caisse d'Epargne Ile-de-France Paris's permanent representative on the Board of Directors

2006	MR. BENOÎT MERCIER		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board
NATIXIS GARANTIES (EX-GCE GARANTIES)	SA	F	Member of the Supervisory Board
Mandates and functions within Groupe Caisse d'Epargne			
CAISSE D'EPARGNE DU VAL DE FRANCE-ORLÉANAIS	SA	F	Chairman of the Executive Board
BANQUE PALATINE	SA	F	Member of the Supervisory Board
COMPAGNIE EUROPÉENNE DE GARANTIES IMMOBILIÈRES (CEGI)	SA	F	Member of the Board of Directors
FINANCIÈRE CEGI	SA	F	Member of the Board of Directors
VFO COMMUNICATION	SAS	F	Caisse d'Epargne du Val de France-Orléanais's permanent representative, Chairman (since October 9, 2006); Chairman of the Management Committee
Other mandates and functions			
HABITAT MONTARGIS VAL DE FRANCE (HAMOVAL)	SA	F	Caisse d'Epargne du Val de France-Orléanais's permanent representative on the Board of Directors
LOIRET HABITAT	SA	F	Caisse d'Epargne du Val de France-Orléanais's permanent representative on the Board of Directors (mandate ended November 3, 2006)
ORLÉANS GESTION	SAEM	F	Caisse d'Epargne du Val de France-Orléanais's permanent representative on the Board of Directors
ORLÉANS SPECTACLES	SA	F	Caisse d'Epargne du Val de France-Orléanais's permanent representative on the Board of Directors
SOCIÉTÉ D'ÉCONOMIE MIXTE POUR LE DÉVELOPPEMENT ORLÉANAIS (SEMDO)	SAEM	F	Caisse d'Epargne du Val de France-Orléanais's permanent representative on the Board of Directors
VIGEO	SAS	F	CNCE's permanent representative on the Board of Directors

2006	MR. PHILIPPE MONETA		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board
Mandates and functions within Groupe Caisse d'Epargne			
CAISSE D'EPARGNE LOIRE-DRÔME-ARDÈCHE	SA	F	Chairman of the Executive Board
CRÉDIT FONCIER DE FRANCE (listed)	SA	F	Member of the Supervisory Board
SOCIÉTÉ POUR LE DÉVELOPPEMENT DE L'HABITAT - SDH CONSTRUCTEUR	SA	F	Chairman and Chief Executive Officer
Asset Management			
ÉCUREUIL GESTION	SA	F	Member of the Supervisory Board
ÉCUREUIL GESTION FCP	SA	F	Member of the Supervisory Board
Other mandates and functions			
LOIRE TÉLÉ	SAEM	F	Caisse d'Epargne Loire-Drôme-Ardèche's permanent representative on the Board of Directors
RHÔNE-ALPES PME GESTION	SAS	F	Caisse d'Epargne Loire-Drôme-Ardèche's permanent representative on the Supervisory Board

2006	MR. DIDIER PATAULT		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
NATIXIS (cotée)	SA	F	Member of the Supervisory Board (since November 17, 2006)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board
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
ÉCUREUIL VIE	SA	F	Member of the Supervisory Board
GCE CAPITAL	SAS	F	Member of the Supervisory Board (since December 11, 2006)
MANCELLE D'HABITATION	SA	F	Chairman of the Board of Directors
SODERO	SA	F	Chairman and Chief Executive Officer
SODERO GESTION	SAS	F	Chairman of the Supervisory Board
SODERO PARTICIPATIONS	SAS	F	Chairman of the Board of Directors
Mandates and functions within Caisse des Dépôts Group			
SOCIÉTÉ ANONYME DES MARCHÉS DE L'OUEST (SAMO)	SA	F	Chairman of the Board of Directors
Other mandates and functions			
GRAND OUEST GESTION	SAS	F	Sodero Participations' permanent representative, Chairman of the Supervisory Board
PAYS-DE-LA-LOIRE DÉVELOPPEMENT	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

2006	MR. RÉGIS PELEN		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board
Mandates and functions within Groupe Caisse d'Epargne			
CAISSE D'EPARGNE RHÔNE-ALPES LYON	SA	F	Chairman of the Steering and Supervisory Board
SOCIÉTÉ LOCALE D'EPARGNE LYON SUD	COOP	F	Member of the Board of Directors
Other mandates and functions			
INVESTISSEMENT ET DÉVELOPPEMENT	SA	F	Chairman of the Supervisory Board
LA VIE CLAIRE	SA	F	Chairman of the Supervisory Board
SOGEBAIL	SA	F	Member of the Board of Directors

2006	MR. PIERRE SERVANT		
Company	**Form**	**Country**	**Mandates/Functions**
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PRÉVOYANCE	SA	F	Member of the Executive Board; in charge of Finance and Risks (resigned November 17, 2006)
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Head of Asset Management; Member of the Executive Committee
Financial Guaranty			
CIFG HOLDING	SA	F	Member of the Supervisory Board
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member 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
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	SAS	F	Member of the Supervisory Board
Mandates and functions within Groupe Caisse d'Epargne			
CRÉDIT FONCIER DE FRANCE (listed)	SA	F	Vice-Chairman of the Supervisory Board (since March 1, 2006; previously CNCE's permanent representative on the Supervisory Board)
ÉCUFONCIER	SCA	F	Chairman of the Supervisory Board (resigned June 30, 2006)
ÉCUREUIL PARTICIPATIONS	SAS	F	Chairman (mandate ended September 2, 2006 following dissolution of the company)
MIFCOS PARTICIPATIONS	SNC	F	Ecureuil Participations' representative, Manager (mandate ended September 1, 2006)
PARTICIPATIONS ÉCUREUIL	SNC	F	Ecureuil Participations' representative, Manager (mandate ended September 1, 2006)
FINANCIÈRE OCEOR	SA	F	CNCE's permanent representative on the Supervisory Board (mandate ended April 26, 2006)
Other mandates and functions: nil			

Directors whose mandates expired in 2006

2006	MR. JEAN BENSAID		
Company	**Form**	**Country**	**Mandates/Functions**
CAISSE DES DÉPÔTS	PUB	F	Deputy Director, Group Finance and Strategy; in charge of Equity Investments and Business Development
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (resigned July 18, 2006)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Member of the Supervisory Board
Mandates and functions within Caisse des Dépôts Group			
CDC ENTREPRISES CAPITAL INVESTISSEMENT	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors (from June 28 to November 2, 2006, date mandate ended; previously Member of the Board of Directors)
CDC HOLDING FINANCE	SA	F	Chief Executive Officer and Member of the Board of Directors
CDC INFRASTRUCTURE	SA	F	Member of the Board of Directors (since December 27, 2006)
EGIS	SA	F	Member of the Board of Directors
EUROPEAN CARBON FUND		LUX	Member of the Board of Directors (resigned December 11, 2006)
FINANCIÈRE TRANSDEV	SA	F	Member of the Board of Directors (resigned December 14, 2006)
FORÊTS DURABLES	SEF	F	Member of the Supervisory Board
GALAXY		LUX	Member of the Management Board (since September 25, 2006)
SOCIÉTÉ FORESTIÈRE DE LA CAISSE DES DÉPÔTS	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors (mandate ended May 2, 2006)
TRANSDEV	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors
Other mandates and functions			
MAP SUB	SAS	F	Chairman
SANEF	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors (since February 3, 2006)
SAS SANTOLINE	SAS	F	Caisse des Dépôts' permanent representative on the Supervisory Board (from July 24 to November 9, 2006, date mandate ended)
SECHE ENVIRONNEMENT	SAS	F	Caisse des Dépôts' permanent representative on the Board of Directors (since October 31, 2006)
LA BANQUE POSTALE ASSET MANAGEMENT (EX-SOGEPOSTE)	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board (mandate ended October 5, 2006)
TDF	SA	F	Caisse des Dépôts' permanent representative on the Board of Directors (since October 12, 2006)
TOWER PARTICIPATIONS	SAS	F	Caisse des Dépôts' permanent representative on the Supervisory Board (since October 12, 2006)

2006	MR. MICHEL BERTHEZENE		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Financial Guaranty			
CIFG HOLDING	SA	F	Member of the Supervisory Board

2006 **MR. MICHEL BERTHEZENE**

Company	Form	Country	Mandates/Functions
CIFG GUARANTY	SA	F	Member of the Supervisory Board
CIFG EUROPE	SA	F	Vice-Chairman of the Supervisory Board
CIFG SERVICES INC.		USA	Member of the Board of Directors
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Executive Board; in charge of Horizontal Functions (mandate ended December 14, 2006)
IXIS NORTH AMERICA		USA	Member of the Board of Directors
IXIS CAPITAL MARKETS NORTH AMERICA		USA	Member of the Board of Directors
NEXGEN FINANCIAL HOLDINGS LIMITED		IRL	Member of the Board of Directors (since March 24, 2006)
Asset Management			
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
IXIS AEW EUROPE	SA	F	Member of the Board of Directors

Other mandates and functions: nil

2006 **MR. PATRICK BUFFET**

Company	Form	Country	Mandates/Functions
SUEZ (listed)	SA	F	Chief Executive Officer
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (resigned July 21, 2006)
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 of Directors
FLUXIS		BEL	Member of the Board of Directors
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 ÉNERGIE SERVICES	SA	F	Member of the Board of Directors
SUEZ-TRACTEBEL		BEL	Member of the Board of Directors

2006 **MR. ÉRIC FLAMARION**

Company	Form	Country	Mandates/Functions
CAISSE DES DÉPÔTS	PUB	F	Deputy Director, Group Finance and Strategy; in charge of Financial Management

2006	MR. ÉRIC FLAMARION		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (resigned July 18, 2006)
Asset Management			
IXIS AEW EUROPE	SA	F	Member of the Board of Directors
Mandates and functions within Caisse des Dépôts Group			
CDC ARKHINEO	SAS	F	Chairman
CDC DI GMBH		ALL	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
COMPAGNIE DES ALPES (listed)	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board
FORÊTS DURABLES	SEF	F	Member of the Supervisory Board
Other mandates and functions: nil			

2006	MR. PIERRE JENNY		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Executive Board, in charge of Operations (resigned December 14, 2006)
Other mandates and functions: nil			

2006	MR. FRANCIS MAYER		
Company	**Form**	**Country**	**Mandates/Functions**
CAISSE DES DÉPÔTS	PUB	F	Chief Executive Officer (mandate ended December 9, 2006)
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PRÉVOYANCE	SA	F	Vice-Chairman of the Supervisory Board (mandate ended December 9, 2006)
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Vice-Chairman of the Supervisory Board (resigned July 18, 2006)
Mandates and functions within Caisse des Dépôts Group			
CNP ASSURANCES (listed)	SA	F	Caisse des Dépôts' permanent representative on the Supervisory Board (mandate ended le December 9, 2006)
SOCIÉTÉ NATIONALE IMMOBILIÈRE (SNI)	SAEM	F	Chairman of the Supervisory Board (mandate ended December 9, 2006)

2006	MR. FRANCIS MAYER		
Company	**Form**	**Country**	**Mandates/Functions**
ICADE (listed)	SAEM	F	Member of the Board of Directors (mandate ended December 9, 2006)
CDC ENTREPRISES	SAS	F	Chairman of the Supervisory Board (mandate ended December 9, 2006)
CDC HOLDING FINANCE	SA	F	Member of the Board of Directors (mandate ended December 9, 2006)
MAP HOLDING	SA	F	Non-voting Board member (mandate ended December 9, 2006)
Other mandates and functions			
ACCOR (listed)	SA	F	Member of the Board of Directors (mandate ended December 9, 2006)
DEXIA (listed)		BEL	Member of the Board of Directors (mandate ended December 9, 2006)
VEOLIA ENVIRONNEMENT (listed)	SA	F	Member of the Board of Directors (mandate ended December 9, 2006)

2006	MR. CHARLES MILHAUD		
Company	**Form**	**Country**	**Mandates/Functions**
Mandates and functions within Natixis and subsidiaries			
NATIXIS (listed)	SA	F	Chairman of the Supervisory Board (since November 17, 2006)
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Chairman of the Supervisory Board (resigned December 14, 2006)
Asset Management			
IXIS ASSET MANAGEMENT GROUP	SA	F	Member of the Supervisory Board (resigned December 22, 2006)
IXIS ASSET MANAGEMENT	SA	F	CNCE's permanent representative on the Supervisory Board (mandate ended in 2006)
Mandates and functions within Groupe Caisse d'Epargne			
CAISSE NATIONALE DES CAISSES D'EPARGNE ET DE PRÉVOYANCE	SA	F	Chairman of the Executive Board
CRÉDIT FONCIER DE FRANCE (listed)	SA	F	Chairman of the Supervisory Board (resigned March 1, 2006)
GCE IMMOBILIER (EX-PEREXIA)	SA	F	Vice-Chairman of the Supervisory Board (resigned February 28, 2006)
SOGIMA	SA	F	GCE Immobilier's permanent representative on the Supervisory Board
FINANCIÈRE OCEOR	SA	F	Chairman of the Supervisory Board
BANQUE DES ANTILLES FRANÇAISES	SA	F	CNCE's permanent representative on the Board of Directors (mandate ended in 2006)
BANQUE DES ÎLES SAINT-PIERRE ET MIQUELON	SA	F	CNCE's permanent representative on the Board of Directors (mandate ended in 2006)
BANQUE DE LA RÉUNION	SA	F	CNCE's permanent representative on the Board of Directors
BANQUE DE NOUVELLE-CALÉDONIE	SA	F	CNCE's permanent representative on the Board of Directors
BANQUE DE TAHITI	SA	F	CNCE's permanent representative on the Board of Directors (mandate ended in 2006)
BANQUE DES MASCAREIGNES LTEE		MUS	Member of the Board of Directors

2006 MR. CHARLES MILHAUD

Company	Form	Country	Mandates/Functions
GCE HABITAT	SA	F	Member of the Supervisory Board (since February 28, 2006)
GCE PARTICIPATIONS	SAS	F	CNCE's permanent representative, Chairman (since July 24, 2006)
ISSORIA	SA	F	Chairman of the Supervisory Board
PARTICIPATIONS ÉCUREUIL	SNC	F	GCE Participations' permanent representative, Manager (since September 1, 2006)
SAS GROUPE CAISSE D'EPARGNE MAROC		MAR	Chairman of the Board of Directors (since May 4, 2006)
SODEXHO ALLIANCE (listed)	SA	F	Member of the Board of Directors
SOCIÉTÉ LOCALE D'EPARGNE PRÉFECTURE	COOP	F	Member of the Board of Directors
SOPASSURE	SA	F	Member of the Board of Directors
Mandates and functions within Caisse des Dépôts Group			
CDC ENTREPRISES	SAS	F	Member of the Supervisory Board (resigned October 9, 2006)
CNP ASSURANCES (listed)	SA	F	Member of the Supervisory Board
Other mandates and functions			
CM INVESTISSEMENTS	SARL	F	Manager
CRÉDIT IMMOBILIER ET HÔTELIER - CIH		MAR	Member of the Board of Directors
ERIXEL	SAS	F	Chairman
IDF TELE	SAS	F	Member of the Supervisory Board (since November 7, 2006)
MASSIRA CAPITAL MANAGEMENT		MAR	Member of the Board of Directors (since July 6, 2006)
VEOLIA EAU - COMPAGNIE GÉNÉRALE DES EAUX	SCA	F	Member of the Supervisory Board (since December 30, 2005)

2006 MR. PIETRO MODIANO

Company	Form	Country	Mandates/Functions
SANPAOLO IMI S.p.A. (listed)		ITA	Chief Executive Officer
SAN PAOLO BANCO DI NAPOLI		ITA	Member of the Board of Directors (since April 21, 2006)
BANCA IMI S.p.A.		ITA	Chairman
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Sanpaolo IMI S.p.A.'s Permanent representative on the Supervisory Board (mandate ended November 17, 2006)
Other mandates and functions			
AMERICAN CHAMBER OF COMMERCE IN ITALY		ITA	Member of the Board of Directors
ASSOCIATION BANCAIRE ITALIENNE (ABI)		ITA	Vice-Chairman (since July 12, 2006; previously Member of the Board of Directors)
BORSA ITALIANA S.p.A.		ITA	Member of the Board of Directors (since April 20, 2006)
CASSA DI RISPARMIO DI BOLOGNA		ITA	Member of the Board of Directors
CASSA DI RISPARMIO DI PADOVA E ROVIGO		ITA	Member of the Board of Directors

2006	MR. PIETRO MODIANO		
Company	**Form**	**Country**	**Mandates/Functions**
FONDATION ITALIE CHINE		ITA	Member of the Board of Directors
FONDATION ROSSELLI		ITA	Member of the Board of Directors (since March 9, 2006)
FONDATION TORINO WIRELESS		ITA	Member of the Board of Directors (since June 12, 2006)

2006	MRS. EMMANUELLE ROUX		
Company	**Form**	**Country**	**Mandates/Functions**
CAISSE DES DÉPÔTS	PUB	F	Special Advisor, Group Finance and Strategy
Mandates and functions within Natixis and subsidiaries			
Capital Markets and Financing			
IXIS CORPORATE & INVESTMENT BANK	SA	F	Member of the Supervisory Board (resigned July 18, 2006)
IXIS ASSET MANAGEMENT GROUP	SA	F	Member of the Supervisory Board (resigned July 18, 2006)
Other mandates and functions: nil			

Compensation and benefits

Executive board members

In euros	Total compensation and benefits paid in 2006 by IXIS Corporate & Investment Bank Fixed compensation	Executive board compensation	Variable compensation paid in 2006	Benefits in kind	Contractual and legal profit sharing
Members as at December 31, 2006					
Dominique FERRERO (1)	-	-	-	-	-
Olivier SCHATZ	-	-	-	-	-
Bernard MIGUS	250,702	27,500	1,500,000	3,847	23,666
Nicolas FOURT	242,880	7,622	1,800,000	-	23,666
Anthony ORSATELLI (2)	-	30,490	-	-	-
Members having resigned in 2006					
Pierre JENNY	163,000	7,622	134,689	2,832	21,663
Michel BERTHEZENE	267,378	7,622	165,000	-	23,666

(1) Other compensation and benefits:
- in respect of mandates and functions exercised within Natixis: €120,047

(2) Other compensation and benefits:
- in respect of mandates and functions exercised within Natixis: €54,250 (of which €500 benefits in kind)
- in respect of mandates and functions exercised within CNCE: €603,235
- other compensation: €810,000 (of which €97,500 in respect of 2007)

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

Supervisory board members

In euros		IXIS Corporate & Investment Bank director's fees [1]	Natixis/Natexis Banques Populaires director's fees	Natixis/Natexis Banques Populaires compensation	CNCE director's fees	CNCE compensation	BFBP director's fees	Other compensation
Board members as at December 31, 2006								
Philippe DUPONT *	Chairman	-	11,285	463,000 [3]			10,699	
Nicolas MERINDOL	Vice-chairman	12,000 [2]	12,500			662,778		7,118
CNCE	Member	15,000						
Natixis	Member	-						
François AUDIBERT	Member	13,500						
Marc-Antoine AUTHEMAN	Member	12,000						
François CHAUVEAU	Member	-						
Bernard COMOLET	Member	8,000	20,000		39,000			
Benoît MERCIER	Member	10,000						
Philippe MONETA	Member	12,000						
Didier PATAULT	Member	14,500	16,000					
Régis PELEN	Member	10,000						
Pierre SERVANT	Member	19,000				566,006		
Yves DE BALMANN	Non-voting member	6,000						
Patrick de SAINT-AIGNAN	Non-voting member	8,000						
Mathieu PIGASSE	Non-voting member	8,000						
Board members having resigned in 2006								
Charles MILHAUD	Chairman	16,000	16,000			940,500		61,000
Francis MAYER	Vice-chairman	8,000	-					
Jean BENSAID	Member	18,000						
Patrick BUFFET	Member	12,000						
Écureuil Participations	Member	18,000						
Éric FLAMARION	Member	12,000						
Emmanuelle ROUX	Member	2,000						
Sanpaolo IMI	Member	-						
Board members having resigned in 2005								
Jean-Jacques BONNAUD	Member	2,000						
Dominique MARCEL	Member	4,000						
Jean-Pierre MENENTEAU	Member	2,000						
Laurent VIEILLEVIGNE	Member	2,000						

(1) Director's fees received in 2006 in respect of the mandate exercised in 2005

(2) Director's fees transfered to Fondation Caisse d'Epargne

(3) Including benefits in kind

** Total compensation of Philippe Dupont, in respect of the mandates exercised in Natixis and BFBP, amounted to €950,283 in 2006.*

Corporate Governance [1]

1. Composition of corporate governance bodies

(as at January 1, 2007)

Supervisory Board and specialized committees	Supervisory Board	Financial and Internal Control Committee	Compensation Committee
Philippe Dupont, Chairman of the Executive Board, Natixis Date coopted: December 14, 2006	Chairman	-	Chairman
Nicolas Mérindol, Member of the Executive Board and Chief Executive Officer, 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
Natixis Date coopted: December 14, 2006 Permanent representative (since December 19, 2006): André-Jean Olivier Chief Financial Officer, Natixis	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	-	-
François Chauveau, Director of Financial Management, CNCE Date coopted: September 13, 2006	Member	Member	-
Bernard Comolet, Chairman of the Executive Board, Caisse d'Epargne Ile-de-France Paris Date first appointed: January 31, 2005	Member	-	-
Benoît Mercier, Chairman of the Executive Board, Caisse d'Epargne du Val de France-Orléanais Date first appointed: January 31, 2005	Member	-	-
Philippe Moneta, Chairman of the Executive Board, Caisse d'Epargne Loire-Drôme-Ardèche Date first appointed: January 31, 2005	Member	-	-
Didier Patault, Chairman of the Executive Board, Caisse d'Epargne des Pays-de-la-Loire Date first appointed: January 31, 2005	Member	Member	-
Régis Pelen, Chairman of the Steering and Supervisory Board Caisse d'Epargne Rhône-Alpes Lyon Date first appointed: January 31, 2005	Member	-	-
Pierre Servant, Head of Asset Management, Natixis 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	-	-

(1) Parts 1 to 4 of this chapter are 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.

Executive Board

Dominique Ferrero Date first appointed: December 14, 2006	Chairman
Bernard Migus Date first appointed: November 3, 1998	Chief Executive Officer
Olivier Schatz Date first appointed: December 14, 2006	Chief Executive Officer
Nicolas Fourt Date first appointed: November 3, 1998	Member
Anthony Orsatelli Date first appointed: November 3, 1998	Member

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

2. Preparation and organization of tasks undertaken by the Supervisory Board and specialized committees

2.1 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 the Board's 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.

2.2 Composition and organization of the Supervisory Board [2]

IXIS Corporate & Investment Bank's Supervisory Board comprised 18 members between January and July 2006, and then 12 members between July and December 2006, all of whom owned at least one share issued by the Company.

IXIS Corporate & Investment Bank's Supervisory Board included two independent board members through July 2006, then one independent board member through December 2006.

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.

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

The composition of the Supervisory Board was affected on several occasions during 2006. The first change in July witnessed the resignation of five Board members representing Caisse des Dépôts, in accor-

(2) See pages 80 to 93 for the list of all mandates and functions exercised in various companies by the members of the Supervisory Board.

dance with the agreements concluded for the Natixis project. The composition of the Board was also affected in September by Mr. François Chauveau's cooptation, following the resignation of Ecureuil Participations, then by Sanpaolo IMI's resignation, following IXIS Corporate & Investment Bank's change of shareholder. The last changes in December concerned Mr. Philippe Dupont's cooptation as replacement for Mr. Patrick Buffet, Natixis's cooptation as replacement for Sanpaolo and Mr. Charles Milhaud's resignation.

2.3 Activity of the Supervisory Board in 2006

IXIS Corporate & Investment Bank's Supervisory Board convened on five occasions in 2006, each time in the presence of personnel representatives and the Statutory Auditors. The average attendance rate was 78% in 2006 versus 82% in 2005.

The Corporate and Legal Affairs department and Group Secretariat organize the Board and specialized committee meetings. Minutes were drawn up after each Supervisory Board meeting.

Making use of the work conducted by 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 2007 budget;
> the authorization required for the divestment of equity holdings;
> the approval of a new shareholder;
> the appointment of a new Chairman of the Executive Board and a second Chief Executive;
> Executive Board members' compensation.

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

> during its meeting of June 15, 2006, the signature:
- of joint and several regulated agreements between IXIS Corporate & Investment Bank and IXIS Financial Products Inc. concerning a USMTN issuance program;
- of joint and several regulated agreements between IXIS Corporate & Investment Bank and IXIS Financial Products Inc. concerning a warrants program;
- of joint and several regulated agreements between IXIS Corporate & Investment Bank and IXIS Securities NA concerning lending/borrowing transactions;
- of regulated agreements concerning the cession of rights to use software and the provision of services between IXIS Corporate & Investment Bank and Crédit Foncier de France;

> during its meetings of June 15 and July 20, 2006, the signature:
- of regulated agreements between IXIS Corporate & Investment Bank and Ingépar concerning the partial sale of Ingépar's business portfolio and the provision of services;

> during its meeting of December 14, 2006, the signature:
- of regulated agreements between IXIS Corporate & Investment Bank, Crédit Foncier de France and CNCE concerning the transfer of local government segment business.

2.4 Activity of the specialized committees in 2006

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 comprised four members between January and July 2006, then three members between July and December 2006, 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. A report is produced after each meeting and subsequently presented to the Supervisory Board at a meeting during the following fortnight, the intervening period being used by the Committee for preparation purposes.

The Financial and Internal Control Committee is responsible for assessing period-end financial reporting data and ensuring that internal control procedures are complied with. These duties include:

> examining the interim and annual financial statements before they are presented to the Supervisory Board, ensuring that the accounting methods used are both appropriate and consistent, and 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.) and the various mechanisms for tracking such risks;
- examining follow-up letters issued by the French Banking Commission and issuing an opinion on proposed replies.

The Financial and Internal Control Committee convened on four occasions in 2006. The average attendance rate for Committee members was 86% in 2006 versus 94% in 2005. The meetings primarily examined:

- the 2005 annual financial statements and 2006 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 by the Committee during the year;
- work relating to follow-up letters issued by the French Banking Commission;
- the compliance action plan.

The Compensation Committee

The Compensation Committee is a three-member Committee chaired by the Chairman of the Supervisory Board. It is responsible for issuing an opinion on the compensation of the members of the Executive Board and on the director's fees allocated to Supervisory Board members. The Committee met on two occasions during 2006, with two members present.

Members of the IXIS Corporate & Investment Bank Supervisory Board receive director's fees in proportion to their presence at Board meetings and specialized committee meetings during the year. The overall amount of director's fees is set each year by the Annual General Meeting of Shareholders. In 2006, each Supervisory Board member received €2,000 for each attendance at 2005 Supervisory Board meetings (subject to a limit of €12,000) and €1,500 for each attendance at specialized committee meetings (subject to a limit of €7,000). The Chairmen of the specialized committees also received a flat fee of €1,000 in respect of their Chairmen's functions.

A portion of the overall amount of director's fees is allocated to non-voting board members according to the same terms applied to Supervisory Board members.

3. Internal control procedures

The internal control procedures described in this report were those in force in the 2006 fiscal year. Due to IXIS Corporate & Investment Bank's change of shareholder and the creation of Natixis, certain procedures were reviewed after November 17, 2006, notably those concerning the credit decision process.

3.1 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.

3.2 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, 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 Central Bank in Italy, 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 US COSO framework, which the Bank's North American subsidiary uses to assess the quality of internal controls;
- the approach to analyzing internal control procedures will be re-examined in 2007, in light of the scope for companies to use the internal control reference framework prepared by the French Securities and Exchange Commission, the AMF.

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 charter describing IT security policy;
- 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 Corporate & Investment Bank's foreign offices and which organizes relations with the heads of the business lines represented locally;
- the Compliance Manual, which forms an integral part of internal regulations and comprises all the personal and professional compliance rules applicable to IXIS Corporate & Investment Bank employees (rules of good conduct, prevention of conflicts of interest, anti-money laundering measures, employee's personal compliance and protection of confidential information, etc.).

  Each subsidiary or branch possesses its own set of rules. For example, 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.

  The Compliance manual supplements the internal procedures applicable to each activity and the decision-making process for approving operations or transactions;
- 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.

In view of the creation of Natixis in 2006, work began in July to consider the principles for organizing Natixis's future internal control system.

These efforts notably led to the preparation of an audit charter for the Natixis group, in accordance with the general inspection functions and central institutions of Natixis's future shareholders.

3.3 Organizational principles

The internal control mechanism is underpinned by various principles:

- making operational managers accountable for setting up control procedures and methods 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 meets the requirements for branch activities to be anchored locally and the need for consistency across business lines;
- applying the general principle of separating functions by:
  - maintaining strict separation (including physical) between front-office personnel initiating financial commitments and back-office personnel processing transactions,
  - applying the "double check" rule 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" to prevent confidential information circulating between departments, activities or entities, and to avert potential conflicts of interest;
- ensuring the presence of legal 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;
- the presence of business-line compliance officers, who assist operating staff in the application of compliance standards and with related training;
- ensuring the compliance function is represented on the Bank's decision-making committees;
- ensuring the involvement of support functions (Organization, Legal and Fiscal, Accounting, IT Systems, IT Systems Security, etc.), to ensure activities more secure;
- 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, 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;
  - 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;
- ensuring IT Systems Security, Risks, Compliance and Internal Audit functions operate correctly in network situations and thereby enable reporting lines to be established;
- 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 the Group.

Committees

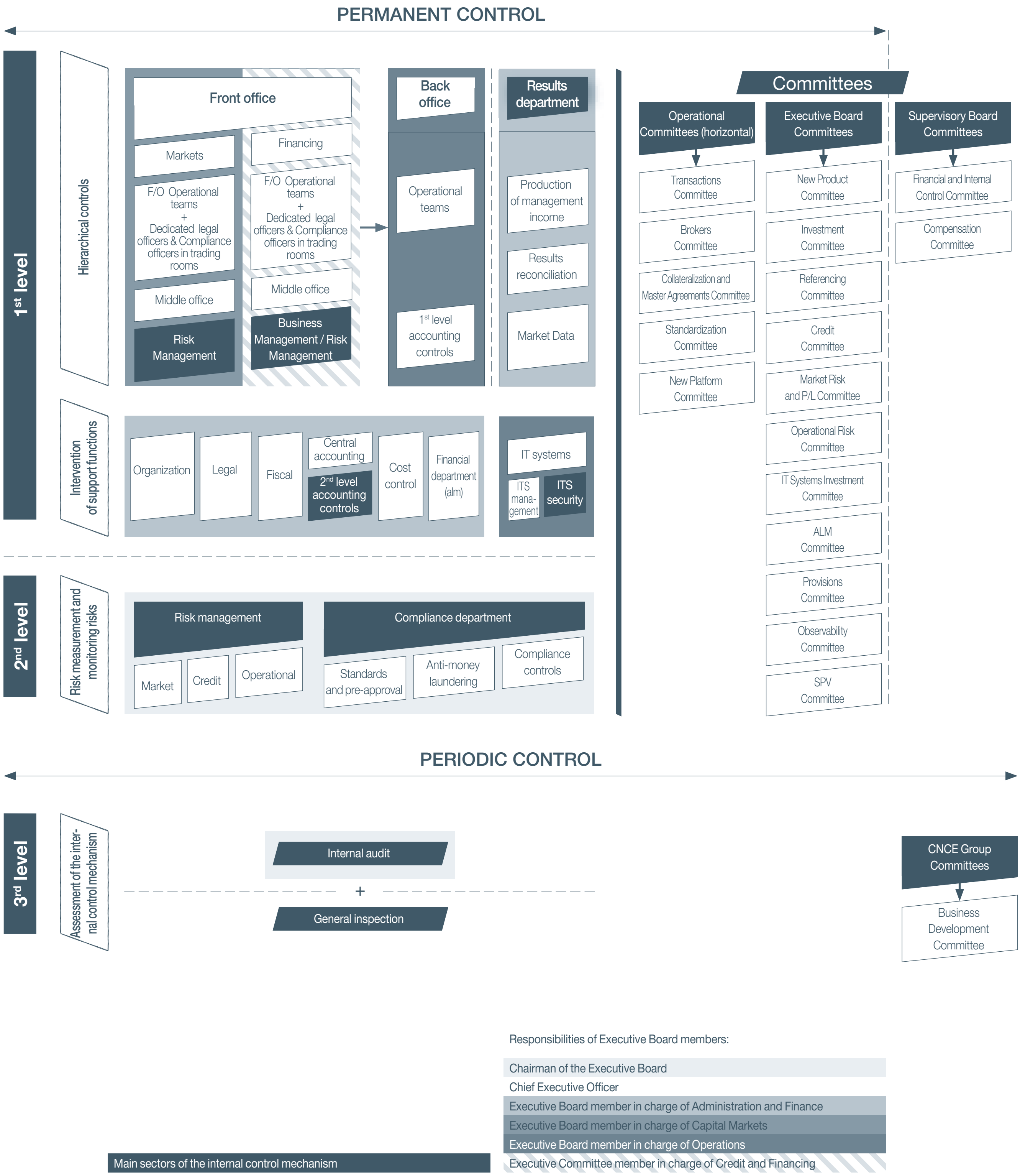
IXIS Corporate & Investment Bank's internal control mechanism makes use of a tight-knit system of committees designed to ensure the overall management of risks. Underpinned by collegial and horizontal analyses, these committees provide a framework for decision-making, ensure standardized operational 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, referencing, market risks, operational risks, balance sheet 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.

The following diagram positions the various participants in the internal control mechanism:



3.4 Main components of the permanent internal control mechanism

The permanent control system comprises all the organizational principles, procedures, systems and controls enabling risks associated with the Bank's activities to be selected, contained, measured, monitored and reported.

The changes that occurred in this area are consistent with the framework established by amended CRBF rule 97-02 and new compliance mechanism requirements.

The main measures adopted by the Bank in 2006 consisted in:

- Adapting the Bank's organization to its new scope of activities:
  - To this end, the control mechanism was adapted to factor in the creation of new entities (the Madrid branch and the Dubai subsidiary), notably by appointing a Compliance Officer for the Dubai subsidiary.
  - The creation of the third-party asset management department will strengthen the environment under which the Bank exercises its asset management activities.
- Consolidating the risk management mechanism:

  The risk management mechanism was revised during the year in a project that entailed publishing a formalized procedure in April. The general principles underlying the mechanism involve the accountability of the front office for selecting and managing market risks, the allocation of operational limits and the use of ex-post controls to ensure these limits are being respected. The Risk department is responsible for analyzing and measuring risks on a daily basis, via a process that guarantees calculations are reliable and that all risks are taken into account;
- Strengthening the Compliance mechanism by developing a permanent compliance control function, in parallel with the Compliance Officer function, in line with the requirements of amended CRBF rule 97-02;
- Preventing incidences of non-compliance risk, via the implementation of new applications, particularly in the areas of market abuse and price controls (applied on a restricted basis for 2006).
- Optimizing the results reconciliation process:

  The Results department witnessed the implementation of various projects geared to enhancing and automating the different operational processes in 2006. One notable example was the introduction of the *eMatch* tool which analyzes discrepancies between management income and accounting income, on a transaction-by-transaction basis;
- Reinforcing IT systems security:

  In order to ensure IT security satisfies all regulatory requirements and the needs engendered by the main business risks, a new method was introduced to incorporate security prerequisites in the upstream phase of IT systems integration projects or updates.

  The method involved the introduction of a form for analyzing the criticality of risks entailed with new projects. The form helps to identify the security measures required to cover risks relating to the issues of availability, integrity, confidentiality and proof.

  The new method should enable the Bank to attain the objectives defined in its security policy.

3.4.1 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 Chief Risk Officer 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 involves the Legal, Compliance and Back-Office functions focuses on the content of contractual documentation and on ensuring IT systems can process new products correctly.

As part of the process of setting up Natixis, New Product Committee procedure will be revamped in the first half of 2007.

3.4.2 Managing capital market and financing business

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 Referencing Committee);
- the choice of intermediaries (the Brokers Committee),
- the acceptance of credit risk (Credit Committee and counterparty/client limits),
- relations with counterparties, through the creation of master agreements and guarantees, and the validation of models used to confirm transactions (Collateralization and Master Agreement Committee),
- the acceptance of market risk (each operator is subject to operational limits set out in individual "road maps"),
- the introduction of new applications or interconnections (especially those involving membership of electronic trading platforms).

3.4.3 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 hierarchical visas.

3.4.4 Defining procedures and securing processing

An Organization department is charged with updating processes in response to changes in the Bank's business and also with tracking projects geared to coping with the Bank's growth. A software tool that takes account of process control points is used to define 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 mechanisms.

3.4.5 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 that operational risk limits – defined by operator and by activity – are respected. 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).

  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.

  Forward-looking controls are also used to test the quality of the internal risk measurement model, by comparing predicted and actual results on business activities. As part of the transition to IFRS, an Observability Committee was set up in 2006 with a remit to meet every six months. The Committee's main duty is to review any changes in the observability of market parameters used to determine the apportionment of day-one profit on initial recognition of financial instruments.

- **Credit/counterparty risks**

  Authorization and monitoring procedures

  The Credit Risk department, which reports to IXIS Corporate & Investment Bank's Chief Risk Officer, 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 Finance, makes decisions regarding the

Bank's principal commitments, monitors developments in loans outstanding, and conducts an annual revision of risk limits and ratings.

In the interests of performance, Credit Risk analysts are specialized in either corporate counterparties (on a sector basis) or financial counterparties (banks, funds, insurers, asset managers, etc.). Analysts work alongside a team that acts 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 forward-looking controls was confirmed during the year. The introduction of the expert reporting software tool, *Fermat*, during 2005, has ensured optimal management of limits and improved risk consolidation for the shareholder.

The IT tool used to measure counterparty 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 capital 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 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 the Group's business and ensuring the Bank's balance-sheet equilibrium in accordance with its regulatory obligations (97-02 and Basle II section II/III). The surveillance mechanism is based on the RiskPro ALM tool. During the course of 2006, IXIS Corporate & Investment Bank completed the work needed to feed data into the mechanism and implemented the tool within its main subsidiaries.

The ALM department establishes consolidated measures of liquidity risk (estimating the liquidity ratio, monitoring current account limits, fine-tuning stress scenarios), overall interest-rate risk (interest-rate gap by maturity, sensitivity of profit to several interest-rate scenarios) and currency risk (monitoring the structural currency position).

An ALM Committee, which reports to the Chairman of the Executive Board, meets monthly to examine different operational parameters, analyze the results of ALM risk indicators, decide hedging strategies, approve crisis-scenario assumptions and periodically validate the terms under which business is refinanced and treasury authorizations are granted.

> Operational risks

An Operational Risk unit reporting to the Chief Risk Officer 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 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.

3.4.6 Calculating and validating results

The Results department has three main duties, which it carries out independently of front offices:

- validating all the market parameters needed to calculate results;
- calculating management income on a daily basis;
- conducting a monthly reconciliation of management income with accounting income.

A number of optimization measures were taken in the Results department in 2006, all with a view to reducing period-end reporting timescales:

- calculating management income: the major projects implemented during the year consisted in automating the monitoring of day-one P&L and the calculation of market reserves in Madonne (a Results department tool for calculating, publishing and explaining the bank's daily management income). These projects accelerated and ensured the reliability of calculations relating to these two components of management income;
- the periodic reconciliation of management income and accounting income: 2006 featured numerous enhancements to the reconciliation process, which involved:
  - implementing the *e-Match* reconciliation tool for analyzing discrepancies between management income and accounting income, on a transaction-by-transaction basis;
  - overhauling the reconciliation processes in the most complex sections (structured issues, complex equity derivatives, etc.);
  - automating the work processes needed to justify the accounts and their notes.

Second-level controls are also carried out by:

- the Risk department, which controls the methods of calculating management income (including those for calculating fair-value adjustments and provisions);
- the Central Accounting function, which controls the whole of the results reconciliation process at period-end.

3.4.7 IT Systems Security

The IT Systems Security (ITSS) function is coordinated by a Paris-based executive reporting directly to the Executive Board member in charge of Operations. The ITSS function is independent of the IT Systems department. In order to ensure the utmost efficiency, ITSS's links with related functions – especially Operating Risks and Compliance – are founded on the principle of subsidiarity. Overall coordination between the different functions is ensured via their participation in the Operating Risk Committee, which is chaired by the Executive Board member in charge of Operations.

The main areas covered by ITSS are as follows:

- 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.

The implementation of IXIS Corporate & Investment Bank's security policy in May 2006 marked a major advance in the process of improving the level of security.

One example of this progress involved a significant reinforcement of permanent security controls and a resultant improvement in risk analysis. In another example, a business continuity test was undertaken, which involved transferring 120 users to their designated back-up site for a day.

Lastly, the dematerialization of authorizations strengthened the mechanism for tracking and controlling access.

3.4.8 Permanent compliance controls

The mechanism comprises:

- forward-looking (pre-transaction) intervention by Compliance Officers geared to ensuring regulatory and internal standards are respected, including 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.

In order to function correctly, the compliance control system requires a comprehensive list of the compliance risks existing within the scope of the Bank's activities.

To this end, a compliance risk mapping mechanism is being implemented. The mechanism involves gauging the degree to which compliance risks are controlled with respect to applicable standards.

The mapping mechanism comprises several types of controls, i.e. checks based on reports transmitted by operational and support functions; controls triggered by warnings issued by tools developed by the Compliance department; controls of supporting documents carried out on site and which are geared to checking the state of the permanent control mechanism, as well as to ensuring the appropriateness of compliance risk indicators and to recognizing any changes that have affected processes. The frequency of controls depends on the degree of compliance risk identified.

The corrective measures advocated as a result of these controls are recorded in the mapping tool and monitored regularly by Compliance Control.

The 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.

3.5 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:

3.5.1 Reports submitted to the Executive Board

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

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 solutions (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 reviews of special-purpose vehicles falling within the scope of the XIS Corporate & Investment Bank parent company (Paris and branches) and IXIS Capital Markets North America and Nexgen (quarterly);
- Management: ALM reports from the Asset-Liability Committee;
- The application of good conduct rules together with lists of stocks under surveillance and which are designed to prevent conflicts of interest;
- The compliance requirements relating to the entry into relations with clients.

3.5.2 Reports used by operational departments

These reports enable business-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 agreements with counterparties and more generally the possession of the necessary legal documentation relating to transactions.

3.5.3 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.

3.6 Insurance coverage

The risk management mechanism is rounded out by an insurance program covering all of the Bank's activities.

During the course of 2006, IXIS Corporate & Investment Bank improved insurance coverage and guarantees in light of the new possibilities available on the market. The Bank also used its global insurance program to standardize coverage for all its constituent entities and thereby ensure comprehensive risk coverage via top-tier insurance companies.

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 Bank and its employees.

The Bank plans to examine the impact of insurance on operational risk data. The aims are twofold:

- in a first stage, they prepare an insurance map based on already-identified operational risks;
- in a second stage, they measure the impact of insurance coverage on the economic capital allocated to operational risk.

3.7 Assessment of the internal control mechanism

In compliance with 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.

The Frankfurt branch also uses external auditors for controls relating to specific German regulations.

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

3.8 Conclusion on the internal control mechanism

IXIS Corporate & Investment Bank possesses a tight-knit internal control system designed to anticipate the essential issues related to the complexity of its activities and the risks they entail.

This mechanism is constantly amended in light of the creation of new activities, product-related changes and the development of new types of transactions.

IXIS Corporate & Investment Bank became a subsidiary of the Natixis group on November 17, 2006.

The main changes expected in the internal control mechanism for 2007 relate to the pooling of Groupe Banque Populaire and Groupe Caisse d'Epargne's corporate and investment banking, and services activities.

With this perspective in mind, efforts began in July 2006 to define the organizational principles of Natixis' future internal control and risk management systems.

These efforts focus particularly on:

- the overall architecture of the mechanism, which is founded on the distinction between permanent and periodic controls;
- the global organization of control functions (risks, compliance, inspection/audit) such that they cover all of the Natixis group's business lines and subsidiaries. Note that these functions are themselves integrated into the corresponding functions housed within the two future shareholder groups' central institutions;
- introducing a consolidated view of credit risk based on a database covering the whole of Natixis;
- measuring and monitoring market risks in the *Scénarisk* tool, which will cover all of Natixis' stress test and VaR monitoring needs;
- selecting Natixis' future operational risk management tool, a process which is earmarked for completion in the first half of 2007;
- continuing to expand the mechanism of permanent controls – henceforth to be applied to the new Natixis structure – notably by developing risk indicators and automating recurrent controls;
- defining how Natixis's future general inspection function will operate (the new function will pool audit teams from the former Natexis Banques Populaires and IXIS Corporate & Investment Bank).

4. Production and processing of accounting and financial information

4.1 The Central Accounting function

The Central Accounting function is organized into five main segments focusing on the following tasks:

- 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, branches and operational subsidiaries);
- accounting standards, procedures and systems (definition of user needs and maintenance of interpretation and production systems).

4.2 Production and control of information

IXIS Corporate & Investment Bank has presented its consolidated financial statements under IFRS (International Financial Reporting Standards) since January 1, 2006. In order to facilitate comparison, an IFRS set of consolidated financial statements was also prepared for the fiscal year ended December 31, 2005.

The parent-company accounts are still prepared under French accounting standards. The consolidated accounts are prepared quarterly and the parent-company accounts annually.

The consolidated accounts incorporate IXIS Corporate & Investment Bank and its subsidiaries, IXIS Capital Markets (New York), Nexgen Financial Holdings Limited (which the Bank has wholly-owned since March 21, 2006) and IXIS Securities. As at December 31, 2006, the scope of consolidation encompassed 102 entities, including a number of special-purpose vehicles.

The consolidated and parent-company 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* and IFRS). 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. However, in order to reflect IXIS Corporate & Investment Bank's transfer to the new entity Natixis, work has begun on harmonizing accounting principles and valuation rules with those used by Groupe Banque Populaire.

The half-yearly consolidated financial statements are subject to an attested limited review while the annual consolidated financial statements are subject to certification by the Auditors. The parent-company financial statements are certified by the auditors at fiscal-year end.

4.3 Accounting information production systems and organizational structure

4.3.1 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 configured 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 and Groupe Banque Populaire.

Transactions with Natixis, Groupe Caisse d'Epargne and Groupe Banque Populaire 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 configured by CNCE to eliminate reciprocal transactions between its subsidiaries and to justify discrepancies where these need to be maintained.

4.3.2 Parent-company accounts

In view of the highly interlinked nature of back-office work and accounts processing within the Bank, 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 five countries where the Bank 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* software tool, which produces accounting entries that are input to the central accounting system;
- results from complex transactions are accounted for by the back office and the Results department using information that has been rendered reliable and justified;
- 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.

4.4 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 Risk department. This 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 department was created in 2005 and took over the residual results accounting functions handled by the back office in the first half of 2006.

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.

IXIS Corporate & Investment Bank also has several subsidiaries set up for specific transactions and whose transactions are recorded in the central accounting system. Second-level controls in this area are conducted by Central Accounting Control.

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

4.5.1 The IFRS switchover

The first set of accounts reported under IFRS concerned the consolidated financial statements for the six-month period ended June 30, 2006, which were accompanied by a set of pro-forma figures for the six-month period ending June 30, 2005. First-time application of IAS was 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 on an IAS/IFRS implementation project. This has involved the Bank adapting its accounting architecture so as to be able to produce accounts under both French GAAP and IFRS. The adoption of IFRS involved changing the accounting plan and implementing new accounting procedures designed to translate the new IFRS rules into accounting practice.

These changes do not call into question the organization or the chain of accounting controls described above. However, they did require specific adjustments related to needs that arose during the preparation of the opening balance sheet in 2005 and the work undertaken to reconcile management/accounting entries under the two sets of accounting standards.

2006 represents the IXIS Corporate & Investment Bank Group's official IFRS transition year. The time taken to prepare fiscal year-end consolidated accounts was reduced relative to 2005, despite the fact that the new standards necessitate more complex treatment and more specific information.

4.5.2 Other actions geared to consolidating the accounting 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 continued in this area in order to make the process more efficient.

A highly significant investment was made in 2006 with a view to reducing period-end reporting timescales. A committee was set up to manage progress on the project. All the parties involved in the period-end accounting process also took part in defining a number of priority tasks and work began within the framework of specific working groups.

The June 30 and September 30, 2006 period-ends provided a means to gauge the extent of progress already achieved, to identify areas of potential improvement and to define corrective measures and the means of implementing them.

Overall, the project is geared to the twofold objective of:

- reducing period-end reporting timescales to ensure Natixis – IXIS Corporate & Investment Bank's new 100%-shareholder as from November 17, 2006 – fulfills its financial reporting obligations;
- ensuring both the process for preparing and processing accounting and financial information, and the accounting control environment, remain of high quality.

Statutory Auditors' report prepared in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), 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.

Year ended December 31, 2006

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 for the fiscal year ended December 31, 2006, in accordance with article L. 225-68 of the French Commercial Code.

In his report, the Chairman of the Supervisory Board is notably required to give an account of 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 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 the last paragraph of article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, April 20, 2007.

The Statutory Auditors

PricewaterhouseCoopers Audit
Patrice Morot

Mazars & Guérard
Michel Barbet-Massin
Charles de Boisriou

5. Statutory auditors' special report on regulated agreements and commitments with third parties

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.

Year ended December 31, 2006

To the Shareholders,
IXIS Corporate & Investment Bank
47, quai d'Austerlitz
75013 Paris

In our capacity of Statutory Auditors of your Company, we hereby present our report concerning regulated agreements and commitments with third parties.

1 Agreements and commitments entered into during the year

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

Our responsibility is not to search for the existence of any other agreements or commitments, but to inform you of the essential characteristics and terms of those of which we were notified, based on the information supplied to us, without issuing an opinion on their usefulness or appropriateness. In accordance with the terms of article R. 225-58 of the French Commercial Code, it is your responsibility to assess the interest of these agreements prior to their approval.

We conducted our work in accordance with professional standards applicable in France and which require us to exercise due diligence, in order to verify that the information supplied to us concords with the base documents from which it originated.

1.1 Letter of Commitment and Joint and Several Guaranty between IXIS Corporate & Investment Bank and IXIS Financial Products Inc.

Director(s) concerned:
Anthony Orsatelli.

On June 15, 2006, the Supervisory Board approved a Letter of Commitment and Joint and Several Guaranty between IXIS Corporate & Investment Bank and IXIS Financial Products Inc., concerning a USMTN issue program.

The guaranty will enable the subsidiary (IXIS Financial Products Inc.) to issue securities maturing before January 2017 under an AA rating (the commitments made by IXIS Corporate & Investment Bank in respect of this new guaranty contract will consequently be excluded from the scope of the Joint and Several Guaranty granted by CDC to IXIS Corporate & Investment Bank on May 28, 2003).

The guaranty granted by IXIS Corporate & Investment Bank will be billed at a rate of 2bps (the same as that applied to other programs).

This agreement had no financial impact in 2006.

1.2 Letter of Commitment and Joint and Several Guaranty between IXIS Corporate & Investment Bank and IXIS Financial Products Inc.

Director(s) concerned:
Anthony Orsatelli.

On June 15, 2006, the Supervisory Board approved a Letter of Commitment and Joint and Several Guaranty between IXIS Corporate & Investment Bank and IXIS Financial Products Inc., concerning a warrants program.

The guaranty will enable the subsidiary (IXIS Financial Products Inc.) to issue securities maturing before January 2017 under an AA rating (the commitments made by IXIS Corporate & Investment Bank in respect of this new guaranty contract will consequently be excluded from the scope of the Joint and Several Guaranty granted by CDC to IXIS Corporate & Investment Bank on May 28, 2003).

The guaranty granted by IXIS Corporate & Investment Bank will be billed at a rate of 2bps (the same as that applied to other programs).

This agreement had no financial impact in 2006.

1.3 Letter of Commitment and Joint and Several Guaranty between IXIS Corporate & Investment Bank and IXIS Securities NA

Director(s) concerned:
Anthony Orsatelli.

On June 15, 2006, the Supervisory Board approved a Letter of Commitment and Joint and Several Guaranty between IXIS Corporate & Investment Bank and IXIS Securities NA, concerning lending/borrowing transactions.

The guaranty granted by IXIS Corporate & Investment Bank will be billed at a rate of 2bps a year, based on average overall risk exposure during the period.

This agreement had no significant financial impact in 2006.

1.4 Agreements relating to the sale of rights to use software and to the provision of services between IXIS Corporate & Investment Bank and Crédit Foncier de France (CFF)

Director(s) concerned:
Nicolas Mérindol, Pierre Servant, Philippe Moneta, Guy Cotret.

On June 15, 2006, the Supervisory Board approved agreements relating to the sale of rights to use software and to the provision of services between IXIS Corporate & Investment Bank and Crédit Foncier de France.

The agreements provide for IXIS Corporate & Investment Bank to grant CFF the right to use its AMeRisC software tool on a non-divestible, non-exclusive and personal basis. IXIS Corporate & Investment Bank also agreed to supply the daily market and econometric data in its possession that CFF needs to operate AMeRisC.

Lastly, IXIS Corporate & Investment Bank agreed to supply CFF with cost-price advisory services for the purposes of implementing the software within CFF.

The full set of intellectual services provided by IXIS Corporate & Investment Bank for the purposes of implementing the software was billed to CFF at a cost price of €55,000.

The annual royalty per platform based on use of the software amounts to €174,200 a year.

This agreement had no significant financial impact in 2006.

1.5 Agreements relating to the partial sale of a business portfolio and to the provision of services between IXIS Corporate & Investment Bank and Ingépar

Director(s) concerned:
Nicolas Mérindol.

On June 15 and July 21, the Supervisory Board approved agreements between IXIS Corporate & Investment Bank and Ingépar relating to the partial sale of Ingépar's business portfolio and to the provision of services.

Ingépar agreed to sell part of its business portfolio to IXIS Corporate & Investment Bank for €375,000.

The Provision of Services Agreement provides for IXIS Corporate & Investment Bank to assist Ingépar in managing those cases retained in Ingépar's portfolio. The services provided will be paid for by Ingépar in accordance with the time spent by IXIS Corporate & Investment Bank on the cases concerned.

This agreement had no financial impact in 2006.

1.6 Agreements relating to the partial sale of a business portfolio and to the provision of resources between IXIS Corporate & Investment Bank, CNCE and Crédit Foncier de France

Director(s) concerned:
Charles Milhaud, Nicolas Mérindol, Bernard Comolet, Pierre Servant, Philippe Moneta, Guy Cotret.

On December 14, 2006, the Supervisory Board approved agreements providing for the sale of part of a business portfolio and the provision of resources for the transfer of local government business from IXIS Corporate & Investment Bank to Crédit Foncier de France.

The sale is due to take place in the first half of 2007 and therefore had no impact on the 2006 accounts. The divestment price is estimated at €800,000.

This agreement had no financial impact in 2006.

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

In addition, in accordance with the French Commercial Code, we were informed of the following agreements and commitments entered into in prior years, which remained in force during the year.

2.1 Joint and Several Guaranty between Caisse des Dépôts (CDC) and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)

Director(s) concerned:
representing Caisse des Dépôts, Daniel Lebègue; Isabelle Bouillot.

This Joint and Several Guaranty was terminated by CDC with effect from midnight of June 30, 2001. However, guaranteed 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 IXIS and CDC IXIS Capital Markets, and relating to guaranty commissions (see section 2.3).

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)

Director(s) concerned:
representing CDC Finance-CDC IXIS, Daniel Lebègue; Isabelle Bouillot, Gérard Barbot, Antoine Lissowski, Pierre Servant.

> 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 (CDC Marchés at that time).

This Letter of Commitment was replaced by the Letter of Commitment of May 28, 2003 (see section 2.8).

> The Joint and Several Guaranty between CDC IXIS and CDC IXIS Capital Markets was terminated by CDC IXIS on April 28, 2003, with effect from November 1, 2003. However, IXIS Corporate & Investment Bank's creditors in respect of guaranteed 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 (CDC) of October 12, 2004, exercise their rights directly against CDC up to the completion date of the guaranteed transactions, as if this commitment had been made directly by CDC to the benefit of IXIS Corporate & Investment Bank's creditors.

2.3 Agreement between Caisse des Dépôts (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

Director(s) concerned:
representing CDC Finance-CDC IXIS, Daniel Lebègue; Isabelle Bouillot, Gérard Barbot, Antoine Lissowski, Pierre Servant.

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.

2.4 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

Director(s) concerned:
representing CDC Finance-CDC IXIS, Daniel Lebègue; Isabelle Bouillot.

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 rebilled CDC IXIS Capital Markets for a portion (25%) of the cost of its research department

On November 17, 2005, the Supervisory Board approved an amendment to the Research Services Rebillings Agreement between IXIS Corporate & Investment Bank and IXIS Securities, concerning the reduction in the rebilling percentage applied for services rendered by the latter to the former, from 25% to 18.75%.

The cost to IXIS Corporate & Investment Bank in respect of this agreement amounted to €3,600,000 for the fiscal year ended December 31, 2006.

2.5 Financial agreement between CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on December 31, 2004), and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)

Director(s) concerned:
representing CDC Finance-CDC IXIS, Daniel Lebègue; Isabelle Bouillot, Gérard Barbot, Antoine Lissowski, Pierre Servant.

On December 19, 2001, the Supervisory Board approved a financial agreement between 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 IXIS's central liquidity.

Note that following 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, 2006, net interest expense due to CNCE amounted to €146,895,790 and net interest income due from IXIS IS totaled €28,705,919.37.

2.6. De-facto Grouping Agreement between Caisse des Dépôts (CDC), CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on December 31, 2004), and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)

Director(s) concerned:
representing CDC Finance-CDC IXIS, Daniel Lebègue; Isabelle Bouillot, Gérard Barbot, Antoine Lissowski, Pierre Servant.

On December 19, 2001, the Supervisory Board approved a De-facto Grouping Agreement between CDC, 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 €6,100,000 for the fiscal year ended December 31, 2006.

The revenue booked by IXIS Corporate & Investment Bank in respect of this agreement amounted to €2,300,000 for the fiscal year ended December 31, 2006.

2.7 Replacement Contract

Director(s) concerned:
representing CDC Finance-CDC IXIS, Daniel Lebègue; representing CNCE, Philippe Wahl; Nicolas Mérindol, Isabelle Bouillot, Gérard Barbot, Antoine Lissowski, Pierre Servant.

On October 16, 2002, the Supervisory Board approved a Replacement Contract between CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on December 31, 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 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.

2.8 Letter of Commitment between CDC Finance-CDC IXIS (now CNCE following CDC Finance-CDC IXIS's absorption by CNCE on December 31, 2004) and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank).

Director(s) concerned:
representing CDC Finance-CDC IXIS, Francis Mayer; representing CNCE, Philippe Wahl; Nicolas Mérindol, Isabelle Bouillot, Gérard Barbot, Antoine Lissowski, Pierre Servant.

- On May 26, 2003, the Supervisory Board approved a Letter of Commitment between 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 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 IXIS on July 1, 2001 (see section 2.2).

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

  As a result, the total amount of guaranty commissions due by IXIS Corporate & Investment Bank to CDC in respect of the fiscal year ended December 31, 2006, amounted to €14,890,993 (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 IXIS to grant its guaranty directly to IXIS Structured Products.

- On May 26, 2003, the Supervisory Board approved a Joint and Several Guaranty "1" (in French and English) between CDC IXIS and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank).
  This Joint and Several Guaranty "1" expired at midnight on January 23, 2004. However, IXIS Corporate & Investment Bank's creditors in respect of guaranteed 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 (CDC) of October 12, 2004, exercise their rights directly against CDC up to the completion date of the guaranteed transactions.
- On May 26, 2003, the Supervisory Board approved a Joint and Several Guaranty "2" (in French and English) between CDC IXIS and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank).
  This Joint and Several Guaranty "2" expired at midnight on January 23, 2007. However, IXIS Corporate & Investment Bank's creditors in respect of guarantied transactions initiated at or before midnight on January 23, 2007, may, by virtue of the letter of the Chief Executive Officer of Caisse des Dépôts (CDC) of October 12, 2004, exercise their rights directly against CDC up to the completion date of the guaranteed transactions.

2.9 Sub-Letting Agreement between CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank) and CDC IXIS Securities (since renamed IXIS Securities)

Director(s) concerned:
representing CDC Finance-CDC IXIS, Francis Mayer; Pierre Servant.

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.

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, 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 income recorded by IXIS Corporate & Investment Bank in respect of this agreement amounted to €914,682.62 (excluding taxes) for the fiscal year ended December 31, 2006.

2.10 Letter of Commitment and Joint and Several Guaranty between Caisse Nationale des Caisses d'Epargne (CNCE) and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank)

Director(s) concerned:
representing CNCE, Charles Milhaud; Pierre Servant, Nicolas Mérindol; representing CDC IXIS, Francis Mayer; Laurent Vieillevigne.

> 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.

  The total amount of guaranty commissions due by IXIS Corporate & Investment Bank in respect of the fiscal year ended December 31, 2006 was €293,716.

> On September 21, 2004, the Supervisory Board approved French and English-language versions of a Joint and Several Guaranty between CNCE and CDC IXIS Capital Markets (since renamed IXIS Corporate & Investment Bank). 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 guaranteed transactions initiated prior to the termination date until they are fully unwound.

2.11 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.)

Director(s) concerned:
representing CNCE, Charles Milhaud; Pierre Servant; Nicolas Mérindol; representing CDC IXIS, Francis Mayer; Laurent Vieillevigne.

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 Guarantees described in section 2.12.

Total guaranty commissions received by IXIS Corporate & Investment Bank in respect of the fiscal year ended December 31, 2006, amounted to €3,712,662.

2.12 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.)

Director(s) concerned:
representing CNCE, Charles Milhaud, Pierre Servant, Nicolas Mérindol; representing CDC IXIS, Francis Mayer; Laurent Vieillevigne.

On October 29, 2004, the Supervisory Board approved five Guaranty Agreements in English 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 guaranteed transactions initiated prior to the termination date until they are fully unwound.

2.13 Three Guaranty Agreements between IXIS Corporate & Investment Bank and IXIS Investor Services (IXIS IS)

Director(s) concerned:
representing CNCEP, 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.

These agreements had no financial impact in 2006.

2.14 Supply of Services and Partnership Contract between IXIS Corporate & Investment Bank and CNCE

Director(s) concerned: Charles Milhaud, Nicolas Mérindol, Pierre Servant, Bernard Comolet, Francis Mayer, Dominique Marcel; representing CNCE, Guy Cotret.

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.

This agreement had no financial impact in 2006.

Neuilly-sur-Seine and Paris-La Défense, April 20, 2007.

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars & Guérard	
Patrice Morot	Michel Barbet-Massin	Charles de Boisriou

6. 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.

Composition and organization of the Executive Board (3)

IXIS Corporate & Investment Bank's Executive Board comprises five members, including a Chairman. Mandates of Executive Board members are accorded for six-year periods and the last change in the composition of the Board occurred on December 14, 2006.

Up until December 14, 2006, the Executive Board comprised one Chief Executive Officer among its five members. Since then, however, it has comprised two Chief Executive Officers.

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).

Up until December 14, 2006, all Executive Board members apart from the Chairman were linked to the Company by an employment contract. Since then, however, only two Board members are linked to the Company by an employment contract.

Activity of the Executive Board in 2006

The Executive Board convened on a weekly basis during the year (46 meetings). The average attendance rate for Board members was 82% in 2006 versus 86% in 2005.

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.

Potential conflicts of interest involving corporate officers

To the Company's knowledge, 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 interest or other duties.

(3) See pages 77 to 80 and 88 to 93 for the full list of mandates and functions exercised on various Company boards by members of the Executive Board.

7. Auditors

			First appointed	Expiry of mandate
Auditors	PricewaterhouseCoopers Audit Represented by Patrice Morot	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	AGM of 30.06.97	AGM voting on 2010 financial statements
	Mazars & Guérard Represented by Michel Barbet- Massin et Charles de Boisriou	Exaltis 61, rue Henri Regnault 92075 Paris La Défense Cedex	AGM of 11.06.96	AGM voting on 2007 financial statements
Substitute Auditors	Mr. Dominique Paul	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	AGM of 30.06.97	AGM voting on 2010 financial statements
	Mr. Michel Rosse	Exaltis 61, rue Henri Regnault 92075 Paris La Défense Cedex	AGM of 15.05.97	AGM voting on 2007 financial statements

Auditors' fees [4]

	PricewaterhouseCoopers Audit				Mazars & Guérard			
	2006		2005		2006		2005	
Description of engagement	€K	%	€K	%	€K	%	€K	%
Audit								
Statutory audits and contractual audits, including:	3,560	86%	2,371	96%	783	87%	555	95%
- Issuer	*901*	*22%*	*727*	*30%*	*724*	*81%*	*534*	*92%*
- Consolidated subsidiaries	*2,659*	*64%*	*1,644*	*66%*	*59*	*6%*	*21*	*3%*
Other reviews and services directly related to the statutory audit engagement :	566	13%	75	3%	85	10%	27	5%
- Issuer	*169*	*4%*	*75*	*3%*	*81*	*9%*	*27*	*5%*
- Consolidated subsidiaries	*397*	*9%*	*0*	*0%*	*4*	*1%*	*0*	*0%*
Sub-total	**4,126**	**99%**	**2,446**	**99%**	**868**	**97%**	**582**	**100%**
Other services provided by the networks to consolidated subsidiaries								
Tax and legal	30	1%	14	1%	28	3%	0	0%
Other	3	0%	0	0%	0	0%	0	0%
Sub-total	**33**	**1%**	**14**	**1%**	**28**	**3%**	**0**	**0%**
Total	**4,159**	**100%**	**2,460**	**100%**	**896**	**100%**	**582**	**100%**

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

Resolutions submitted to IXIS Corporate & Investment Bank Ordinary/Extraordinary General Meeting of shareholders on May 23, 2007

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

- approve the parent company and consolidated accounts for the 2006 fiscal year, these having been certified without qualification by the Auditors;
- approve the regulated agreements concluded during the course of 2006, 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 €279,149,930.00 on November 17, 2006 and the allowance to the legal reserve, provides for payment of a dividend of €276,708,055.65 and the allocation of the remaining €144,807,979.47 of distributable income to retained earnings;
- allocate total director's fees of €163,000 to the members of the Supervisory Board in respect of the 2006 fiscal year;
- ratify the appointment of Mr. François Chauveau as Member of the Supervisory Board, following his cooptation by the Supervisory Board as a replacement for the resigning member, the company Ecureuil Participations, during its meeting of September 13, 2006;
- ratify the appointment of Mr. Philippe Dupont as Member of the Supervisory Board, following his cooptation by the Supervisory Board as a replacement for the resigning member, Mr. Patrick Buffet, during its meeting of December 14, 2006;
- ratify the appointment of the company Natixis as Member of the Supervisory Board, following its cooptation by the Supervisory Board as a replacement for the resigning member, the company Sanpaolo IMI, during its meeting of December 14, 2006;
- ratify the appointment of Mr. Guy Cotret as Member of the Supervisory Board, following his cooptation by the Supervisory Board as a replacement for the resigning member, the company CNCE, during its meeting of March 9, 2007;
- approve the proposed capital increase reserved for employees in accordance with article L. 225-129-6 of France's Commercial Code (*Code de commerce*) and to proceed with the related statutory amendments.

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, 2006, 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, 2006, 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 agreement submitted for approval, the General Shareholders' Meeting approves the said agreement in accordance with the conditions of article L. 225-88 of the French Commercial Code.

Fourth resolution

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

Calculation of distributable income:	
Net income for 2006	€556,379,775.36
Allowance to the legal reserve	€0.00
Retained earnings from previous year	€144,286,190.11
Interim dividend paid on November 17, 2006	- €279,149,930.00
Distributable income	**€421,516,035.47**
Allocation of distributable income:	
Dividend	€276,708,055.65
Retained earnings	€144,807,979.82

As at December 31, 2006, the parent company's total capital comprised 125,207,265 shares each with a nominal value of €15.25.

Taking into account an interim dividend of €279,149,930.00 paid on November 17, 2006, the remaining dividend in respect of the 2006 fiscal year and approved by the current shareholders' meeting, amounts to €276,708,055.65 or €2.21 per share.

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

- 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).
- 2006 :
  - a dividend of €224,121,004.35 (as approved by the General Shareholders' Meeting of May 10, 2006, convened to vote on the accounts for the year ended December 31, 2005);
  - an interim dividend of €279,149,930.00 (as approved by the Executive Board on October 24, 2006).

Fifth resolution

The General Shareholders' Meeting sets the total fees allocated to the members of the Supervisory Board at €163,000 for fiscal year 2006.

Sixth resolution

After hearing the report of the Executive Board, the General Shareholders' Meeting decides to ratify the appointments as Members of the Supervisory Board of:

- Mr. François Chauveau, following his cooptation as a replacement for the resigning member, the company Ecureuil Participations, during the Supervisory Board meeting of September 13, 2006;
- Mr. Philippe Dupont, following his cooptation as a replacement for the resigning member, Mr. Patrick Buffet, during the Supervisory Board meeting of December 14, 2006;
- the company Natixis, following its cooptation as a replacement for the resigning member, the company Sanpaolo IMI, during the Supervisory Board meeting of December 14, 2006;
- Mr. Guy Cotret, following his cooptation as a replacement for the resigning member, the company CNCE, during the Supervisory Board meeting of March 9, 2007.

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 and the report of the Statutory Auditors, and in accordance with articles L. 225-129 and L. 225-138 of the French Commercial Code and article L. 443-5 of the French Employment Code (*Code du travail*), the General Shareholders' Meeting:

- authorizes the Executive Board to proceed with an increase in registered share capital up to a maximum of three hundred and sixty six thousand (366,000) euros, in one single issue within two years from the current Shareholders' Meeting, via the creation and issue of twenty four thousand (24,000) shares, to be subscribed for and paid-up in cash and conferring the same rights as existing shares in the same category, subject to the terms established by the aforementioned legal measures;
- delegate all powers to the Executive Board for the purpose of deciding the date and terms of the future issue, by virtue of the current authorization and in accordance with legal and statutory prescriptions, and notably in terms of establishing the subscription price, the opening and closing dates of the subscription period, the date from which rights attached to the shares accrue and the time period for paying up the shares;
- delegate all powers to the Executive Board for the purpose of undertaking the capital increase for the amount of shares effectively subscribed for, of making any amendments to the statutes necessitated by the capital increase and more generally, of doing everything useful and necessary to ensure the effective completion of the increase in registered share capital.

Ninth resolution

As a result of the eighth resolution above, and after having heard the report of the Statutory Auditors, the General Shareholders' Meeting decides to abolish the preferential subscription rights granted to shareholders and to attribute rights to subscribe for new shares to be issued, to employees of the Company and of companies linked to it in the sense described in article L. 225-180 of the French Commercial Code ("Group Employees"), provided that such employees belong to a company savings plan (*plan d'épargne entreprise*) and/or a voluntary employee savings partnership plan (*plan partenarial d'épargne salariale volontaire*) as provided for in article L. 443-5 of the French Employment Code, open to Group Employees and fulfilling any terms established by the Executive Board.

Tenth resolution

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

IXIS CORPORATE & INVESTMENT BANK

CONSOLIDATED FINANCIAL STATEMENTS

Credit

Structuring

Fixed income

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Consolidated financial statements - 31.12.2006

Consolidated balance sheet

Assets

(millions of euros)	Notes	31.12.06	31.12.05
Cash, central banks and post-office banks		1	0
Financial assets at fair value through profit and loss	1	137,213	123,207
Hedging derivatives	4	278	322
Available-for-sale financial assets	5	4,579	8,022
Loans and receivables with financial institutions	6	74,078	73,973
Loans and receivables with customers	7	31,099	25,525
Current and deferred tax assets	28	316	317
Accrued income and other assets	8	13,945	13,937
Investments in subsidiaries and affiliates accounted for by the equity method		0	86
Tangible fixed assets	9	85	86
Intangible fixed assets	10	22	14
Goodwill	11	37	0
Total assets		**261,653**	**245,489**

Liabilities

(millions of euros)	Notes	31.12.06	31.12.05
Financial liabilities at fair value through profit and loss	2	121,332	127,033
Hedging derivatives	4	108	263
Debts and payables with financial institutions	12	93,014	66,797
Debts and payables with customers	13	25,568	28,974
Debt securities	14	7,095	6,231
Valuation difference on portfolios hedged for interest-rate risk		34	65
Current and deferred tax liabilities	28	66	111
Accrued expenses and other liabilities	15	7,954	9,556
Technical reserves on insurance policies		6	0
Provisions for contingencies and losses	16	130	226
Subordinated debt	17	2,002	2,067
Shareholders' equity			
Capital and associated reserves		*2,903*	2,903
Consolidated reserves		*604*	824
Net income for the period		*573*	302
Total capital, consolidated reserves and net income for the period (attributable to Group)		4,080	4,029
Unrealized or deferred gains/losses (attributable to Group)		185	137
Total attributable to Group		**4,265**	**4,166**
Minority interests		79	0
Total consolidated equity		**4,344**	**4,166**
Total liabilities		**261,653**	**245,489**

Consolidated income statement

(millions of euros)	Notes	31.12.06	31.12.05
Interest and similar income	18	6,696	4,522
Interest and similar expenses	18	-6,811	-4,667
Fee and commission income	19	489	305
Fee and commission expenses	19	-128	-101
Net gains or losses on financial instruments at fair value through profit and loss	20	1,515	1,083
Net gains or losses on available-for-sale financial assets	21	80	158
Income on other activities	22	69	63
Expenses on other activities	22	-64	-68
Net banking income		**1,846**	**1,295**
Operating expenses	23	-1,091	-820
Allocations to/reversals of depreciation, amortization and provisions for operating fixed assets	26	-27	-24
Gross operating income		**728**	**451**
Cost of risk	27	124	-17
Operating income		**852**	**434**
Net income from subsidiaries and affiliates accounted for by the equity method		3	1
Gains or losses on other assets		0	1
Pre-tax income		**855**	**436**
Income tax	28	**-286**	**-134**
Corporate income tax		-242	-162
Deferred tax		-44	28
Net income before minority interests		**569**	**302**
Minority interests		4	0
Net income		**573**	**302**
Net income per share		**4.58**	**2.42**
Diluted net income per share		**4.58**	**2.42**

Changes in minority interests and shareholders' equity

		Minority interests				Capital and associated reserves			Unrealized or deferred gains and losses (net of tax)				
(in millions of euros)	Fund for general banking risks	Minority interests in reserves	Minority interests in net income	Minority interests in equity	Capital	Equity instruments	Additional paid-in capital	Consolidation reserves	Translation reserves	Change in value of available-for-sale financial assets	Net income attributable to Group	Shareholders' equity attributable to Group	Total consolidated equity
Shareholders' equity as at December 31, 2004 (French accounting standards)	**6**	**0**	**0**	**0**	**1,909**		**994**	**505**	**-169**		**193**	**3,432**	**3,438**
Impact of IFRS adoption	-6			0		565		-266	169	33		501	495
Shareholders' equity as at January 1, 2005 (IAS/IFRS)	**0**	**0**	**0**	**0**	**1,909**	**565**	**994**	**239**	**0**	**33**	**193**	**3,933**	**3,933**
Appropriation of 2004 income								193			-193		
Issues of equity instruments								9	22			31	31
2005 dividend								-181				-181	-181
Total movements linked to relations with shareholders								**-172**	**22**			**-150**	**-150**
Changes in value of financial instruments affecting shareholders' equity										6		6	6
2005 net income			0	0							302	302	302
Sub-total				**0**	**0**			**0**	**0**	**6**	**302**	**308**	**308**
Other changes		0		0				-1	76			**75**	**75**
Shareholders' equity as at December 31, 2005	**0**	**0**	**0**	**0**	**1,909**	**565**	**994**	**259**	**98**	**39**	**302**	**4,166**	**4,166**
Appropriation of 2005 income								302			-302		
Issues of equity instruments								10	-17			-7	-7
2006 dividend								-532				-532	-532
Total movements linked to relations with shareholders								**-522**	**-17**			**-539**	**-539**
Changes in value of financial instruments affecting shareholders' equity									0	117		117	117
Changes in value of financial instruments through profit and loss													
2006 net income			-1	-4							573	573	569
Sub-total			**-1**	**-4**				**0**	**0**	**117**	**573**	**690**	**686**
Other changes		83		83					-52			-52	31
Shareholders' equity as at December 31, 2006	**0**	**83**	**-1**	**79**	**1,909**	**565**	**994**	**39**	**29**	**156**	**573**	**4,265**	**4,344**

As at December 31, 2006, IXIS Corporate & Investment Bank's fully paid-up capital amounted to €1,909,410 791.25 and comprised 125,207,265 shares with a nominal value of €15.25.
In 2004, the Group made two issues of deeply subordinated perpetual securities for €418 million and $200 million, respectively, which were classified under shareholders' equity in view of the discretionary nature of their remuneration.
The movements relating to these deeply subordinated perpetual securities presented in shareholders' equity were as follows:
- the remuneration paid and booked to the dividend line was €29 million in 2006 and €26 million in 2005;
- the tax saving relating to the remuneration payable to holders of these securities and booked to reserves was €10 million in 2006 and €9 million in 2005.
Minority interests essentially concern investments made by third parties in IXIS Capital Markets' Parallel Absolute Return Fund Ltd (€77 million).
The variation in the translation difference (attributable to the Group) amounted to -€69 million in 2006.
This variation was primarily due to the variation in the euro/dollar exchange rate and concerned the IXIS Capital Markets Group for which the translation reserves declined from €64 million to €12 million between December 31, 2005 and December 31, 2006.
The variation in that part of the translation difference not attributable to the Group amounted to -€4 million and was due to the variation in the euro/dollar exchange rate in 2006

Cash flow statement

The cash flow statement is presented according to the indirect method.

Cash flow from investing activities concerns acquisitions and divestments of equity interests in consolidated companies, held-to-maturity financial assets, and tangible and intangible assets.

Cash flow from financing activities concerns financing transactions involving shareholders' equity, and bond and other debt.

Cash flow from operating activities concerns items not included in the other two categories and especially strategic long-term investment securities recorded in the "available-for-sale financial assets" portfolio.

(millions of euros)	31.12.06	31.12.05
Pre-tax income	**860**	**436**
+/- Net depreciation/amortization of tangible and intangible fixed assets	26	24
+/- Amortization of goodwill and depreciation/amortization of other fixed assets	0	0
+/- Net provisions	-95	-23
+/- Income from companies and affiliates accounted for by the equity method	-3	-1
+/- Net loss or gain from investing activities	-79	-28
+/- Expenses and income from financing activities	93	77
+/- Other movements	-467	-1,540
= Non-cash components included in pre-tax profit and other adjustments	**-525**	**-1,491**
Components from operating activities		
+/- Cash flow from transactions with financial institutions	13,110	2,247
+/- Cash flow from transactions with customers	-8,211	-2,081
+/- Cash flow from other transactions affecting financial assets or liabilities	-13,867	-109
+/- Cash flow from other transactions affecting non-financial assets or liabilities	-398	-1,480
- Tax paid	-288	-134
= Net decrease/increase in assets and liabilities resulting from operating activities	**-9,654**	**-1,557**
Total net cash flow from operating activities (A)	**-9,319**	**-2,612**
+/- Cash flow from financial assets and investments in subsidiaries	-311	-470
+/- Cash flow from investment real estate	0	0
+/- Cash flow from tangible and intangible fixed assets	-36	-37
Total net cash flow from investing activities (B)	**-347**	**-507**
+/- Cash flow resulting from or destined for shareholders	-450	-172
+/- Other net cash flow from financing activities	-102	-58
Total net cash flow from financing activities (C)	**-552**	**-230**
Net effect of change in exchange rates on cash and cash equivalents (D)	**109**	**-339**
Net increase or decrease in cash and similar (A+B+C+D)	**-10,109**	**-3,688**
Net cash flow from operating activities (A)	-9,319	-2,612
Net cash flow from investing activities (B)	-347	-507
Net cash flow from financing activities (C)	-552	-230
Net effect of change in exchange rates on cash and cash equivalents (D)	109	-339
Cash and cash equivalents - opening balance	**-6,027**	**-2,339**
Change in net cash	**-10,109**	**-3,688**
Cash and cash equivalents - closing balance	**-16,136**	**-6,027**

Net breakdown of cash and cash equivalents

Net cash and cash equivalents include cash, receivables and debts with central banks and post-office banks, as well as demand accounts (assets and liabilities) with financial institutions.

	31.12.06		31.12.05	
(millions of euros)	**Receivables**	**Debts**	**Receivables**	**Debts**
Cash	1	0	0	0
Central banks and post-office banks	0	0	0	0
Sub-total	**1**	**0**	**0**	**0**
Demand accounts with financial institutions	3,795	19,931	3,722	9,749
Sub-total	**3,795**	**19,931**	**3,722**	**9,749**
Net cash and cash equivalents		**16,136**		**6,027**

Notes to the consolidated financial statements

Consolidated financial statements accounting and consolidation principles

1. Highlight of 2006: transfer of the IXIS Corporate & Investment Bank sub-group to the Natixis listed holding company on November 17, 2006

On June 6, 2006, Groupe Banque Populaire and Groupe Caisse d'Epargne signed a memorandum of understanding setting out the terms for the creation of a jointly-owned subsidiary, Natixis, combining their activities in the fields of corporate banking, investment banking and services.

As part of the process of setting up Natixis, CNCE transferred the following assets to Natexis Banques Populaires for the sum of €10.7 billion:

- all of its stakes in the following companies: Compagnie 1818, CACEIS, GCE Garanties, Gestitres, IXIS Corporate & Investment Bank, IXIS Asset Management Group, CIFG, CEFI, GCE Affacturage, GCE Bail, Foncier Assurance (with the exception of the 40% held directly by Crédit Foncier) and GCE Financial Services (for €9.2 billion),
- some of the cooperative investment certificates (CICs) issued by the Caisses d'Epargne in 2004 (€1.5 billion).

The remainder of the CICs issued by the Caisses d'Epargne were sold to Groupe Banque Populaire for €3 billion and transferred to Natexis Banques Populaires in order to balance the percentages owned in Natexis Banques Populaires by the two Groups.

The partnership between the two shareholders in Natixis is sealed by an initial 15-year shareholders' agreement, tacitly renewable for successive 5-year periods, which includes a commitment by the two shareholders to keep their stakes stable for at least 10 years.

The process of setting up Natixis continued during the second half of the year. This involved a) preparing the asset transfers submitted for approval to the Extraordinary General Meeting of Natexis Banques Populaires in the fall, and b) the market operation which took place in early December and which ensured Groupe Banque Populaire and Groupe Caisse d'Epargne both reduced their stakes to 34.4% following the respective asset transfers.

At the same time, the Banques Populaires proceeded with a CIC issue – representing 20% of their capital and valued at €4.1 billion – that enabled Natixis to control 20% of the income of both the Banques Populaires and Caisses d'Epargne retail networks from the outset.

As at December 31, 2006, IXIS Corporate & Investment Bank's registered share capital was fully owned by Natixis.

2.Regulatory framework: IFRS transition

2.1 Measures applied

In order to improve the workings of the internal market, the European Parliament decided to approve a regulation on July 19, 2002 (EC no. 1606/2002), which requires that companies not listed in the European Union (EU) but whose debt securities are listed on a regulated market present their consolidated financial statements according to the set of standards prepared by the International Financial Reporting Standards Board (IASB), as approved by the EU, by no later than 2007.

French Ministry of Finance order no. 2004/1382 of December 20, 2004 allows unlisted companies to opt to present their consolidated financial statements according to international standards before 2007.

In line with the principles adopted by Groupe Caisse d'Epargne, IXIS Corporate & Investment Bank decided to act earlier than required by the regulatory timetable and present its consolidated financial statements for the year beginning January 1, 2006 according to IAS/IFRS as approved by the EU.

IXIS Corporate & Investment Bank Group chose an IFRS transition date of January 1, 2005 so as to ensure comparability over a full year on first-time adoption.

In order to produce the opening balance sheet and the 2006 half-yearly accounts, only the accounting rules published in the EU's official bulletin and applicable at the period-end date were used.

Standards and interpretations due to come into force after fiscal 2006 were not taken into account. Thus, IFRS7, "Financial Instruments-Disclosures", and the amendment to IAS1 relating to capital disclosure requirements will be applied from January 1, 2007.

In the absence of an IFRS model, the format of the summary statements used is that proposed by CNC (French National Accounting Council) recommendation no. 2004 R 03 of October 27, 2004.

2.2 Specific rules for the first-time adoption of IFRS

IFRS 1 applies to entities presenting their financial statements according to IFRS for the first time.

The standard provides for retrospective application of IFRS and the inclusion in opening equity capital as at January 1, 2005 (IXIS Corporate & Investment Bank Group's IFRS transition date) of the impact of changes in accounting principles relative to French standards.

However, IFRS 1 offers optional or mandatory exemptions to this retrospective application principle on certain subjects.

IXIS Corporate & Investment Bank Group made the following choices regarding such optional exemptions:

Day-one Profit
The option to restate the margin generated on the trading of instruments for which an active market is deemed not to exist was applied to trades initiated from October 25, 2002 and which were still active at December 31, 2004.

Valuation of tangible assets at fair value
The Group chose to maintain tangible fixed operating assets at their acquisition cost, less depreciation and any losses in value.

Fair-value option
The Group applied the exception provided for in IFRS 1 and which allows it to designate on transition date, any financial asset or liability meeting the conditions defined in amended IAS 39 as measurable at fair value.

Hedge accounting
In line with IFRS 1, the Group applied the measures relating to hedge accounting of financial instruments prospectively from January 1, 2005.

Hedges recognized in French standards, but not in IFRS, were not recognized as such in the opening balance sheet. Instead, they were treated as transactions conducted for trading purposes.

Pre-existing hedges allowed under IFRS and which met the IAS39 qualification criteria on January 1, 2005, were accounted for in the opening balance sheet as hedges.

Cumulative translation differences
The IXIS Corporate & Investment Bank Group transferred the translation differences relating to the conversion of foreign entities' accounts at January 1, 2005, to "consolidated reserves".

This adjustment had no impact on total opening equity capital at January 1, 2005, since it entailed a reclassification between two equity-capital line items.

Business combinations
As permitted by IFRS 3, the Group chose not to restate for business combinations that took place prior to January 1, 2005.

3. Consolidation principles and methods

The consolidated financial statements were prepared from the accounts for the fiscal year ended December 31, 2006 for companies included in IXIS Corporate & Investment Bank Group's scope of consolidation. The Group's financial statements were approved by the Executive Board on February 27, 2007.

3.1 Consolidation methods and scope of consolidation

The Group's consolidated financial statements include the accounts of IXIS Corporate & Investment Bank and of all the subsidiaries and equity interests that are controlled or over which significant influence is exerted, whenever their consolidation has a material impact on the Group's consolidated accounts.

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, such as 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 exclusive control 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 sharing control of a company jointly run by a limited number of partners or shareholders, in such a way that the financial and operating policies result from their agreement. Strategic financial and operational decisions require the unanimous agreement of the parties exercising control.

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. It can result in particular from representation on the executive or supervisory bodies, participation in strategic decision-making, the existence of significant inter-company transactions or from technical dependency links. Significant influence is presumed to exist when the Group holds at least 20% of the voting rights, either directly or indirectly.

In order to assess the type of control the Group exerts on an entity, the voting rights to be considered should include any potential voting rights that can be exercised or converted at any time. Potential voting rights may result, for example, from ordinary stock options existing on the market, from the conversion of bonds into new ordinary shares, or from equity warrants attached to other financial instruments.

Potential voting rights
According to international accounting standards, the voting rights that need to be considered when establishing whether control or significant influence exists, must be extended to include potential voting rights that may be exercised or converted at any moment. However, potential voting rights are not taken into account when calculating the percentage capital interest.

The review of potential voting rights held by IXIS Corporate & Investment Bank led to the inclusion of two new entities in the 2006 scope of consolidation.

Particular case of special purpose entities
When the Group or a Group company controls a company in substance, 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 more transactions on behalf of a company – the criteria for determining control are as follows:
- the special purpose entity's activities are undertaken exclusively for the Group, in a manner designed to ensure the Group derives the economic benefits;
- the Group has decision-making and management power over the entity's activities, with a view to deriving the benefits; this power may have been delegated via the implementation of an automatic management mechanism;
- the Group is in a position to enjoy the majority of the entity's benefits and may therefore be exposed to its risks;
- the Group assumes a majority of the risks taken by the entity in order to derive economic benefits.

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

Neither are special purpose entities consolidated when their 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.

Securitization transactions
IXIS Corporate & Investment Bank only intervenes in securitization transactions conducted on behalf of its clients.

These transactions generally involve creating dedicated entities that are not consolidated if IXIS Corporate & Investment Bank does not exercise control over the entity concerned. The concept of control is usually assessed in terms of the associated risks and advantages.

Short-term refinancing transactions
As at December 31, 2006, IXIS Corporate & Investment Bank managed a non-consolidated multiseller fund (Direct Funding) on behalf of clients. This vehicle is funded through the issue of commercial paper on the market. At the end of the year, the refinanced portfolio amounted to €1,671.7 billion and essentially comprised commercial receivables, consumer loans and CDOs, depending on the different programs constituting the portfolio.

Medium- and long-term bond refinancing transactions
The Group also structures funds that house clients' securitized assets and issue medium- and long-term bonds placed by the Bank. IXIS Corporate & Investment Bank does not manage these non-consolidated funds.

The refinanced portfolios amounted to €76.5 billion and the receivables securitized essentially comprise CMBS and ABS.

3.2 Changes in the scope of consolidation

The scope of consolidation includes IXIS Corporate & Investment Bank and its subsidiaries and affiliates (both direct and indirect), including a number of special purpose entities. Overall, the scope of consolidation comprised 102 entities representative of the Group as at December 31, 2006 versus 86 as at December 31, 2005.

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 activities.

On March 24, 2006, IXIS Corporate & Investment Bank acquired those shares it did not already own in Nexgen Financial Holdings Limited and thereby became the sole shareholder in Nexgen.

This company has been consolidated in IXIS Corporate & Investment Bank's accounts since March 24, 2006.

3.3 Business combinations

Business combinations taking place after January 1, 2005 (IXIS Corporate & Investment Bank's IFRS transition date) are accounted for according to the method of acquisition.

Acquisition cost is deemed to be equal to the total of the fair values of the assets transferred, the liabilities incurred or assumed and the equity capital instruments issued to obtain control of the company acquired, all valued at the acquisition date. Costs directly relating to the transaction are included in acquisition cost.

The assets, liabilities, potential liabilities and identifiable off-balance sheet items of the acquired entities are accounted for at their fair value at acquisition date. This initial valuation can be refined within 12 months of acquisition date.

The goodwill arising from the difference between the acquisition cost and the share of net assets thus revalued is recorded in the acquirer's balance sheet when it is positive and posted directly in income when it is negative.

When the Group increases its stake in an entity it already controls, the additional acquisition of shares results in the posting in the accounts of additional goodwill, which is determined by comparing the acquisition price of the shares with the share of net assets acquired.

Goodwill is recorded in the operating currency of the acquired company and translated at the exchange rate applicable at period-end date.

Goodwill is subject to an impairment test at least once a year and in any event at the first sign of objective indications of loss of value.

On the date of acquisition, goodwill on each asset is apportioned to one or more Cash Generating Units (CGUs) due to derive economic benefits from the acquisition. As a general rule, CGUs are the most refined level used by management to determine an activity's return on investment. Impairment tests involve comparing the book value of each CGU (including the goodwill allocated to it) with the recoverable value, this being defined as the CGU's fair value or its going concern value, whichever is the highest. Going concern value is calculated using the most appropriate method, usually by discounting estimated future cash flows. When the recoverable value is less than the book value, an irreversible goodwill impairment is recorded in the income statement.

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.

Deferred taxes are calculated using the global calculation method, which involves taking account of all the temporary differences regardless of the date on which the tax becomes due or recoverable.

The tax rate and the tax rules used to calculate deferred taxes are those resulting from tax laws currently in force and those that will be applicable when the tax becomes recoverable or due.

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

Deferred taxes are accounted for as tax income or tax expense in the income statement, except for those relating to unrealized gains or losses on available-for-sale assets and to variations in the value of derivatives designated as cash-flow hedges, for which the corresponding deferred taxes are symmetrically charged to equity capital.

3.5 Foreign currency translation

IXIS Corporate & Investment Bank's accounts are prepared in euros. The balance sheets of foreign subsidiaries and branches whose functional currency is not the euro are translated into euros using period-end exchange rates. Income statement line items are translated using average exchange rates for the period.

As permitted in IFRS 1, the Group opted to transfer the differences resulting from the translation of foreign entities as at January 1, 2005 to consolidated reserves. In the event that these entities are sold at a later date, the income from their sale would therefore only include the recovery of any translation differences arising after January 1, 2005.

3.6 Intra-group transactions

Intra-group accounts, as well as income and expenses resulting from intra-group transactions, 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 and accounting principles

4.1 Foreign exchange transactions

The method of accounting recognition depends on the monetary or non-monetary nature of the instruments involved in the Group's foreign currency transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the Group's operating currency (i.e. the euro) using period-end exchange rates.

The differences resulting from this translation are recorded in the income statement, except for differences relating to financial instruments designated as future-income hedges or hedges of net investments in foreign currencies, which are taken to equity capital.

Non-monetary assets accounted for at historical cost are valued at the exchange rate on transaction date. Non-monetary assets accounted for at fair value are valued at the period-end exchange rate.

Translation differences on non-monetary instruments are taken to income if the gain or loss on the type of non-monetary instrument concerned is recognizable in the income statement, or to equity if the gain or loss on the type of non-monetary instrument concerned is recognizable in equity capital.

4.2 Financial assets and liabilities

4.2.1 Loans

Loans and receivables with financial institutions and with customers are mainly taken to the "Loans and receivables" category. In accordance with IAS 39, they are initially measured at their fair value and later at amortized cost according to the effective interest method. The effective interest rate is that which exactly discounts future cash flows to the net carrying amount of the asset.

This rate includes the discounts observed when the loans were granted at below-market conditions, as well as the commissions received and the transaction costs analyzed as an adjustment of the loan's effective return.

4.2.2 Securities

The securities held by the IXIS Corporate & Investment Bank Group can be classified into the three categories shown below. No line of securities is classified in the "Held-to-maturity securities" category.

Securities at fair value through profit and loss

This category includes:

- securities held for trading purposes, i.e. acquired with the intention of selling or redeeming them in the short term,
- securities that the Group has chosen to account for at fair value through profit and loss from the outset, as permitted by IAS 39.

The securities classified in this category are measured at fair value at period-end date.

The variations in value over the period are recorded under the heading "Net gains or losses on financial instruments at fair value through profit and loss".

Securities classified in the "Loans and receivables" category

This category comprises non-derivative securities, not listed on active markets and providing fixed or determinable income. Securities in this category comply with the accounting, valuation and impairment rules applicable to loans and receivables.

Available-for-sale securities

"Available-for-sale securities" include fixed-income and variable-income securities that do not fall into either of the two previous categories.

The securities classified in this category are measured at fair value at period-end date, with variations in value, excluding accrued income, recorded under a specific equity capital heading "Revaluation reserve".

In the event of sale or lasting impairment in value of the securities, the unrealized gains or losses are booked to the income statement.

Interest on fixed-income securities is shown under "Interest and similar income" in the income statement.

The dividends received on variable-income securities are recorded under the heading "Net gains or losses on available-for-sale securities".

Impairment of securities

Impairment is recognized whenever there exists an objective indication of an impairment in the value of assets other than those classified in the "Securities at fair value through profit and loss" portfolio.

For debt securities, the indicators of impairment are identical to those used to assess proven risk for the impairment of loans and receivables on an individual basis.

As regards capital securities listed on active markets, a lasting and significant decrease in value of the security is deemed to be an objective indicator of impairment. However, this approach does not obviate the need for a line-by-line examination of other variable-income securities and their associated objective impairment indicators.

Repurchase and resale agreements and loaned and borrowed securities

Securities sold under repurchase agreements are recognized in the balance sheet in the portfolio in which they were first recorded.

The liability corresponding to the cash received is accounted for under the appropriate "Debts" heading.

Securities purchased under resale agreement are not recorded in the balance sheet. The receivables corresponding to cash paid is accounted for under the heading "Loans and receivables".

Security loans do not entail "de-recognition" of the loaned securities in the balance sheet, while security borrowings do not entail recognition of the borrowed securities in the balance sheet.

Accounting date

Securities are recorded in the balance sheet at settlement date.

4.2.3 Debt securities

Issued financial instruments are treated as debt instruments if the issuer has a contractual obligation to provide cash or another financial asset.

Issued debts not classified as financial liabilities stated at fair value through profit and loss are initially measured at their issuance value, including trading expenses, and valued at period-end date at their amortized cost.

4.3 Derivatives and hedge accounting

All derivatives are recorded in the balance sheet on trading date at trading price. At period-end date, they are revalued at their market price (fair value).

Derivatives held for trading purposes

Derivatives held for trading purposes are recorded in the balance sheet under the heading "Financial assets or liabilities at fair value through profit and loss".

Realized and unrealized gains and losses are recorded in the income statement under the heading "Net gains or losses on financial instruments at fair value through profit and loss".

Derivatives and hedge accounting

In order to account for hedging derivatives, the hedging relationship needs to be documented from day one, i.e. the hedging strategy, the type of risk hedged, the description and characteristics of the hedged asset and the hedging instrument. The effectiveness of the hedge must be demonstrated from the outset and confirmed retrospectively.

Derivative trades concluded as part of a hedging relationship are classified according to the goal pursued, bearing in mind that IXIS Corporate & Investment Bank has not implemented any cash-flow hedging relationships:

Fair-value hedges

The purpose of fair-value hedging is to reduce the risk of variations in the fair value of a financial instrument, by hedging the interest-rate risk applicable to fixed-rate assets and liabilities.

The revaluation of the derivative is taken to income symmetrically to the revaluation of the hedged asset, up to the value of the risk hedged. Any ineffectiveness of the hedge is directly reflected in the income statement.

The interest accrued on the hedging derivative is recorded in the income statement symmetrically to the interest accrued on the hedged asset.

If the hedging relationship is interrupted or no longer passes the effectiveness tests, the hedging derivative is transferred to the trading portfolio. The amount of the revaluation recorded in the balance sheet in respect of the hedged instrument is apportioned over its residual life according to the amortized cost method.

Cash-flow hedges

The purpose of cash-flow hedging is to reduce the risk entailed by the variability of the future cash flow generated by a financial instrument.

The effective part of variations in the derivative's fair value is recorded in a specific line of equity capital and the ineffective part is taken directly to the income statement.

The accrued interest on the hedging derivative is taken to the income statement symmetrically to the accrued interest on the hedged item.

The hedged instruments are accounted for according to the rules applying to their accounting category.

In the event the hedging relationship is interrupted (non-compliance with effectiveness criteria, sale of the derivative or the hedged item prior to maturity), the cumulative amounts recorded in equity capital are either transferred to income as and when the hedged transaction affects income or taken immediately to income in the event the hedged item is sold.

Hedges of net foreign currency investments in subsidiaries

These hedges are treated in the same way as cash-flow hedges. The effective part of variations in the fair value of derivatives treated as hedges of net investments is recorded in equity capital, while the ineffective part is taken directly to the income statement. The unrealized gains or losses recorded in equity capital are transferred to income on divestment of all or part of the net investment.

Embedded derivatives
An embedded derivative is the component of a financial or non-financial hybrid contract that satisfies the definition of a derivative. It is extracted from the host contract and treated separately in the accounts if the hybrid instrument is not valued at fair value through profit and loss and if the embedded derivative's economic characteristics and associated risks are not closely linked to the host contract.

4.4 Calculating market value (fair value)

Financial assets and liabilities in the "fair value through profit and loss" category and assets in the "Available-for-sale securities" category are valued and recognized at fair value.

Fair value corresponds to the amount for which an asset can be swapped, or a liability extinguished, between knowledgeable and willing parties in an arms-length transaction.

On initial recognition, the value of a financial instrument is normally the trading price, i.e. the value paid to, or received from, the counterparty.

IAS/IFRS applies a restrictive approach to fair value which involves distinguishing between financial instruments traded on active and non-active markets, respectively.

Instruments traded on active markets
For a given instrument, a market is considered active if prices are easily and regularly available from a securities exchange, a broker, a trader or market-maker, a price valuation service or a regulatory agency and if such prices reflect real transactions regularly occurring on the market under normal competitive conditions (i.e. arms-length).

When the prices quoted on an active market are available, they are used to calculate the fair value of securities and derivatives on organized markets.

Instruments traded on inactive markets
In the absence of an active market, fair value is calculated by means of valuation techniques based on mathematical/financial models and on valuation parameters derived from market data, statistical estimates and other methods.

When the fair value of a financial instrument is calculated from an internal model that is based on a standard model using observable market parameters (i.e. in active markets), the margin generated on the trade is immediately taken to income.

In the case of some – generally made-to-measure – structured products, the valuation model sometimes uses parameters that may not be observable on active markets. In such cases, for the purposes of initial recognition, the trading price is deemed to reflect fair value and the margin generated on the trade (day-one profit) is deferred and taken to income and apportioned over the period during which it is expected that the valuation parameters cannot be observed, or until maturity.

Once the valuation parameters used become observable or the valuation technique used evolves into a broadly recognized model, the portion of the margin initially neutralized and not recognized is then recorded in the income statement.

With respect to first-time restatements, IXIS Corporate & Investment Bank Group decided to restate the margins on trades considered non-observable (i.e. which took place on inactive markets), that were initiated from October 25, 2002 and which were still active on January 1, 2005.

4.5 Financial assets and liabilities under the fair value option

The amendment to IAS 39 – dealing with the accounting treatment of financial assets and liabilities recorded "at fair value under option" – was adopted by the European Union on November 15, 2005.

This amendment allows companies to designate financial assets and liabilities as measurable under the fair-value option, on initial recognition of such assets and liabilities, in the following cases:

- when the financial instrument comprises one or more embedded derivatives;
- when the use of the option makes it possible to significantly reduce inconsistencies in the valuation of the financial assets and liabilities that would otherwise result from their classification in separate accounting categories;
- when the financial assets and liabilities are managed on the basis of fair value in compliance with a documented management strategy.

IXIS Corporate & Investment Bank makes use of the fair-value option, notably in order to value portfolios in a uniform manner and for financial instruments containing embedded derivatives.

4.6 Liability provisions

Liability provisions other than those relating to financial instruments and employee benefits, mainly concern provisions for legal disputes, fines and tax risks, and provisions for risks on financing commitments and guaranty commitments given.

A provision is set aside when it is probable that resources will have to be used to settle an obligation resulting from a past event and when the amount of the obligation can be reliably estimated. The amount of the obligation is discounted when the discounting process is meaningful.

4.7 Credit risk on financial assets classified under “loans and receivables”

Impairment provisions are set aside on loans whenever there exists an objective indication of loss of value linked to an event that occurred after the issuance or the acquisition of the asset.

The existence of impairment is initially analyzed at individual level then at portfolio level.

Credit risk is considered proven when it is deemed probable that the institution will not receive either some or all of the sums due in respect of the commitments made by the counterparty in application of the initial contractual provisions.

At individual level, impairment is equal to the difference between the book value of the asset and the discounted value of future cash flows deemed recoverable. Provisions and reversals of provisions are recorded under “cost of risk” in the income statement.

Once all legal or amicable recourse has been exhausted, thereby confirming the irrecoverable nature of the receivable, it is definitively recorded in loss.

Counterparties not individually impaired are subject to risk analysis by uniform portfolio.

Risk analysis is based on internal counterparty ratings and on Basle II rules for calculating the estimated losses to be provisioned, in the event that one of two specific provision-events occurs.

Provisions are set aside when a counterparty’s rating falls below the threshold set in accordance with credit issuance policy or deteriorates by more than three notches over a short period.

The changes in value resulting from the portfolio’s impairment are recorded in the income statement under “Cost of risk”.

4.8 Financial guarantees and loan commitments

Financial guarantees are deemed to satisfy the definition of insurance when they provide for specific payments to be made in order to reimburse the holder of the guaranty for a loss that would be suffered in the event that a debtor defaults at a payment date stipulated in the terms of a borrowing instrument.

Such contracts are initially recognized at fair value. Provisions are set aside for them under liabilities in order to cover a probable payment out of resources.

Financial guaranty contracts that provide for payments in response to variations in a financial or non-financial parameter, are deemed to be derivatives and accounted for as such.

Loan commitments not deemed to be derivatives within the scope of IAS 39 do not appear in the balance sheet.

They are provisioned in accordance with IAS 37.

4.9 De-recognition of financial assets and liabilities

A financial asset (or group of similar assets) is de-recognized when the contractual rights to the future cash flow produced by the asset have expired or when such rights have been transferred to a third party along with virtually all of the risks and rewards linked to ownership of the asset.

As a result, an asset or liability representing rights or obligations that are created or retained on the transfer of an asset or group of assets is recorded separately.

When a financial asset is de-recognized in full, a divestment gain or loss is recorded in the income statement for a sum equal to the difference between the asset’s book value and the value received in exchange.

If the Group retains control of the financial asset, it maintains the asset in its balance sheet to the extent to which it has continuing involvement in the asset.

A financial liability (or a part of a financial liability) is de-recognized only when it is extinguished, or in other words, when the obligation specified in the contract is discharged, cancelled or expires.

4.10 Foreign subsidiaries

Subsidiaries’ accounts are incorporated into head-office accounts in local currency. The profit (or loss) is translated at the month-end spot rate.

4.11 Fixed assets

Fixed assets are recognized in the balance sheet at their acquisition cost, plus any acquisition expenses directly attributable to them.

IT studies relating to clearly identified and technically feasible projects are taken to intangible fixed assets.

After initial recognition, fixed assets are valued at their cost less total cumulative depreciation or amortization and any losses in value.

Fixed assets are depreciated or amortized according to their estimated life-span.

Fixed assets are also subject to an impairment test if there are indications of loss of value at period-end date.

4.12 Distinction between liabilities and equity

In accordance with the conditions set out in IAS 32 for the analysis in substance of financial instruments and in view of their intrinsic characteristics, the deeply subordinated perpetual loan notes issued by IXIS Corporate & Investment Bank are treated as equity instruments.

The sums paid to holders of such securities are therefore treated as dividend payouts.

4.13 Employee benefits

Employee benefits fall into four categories:

- short-term benefits such as salaries, paid vacations, profit-sharing and bonuses paid during the 12 months of the accounting year;
- long-term benefits such as "long-service medals", bonuses and compensation payable 12 months or more after year-end;
- end-of-contract indemnities, which result from the benefits granted to staff members in the event the Group terminates their employment contract prior to their legal retirement age or from a decision by staff members to leave voluntarily in exchange for an indemnity. End-of-contract indemnities payable more than 12 months following period-end date are calculated in net present value terms;
- post-employment benefits (retirement indemnities, pensions and other retiree benefits) which themselves are divided into two categories: defined benefit plans (representing a commitment for the company and requiring valuation and provisioning) and defined contribution plans (not representing a commitment for the company).

When the Group has used the services rendered by staff members, it books a charge corresponding to the short-term benefits accorded to them.

Long-term benefits concern those benefits other than post-employment benefits and end-of-contract indemnities and which are not due in full in the 12 months following the end of the fiscal year in which staff members rendered the corresponding services.

Provisions are recorded in the balance sheet to cover all these pension commitments.

These provisions are regularly evaluated by independent actuaries according to the projected unit credit method. In line with IAS 19, these provisions are calculated according to an actuarial method that takes into account the employee's age and length of service, the probability of his/her mortality and continued service within the Group up to the age of retirement and projected changes in his/her compensation. For each year of service, a charge is allocated for the rights acquired during the fiscal year. This charge is calculated on the basis of the net present cost of the future service. In cases where these benefit schemes are financed by external funds corresponding to the definition of scheme assets, the provision destined to cover the commitments concerned is reduced by the fair value of the funds.

The differences linked to changes in calculation assumptions or observed between actuarial assumptions and reality, represent actuarial differences. These differences are amortized to income over the expected average residual life of the employees benefiting from the scheme concerned, as soon as such differences exceed the higher of the following two values: 10% of the gross obligation or 10% of the fair value of the assets hedging the scheme at the end of the previous fiscal year.

5. Use of estimates in the preparation of financial statements

The preparation of the Group's financial statements requires the formulation of assumptions and estimates that are reflected in the calculation of income and expenses in the income statement, the valuation of balance-sheet assets and liabilities and the preparation of the related notes.

These estimates solicit the judgement of qualified operational personnel when necessary and use information available at period-end date.

Assumptions and estimates need to be formulated when:

- using internal models to value financial instruments not listed on organized markets;
- calculating the fair value of unlisted instruments classified under "Available-for-sale assets" or "Securities at fair value through profit and loss", and more generally, the fair value of instruments for which this information needs to be presented in the notes to the financial statements;
- calculating provisions needed to cover risks of losses and expenses;
- conducting valuations with respect to credit risk;
- calculating expenses linked to future retirement and social benefits.

6. Risk exposure and management

6.1 Overview

IXIS Corporate & Investment Bank controls risk through a unified Risk department, which comprises the credit, market and operational risk teams and oversees all of the Group's activities in its Paris headquarters and offices abroad.

This 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 supervises and controls overall risks, while the business lines have first-tier responsibility for proposing risks and managing them. The Risk department is strictly independent of operational reporting lines and answers directly to the Chairman of the Executive Board. It implements the risk policies approved by the Executive Board and monitors all risks to which the Bank and its operational subsidiaries are exposed on a regular and ongoing basis.

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.

The Risk department comprises five main components:

- a credit risk function, which analyzes and rates counterparties, examines credit and limit requests, and monitors credit/counterparty risks on a consolidated basis;
- a market risk function;
- an operational risk function, which measures operational risks and monitors the action plans geared to reducing the frequency and severity of such risks;
- a risk analytics function, which develops and operates risk methods and tools (internal software: *Scénarisk* for market risks, *AMeRisC* for counterparty risks and *B2C* for regulatory risks);
- a New York risk function, which monitors the IXIS Capital Markets subsidiary's 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, i.e. 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. A major development in this area in 2006 was the launch of an industrial tool for calculating Basle II capital requirements (credit risk and specific risk) throughout the whole of IXIS Corporate & Investment Bank (parent company and subsidiaries).

Risk supervision was both expanded and fine-tuned in 2006 by:

- 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;
- enhancing the internal ratings system in accordance with international standards and Basle II requirements;
- rolling out the operational risk management mechanism across the whole of the Bank, including its branches and subsidiaries.

6.2 Market risks

Systems in operation

IXIS Corporate & Investment Bank's Market Risk function is totally independent from operational units. It establishes the principles for measuring market risk, and examines and monitors the corresponding limits mechanism in accordance with Group standards. The function reports directly to the Chief Risk Officer.

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, Madrid, 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 complied with.

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 has been 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. The Bank's *Scénarisk* software currently models more than 3,500 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;
- 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.).

Ex-post 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 4 (29 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/forex risk and specific equity risk) via its own internal Scénarisk model. The Banking Commission extended this authorization in February 2006.

Other duties

The Market Risk function 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.).

6.3 Credit risks

An integrated system within the Risk department

The mechanism for analyzing, measuring and controlling credit risks is incorporated into the overall organization of IXIS Corporate & Investment Bank's Risk department.

Credit risk is defined in the strict sense as the risk of incurring a loss at a given point of time in the future, following default by 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 function is housed within the Bank's Risk department. It analyzes counterparties, examines credit requests, and measures and controls credit risk exposure throughout the Bank.

Analytical expertise is structured on a sector basis. Analyses are carried out according to a range of specific internal rating methodologies, which includes methodologies for financial institutions (banks, insurers, funds and securitizations), corporates and specialized financing (LBOs, and project, asset management and real-estate financing).

The Credit Risk function examines credit risk on an ex-ante basis and controls it on an ex-post basis throughout the investment bank. This oversight 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.

The main principles that have underpinned the decision-making process for the last few years remain in force, 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 after contradictory analysis within the framework of a delegation mechanism comprising several levels of Credit Committees;
- business lines have the right to appeal decisions up to the highest level Credit Committee in the Bank;
- 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.

Internal ratings

As part of the Basle II project, methodologies for analyzing and assigning internal ratings were applied and regularly reviewed. These methodologies are based on sector-specific expertise. 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 process, 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 surveillance, 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. It is validated quarterly by the Bank's highest-level Credit Committee.

Managing limits

Compliance with limits is checked daily. A weekly summary report showing uses, any breaches of limits and the corrective measures taken is transmitted to business-line managers and, if necessary, to the Bank's Executive Board.

In addition to the committee process, a separate procedure for approving limits between committee meetings exists in order to make the decision-making process more responsive. It also enables the Bank to respond to business-line time pressures, while 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 to cover future credit risk.

Provisioning policy

In business lines generating credit risks, particularly 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.

Ex-post control and monitoring

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.

Dedicated consolidation and reporting tools are used to manage limits and consolidate exposure on a centralized basis.

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 counterparty risks.

The process involves numerical simulations combining master netting agreements and market scenarios compiled in accordance with VaR techniques.

6.4 Overall interest-rate risk

IXIS Corporate & Investment Bank controls interest-rate risk for each of its activities via a VaR limit and associated behavioral limits that are monitored on a daily basis.

In particular, the overall interest-rate position monitored by the Finance department is subject to a VaR limit and the consumption associated with this limit is calculated daily by IXIS Corporate & Investment Bank's Risk department.

In addition, the Balance Sheet Management Committee makes use of monthly indicators tracking the overall interest-rate position. The main indicators focus on the interest-rate gap per maturity and the analysis of the sensitivity of the margin to several yield curve scenarios.

IXIS Corporate & Investment Bank has opted to fund its foreign currency needs by borrowing foreign currencies. As a result, the position exposed to overall interest-rate risk is entirely in euros, excluding the foreign currency margin, which is managed separately.

6.5 Liquidity risk

Short-term liquidity needs are monitored and managed via a mechanism based on three components:

- the liquidity ratio,
- current account limits,
- stress scenarios.

The liquidity ratio

The objective is to maintain this ratio at a level of at least 120%. The Finance department estimates the ratio daily on a parent company basis and monthly on a consolidated basis.

Current account limits

Each business activity possesses limits in terms of balance-sheet size and current account. If necessary, additional funding is raised through the repo market or via term loans.

These limits are managed by the Funding Committee, which comprises the main users of liquidity, together with representatives of the Treasury function and the Risk department.

Each activity's effective use of treasury is monitored on a daily basis by IXIS Corporate & Investment Bank's Treasury department.

Stress scenarios

Stress scenarios are used to calculate changes in the short-term liquidity gap by incorporating balance sheet commitments as well as drawings on off-balance sheet commitments, all on a consolidated basis.

The scenarios are updated monthly and presented to the Balance Sheet Management Committee.

The Committee monitors medium/long term liquidity needs on a monthly basis, based on the following two components:

- the Risk Pro tool,
- the long-term resources ratio.

The Risk Pro tool

The Committee uses Risk Pro reports that are compiled directly from IT production systems on a line-by-line basis.

Liquidity risks are primarily estimated with reference to liquidity gaps, which Risk Pro tracks both for short-term maturities (less than one year) and medium/long term maturities (more than one year).

The gaps are compared to the use of the different refinancing programs in order to ensure asset/liability matching.

Long-term resources ratio

The long-term resources ratio is estimated each month. The Bank complements this with a similar requirement concerning the ratio of resources with maturities of between one and five years, while transactions with a maturity of less than one year are managed via the liquidity ratio rounded out with other short-term liquidity requirement ratios.

7. Business sector and geographic sector data

Sector data is presented in one of two ways:

- by business sector,
- by geographic sector.

The sectors are identified on the basis of organizational structure and the structure of internal reporting to executive management.

IXIS Corporate & Investment Bank defines five business sectors corresponding to its five main business lines:

- Fixed Income, which comprises all activities relating to fixed-income origination and syndication, interest-rate derivatives and the related distribution;
- Equities, which includes equity derivatives, convertible bonds, arbitrage, guaranteed funds, securities loans and the related distribution;
- Financing and Credit, which encompasses:
  - Bank lending activities organized by business line to offer clients targeted structured products, e.g. real-estate finance, project finance, acquisition finance and LBO finance, etc;
  - Activities on structured credit markets, which can be sub-divided into two categories: 1/ structured loans (CDOs, securitizations, etc.) for clients and 2/ proprietary activities encompassing market arbitrage transactions and the active management of IXIS Corporate & Investment Bank's credit risk exposure;

- Structuring, which primarily focuses on transactions with a high structuring component and low balance-sheet intensity (especially instruments structured on alternative funds);
- Corporate Finance, which spans equity primary markets, corporate finance structuring and advisory services, and relations with large corporations.

Results are analyzed geographically based on the location of the entities (subsidiaries or branches) booking the results.

IXIS Corporate & Investment Bank defines three geographic sectors:

- Europe,
- the USA,
- Asia.

This breakdown mirrors the regions in which the Bank operates, the main one being Europe.

Sector data is based on financial aggregates originating from the balance sheet and the income statement, and which are reconciled with the consolidated financial statements.

8. Impact of the IFRS transition

The impacts are presented in respect of the changes made to equity capital as a result of the transition from French GAAP to IAS/IFRS as from January 1, 2005. The impacts can be characterized as follows:

- any adjustment in value that would have had an impact on income if IAS/IFRS had always been applied is booked directly to the income statement ("non-recyclable impact");
- any adjustment in value that would have had an impact on the IAS/IFRS revaluation reserves if IAS/IFRS had always been applied is initially recognized as equity capital then recycled to the income statement on divestment or maturity of the asset ("recyclable impact");
- any income that would have been deferred if IAS/IFRS had always been applied is recognized as deferred equity capital and amortized through the income statement ("non-recyclable, non-amortizable impact").

8.1 Impact of IFRS adoption on equity capital

8.1.1 Detail of the impact of IFRS adoption as at January 1, 2005

The impact of IFRS adoption as at January 1, 2005 represented an increase in equity capital of €501 million (+15%) in the opening balance sheet, mainly as a result of reclassifying deeply subordinated debt and neutralizing the initial margin on transactions for which no active market is deemed to exist.

	Revaluation reserves	Other reserves		
(millions of euros) *(Net of deferred tax)*	Recyclable impacts	Amortizable impacts	Non-recyclable, non-amortizable impacts	Equity capital attributable to Group
Equity capital - French standards - 31.12.04				**3,432**
FGBR - attributable to Group - 31.12.04				**6**
Equity capital including FGBR - French standards - 1.1.05				**3,438**
Revaluation of available-for-sale securities	33			33
Return on loans and commissions/fees		(2)		(2)
Debt reclassified as equity			565	565
Restatement of day-one profit		(134)		(134)
Valuation adjustment following classification of financial assets and liabilities under the fair-value option			31	31
Portfolio-based provisions on performing loans			1	1
Unrealized capital losses provisioned on securities classified as AFS			1	1
Equity capital - IFRS standards - 1.1.05	**33**	**(135)**	**597**	**3,933**

8.1.2 Impact of IFRS adoption as at December 31, 2005

	Revaluation reserves	Other reserves		
(millions of euros) *(Net of deferred tax)*	Recyclable impacts	Amortizable impacts	Non-recyclable, non-amortizable impacts	Equity capital attributable to Group
Equity capital - French standards - 31.12.05				**3,704**
FGBR - attributable to Group - 31.12.05				**0**
Equity capital including FGBR - French standards - 31.12.05				**3,704**
Revaluation of available-for-sale securities	39			39
Return on loans and commissions/fees		(11)		(11)
Debt reclassified as equity			587	587
Restatement of day-one profit		(174)		(174)
Valuation adjustment following classification of financial assets and liabilities under the fair-value option			19	19
Portfolio-based provisions on performing loans			1	1
Equity capital - IFRS standards - 31.12.05	**39**	**(185)**	**607**	**4,166**

8.2 Transition of consolidated balance sheet as at January 1, 2005

French standards *(millions of euros)*	Balance sheet 31.12.04 under French standards	Total reclassifi-cations	Total resta-tements	Balance sheet 1.1.05 under IFRS	IFRS *(millions of euros)*
		103,191	385	103,576	Financial assets at fair value through profit and loss
		0	522	522	Hedging derivatives
		8 488	213	8,702	Available-for-sale assets
Interbank and money-market transactions	92,179				
Cash, central banks and post-offfice banks	0	0			
Treasury bills and money-market instruments	11,006	-11,006			
Due from financial institutions	81,173	443	0	81,616	Loans and receivables with financial institutions
Customer transactions	29,091	-1,511	-242	27,339	Loans and receivables with customers
Current accounts	0				
Commercial loans	531				
Other credits to customers	28,560				
Bonds, equities and other securities	63,915	-63,915	0		
Bonds and other fixed-income securities	44,783				
Equities and other variable-income securities	19,132				
Investments in subsidiaries and affiliates	131	-58		73	Share in companies accounted for by the equity method
Investments in subsidiaries and affiliates	58				
Investments in subsidiaries and affiliates accounted for by the equity method	73				
Tangible and intangible fixed assets	83	0		83	Tangible and intangible fixed assets
		168	29	197	Current and deferred tax assets
Accrued income and other assets	21,660	-11,569	33	10,124	Accrued income and other assets
Total assets	**207,059**	**24,232**	**941**	**232,232**	**Total assets**

		107,312	350	107,662	Liabilities at fair value through profit and loss
			535	535	Hedging derivatives
Interbank and similar transactions	69,900	-10	0	69,890	Debts and payables with financial institutions
Customer transactions	31,214	0		31,214	Debts and payables with customers
Debt securities	47,113	-41,836	0	5,277	Debt securities
		0	135	135	Revaluation differences on portfolios hedged for interest-rate risk
Accrued expenses and other liabilities	52,491	-41,309	204	11,386	Accrued expenses and other liabilities
Liabilities on securities	29,393				
Other accrued expenses and other liabilities	23,098				
Provisions for contingencies and losses	364	0	-277	87	Provisions for contingencies and losses
		75		75	Current and deferred tax liabilities
Subordinated debt	2,540	0	-502	2,038	Subordinated debt
Fund for general banking risks	6		-6		
Minority interests	0	0		0	Minority interests
Equity capital	3,432	0	501	3,933	Equity capital
Total liabilities	**207,059**	**24,231**	**941**	**232,232**	**Total liabilities**

8.2.1 Transition of consolidated balance sheet – Detail of reclassifications

French standards *(millions of euros)*	IFRS reclassification: Reclassification of securities and loan portfolios	Reclassification of liabilities on securities	Reclassification and gross-up on valuation of derivatives	Portfolio allocation restatements	Reclassification of tax to a specific line item	Other reclassifications	Total reclassifications	IFRS *(millions of euros)*
	61,165		41,897			128	103,191	Financial assets at fair value through profit and loss
			-0			0	-0	Hedging derivatives
	8,546					-57	8,488	Available-for-sale assets
Interbank and money-market transactions	-10,418							
Cash, central banks and post-offfice banks						-0	-0	
Treasury bills and money-market instruments	-11,006						-11,006	
Due from financial institutions	588			-135		-10	443	Loans and receivables with financial institutions
Customer transactions	-1,649			135		4	-1,511	Loans and receivables with customers
Current accounts								
Commercial loans								
Other credits to customers	-1,649							
Bonds, equities and other securities	-63,915					0	-63,915	
Bonds and other fixed-income securities	-44,783							
Equities and other variable-income securities	-19,132							
Investments in subsidiaries and affiliates	-58					0	-58	Share in companies accounted for by the equity method
Investments in subsidiaries and affiliates	-58							
Investments in subsidiaries and affiliates accounted for by the equity method								
Tangible and intangible fixed assets						0	0	Tangible and intangible fixed assets
					167	1	168	Current and deferred tax assets
Accrued income and other assets		-149	-11,198		-167	-56	-11,569	Accrued income and other assets
Total assets	**-6,329**	**-149**	**30,700**	**0**	**0**	**10**	**24,232**	**Total assets**
		64,748	42,498			65	107,312	Liabilities at fair value through profit and loss
								Hedging derivatives
Interbank and similar transactions						-10	-10	Debts and payables with financial institutions
Customer transactions						0	0	Debts and payables with customers
Debt securities		-41,833				-3	-41,836	Debt securities
						0	0	Revaluation differences on portfolios hedged for interest-rate risk
Accrued expenses and other liabilities	-6,329	-23,064	-11,798		-74	-44	-41,309	Accrued expenses and other liabilities
Liabilities on securities	-6,329	-23,064						
Other accrued expenses and other liabilities			-11,798					
Provisions for contingencies and losses						0	0	Provisions for contingencies and losses
					74	1	75	Current and deferred tax liabilities
Subordinated debt						0	0	Subordinated debt
Fund for general banking risks								
Minority interests						0	0	Minority interests
Equity capital						0	0	Equity capital
Total liabilities	**-6,329**	**-149**	**30,700**	**0**	**0**	**10**	**24,231**	**Total liabilities**

8.2.2 Transition of consolidated balance sheet – Detail of restatements

French standards *(millions of euros)*	IFRS restatement: Employee benefits (IAS 19)	FGBR (IAS 37)	Credit-risk impairment (IAS 39)	Valuation of financial instruments at fair value through profit and loss (IAS 39)	Day One Profit (IAS 39)	Unrealized capital gains on securities (IAS 39)	Value hedging transactions (IAS 39)	Other restatements on financing business	Reclassification of deeply-subordinated shares in shareholders' equity	Other restatements	Total restatements	IFRS *(millions of euros)*
				383						2	385	Financial assets at fair value through profit and loss
							522			0	522	Hedging derivatives
						51	163			0	213	Available-for-sale assets
Interbank and money-market transactions												
Cash, central banks and post-office banks												
Treasury bills and money-market instruments												
Due from financial institutions							0			0	0	Loans and receivables with financial institutions
Customer transactions			-249				16	-9		0	-242	Loans and receivables with customers
Current accounts												
Commercial loans												
Other credits to customers												
Bonds, equities and other securities										0	0	
Bonds and other fixed-income securities												
Equities and other variable-income securities												
Investments in subsidiaries and affiliates												Share in companies accounted for by the equity method
Investments in subsidiaries and affiliates												
Investments in subsidiaries and affiliates accounted for by the equity method												
Tangible and intangible fixed assets												Tangible and intangible fixed assets
	0		-0	-25	70	-18	0	3		-1	29	Current and deferred tax assets
Accrued income and other assets	-0						33			0	33	Accrued income and other assets
Total assets	0	0	-249	358	70	33	733	-6	0	2	941	Total assets
				350						0	350	Liabilities at fair value through profit and loss
							535			0	535	Hedging derivatives
Interbank and similar transactions							0			0	0	Debts and payables with financial institutions
Customer transactions												Debts and payables with customers
Debt securities							0				0	Debt securities
							135			-0	135	Revaluation differences on portfolios hedged for interest-rate risk
Accrued expenses and other liabilities					204		0			0	204	Accrued expenses and other liabilities
Liabilities on securities												
Other accrued expenses and other liabilities												
Provisions for contingencies and losses	1		-250	-27			0			-0	-277	Provisions for contingencies and losses
												Current and deferred tax liabilities
Subordinated debt							63		-565	0	-502	Subordinated debt
Fund for general banking risks		-6									-6	
Minority interests												Minority interests
Equity capital	-0	6	1	35	-134	33	-0	-6	565	2	501	Equity capital
Total liabilities	0	0	-249	358	70	33	733	-6	0	2	941	Total liabilities

8.3 Transition of 2005 consolidated income

The €51 million (-14%) decrease in income for the year was mainly the result of neutralizing day-one profit on new production.

(millions of euros)	French standards 31.12.05	Reclassifications	Restatements	IFRS 31.12.05
Net banking income	**1,342**	**19**	**(66)**	**1,295**
Operating expenses	(820)	(1)	1	(820)
Depreciation, amortization and provisions	(24)	0	0	(24)
Gross operating income	**498**	**18**	**(65)**	**451**
Cost of risk	(18)	2	0	(16)
Operating income	**480**	**20**	**(65)**	**435**
Net income in subsidiaries and affiliates accounted for by the equity method	1	0	0	1
Net gains or losses on other fixed assets	22	(20)	(2)	0
Ordinary income before tax	**503**	**0**	**(67)**	**436**
Income tax	(156)	0	22	(134)
Minority interests and FGBR	6	0	(6)	0
Net income	**353**	**0**	**(51)**	**302**

8.3.1 Transition of 2005 consolidated income – Detail of reclassifications

(millions of euros)	Net gain or loss on sale of financial fixed assets	Portfolio transfers	Interest on securities and derivatives	Other operating income and expenses from banking	Others	Total reclassifi-cations
Net banking income	**24**	**(5)**	**(1)**	**0**	**1**	**19**
Operating expenses	0	0	0	0	(1)	(1)
Depreciation, amortization and provisions	0	0	0	0	0	0
Gross operating income	**24**	**(5)**	**(1)**	**0**	**0**	**18**
Cost of risk	0	2	0	0	0	2
Operating income	**24**	**(3)**	**(1)**	**0**	**0**	**20**
Net income from subsidiaries and affiliates accounted for by the equity method	0	0	0	0	0	0
Net gains or losses on other fixed assets	(24)	3	1	0	0	(20)
Ordinary income before tax	**0**	**0**	**0**	**0**	**0**	**0**
Income tax	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0
Net income	**0**	**0**	**0**	**0**	**0**	**0**

8.3.2 Transition of 2005 consolidated income – Detail of restatements

(millions of euros)	Employee benefits (IAS 19)	FGBR (IAS 37)	Credit-risk impairment (IAS 39)	Valuation of financial instruments at fair value through profit and loss (IAS 39)	Day One Profit (IAS 39)	Other restatements on financing business	Equity component in hybrid issues	Others	Total restatements
Interest and similar income	0	0	0	0	0	(12)	26	1	15
Net fee and commission income	0	0	0	0	0	0	0	0	0
Net gains or losses on financial instruments at fair value through profit and loss	0	0	1	(22)	(61)	0	0	2	(80)
Net gains or losses on available-for-sale financial assets	0	0	0	0	0	0	0	0	0
Net income on other activities	0	0	0	0	0	0	0	(1)	(1)
Net banking income	**0**	**0**	**1**	**(22)**	**(61)**	**(12)**	**26**	**2**	**(66)**
Operating expenses	2	0	0	0	0	0	0	(1)	1
Depreciation, amortization and provisions	0	0	0	0	0	0	0	0	0
Gross operating income	**2**	**0**	**1**	**(22)**	**(61)**	**(12)**	**26**	**1**	**(65)**
Cost of risk	0	0	0	0	0	0	0	0	0
Operating income	**2**	**0**	**1**	**(22)**	**(61)**	**(12)**	**26**	**1**	**(65)**
Net income from subsidiaries and affiliates accounted for by the equity method	0	0	0	0	0	0	0	0	0
Net gains or losses on other fixed assets	0	0	0	0	0	0	0	(2)	(2)
Ordinary income before tax	**2**	**0**	**1**	**(22)**	**(61)**	**(12)**	**26**	**(1)**	**(67)**
Income tax	(1)	0	0	7	21	4	(9)	0	22
Minority interests and FGBR	0	(6)	0	0	0	0	0	0	(6)
Net income	**1**	**(6)**	**1**	**(15)**	**(40)**	**(8)**	**17**	**(1)**	**(51)**

8.4 Comments on the impact of IFRS adoption

Employee benefits

Foreign employee-benefits

The Group opted for the exception provided for in IFRS1, whereby provisions could be deducted from equity capital as at January 1, 2005 in order to cover all the actuarial differences not yet amortized at this date.

Other restatements

Various restatements had the effect of increasing consolidated reserves. These mainly resulted from discounting employee commitments at rates adjusted to match the maturity of each type of commitment, and from applying an inflation rate that took account of the maturity of the benefits, unlike French standards which allow the use of undifferentiated rates.

Fund for General Banking Risks (FGBR)

The Fund for General Banking Risks did not comply with the criteria of eligibility for classification as a liability as set out in IAS 37 and the corresponding amount therefore increased equity capital as at January 1, 2005. Provisions and reversals of provisions were eliminated from the income statement.

Provisioning of credit risk

Specific impairments

The criteria for identifying doubtful receivables were not modified by IAS 39. The methods of calculating impairment losses must involve discounting the future cash flows (principal and interest) that the Bank expects to recover on doubtful receivables, based on the original terms of the loan.

Portfolio impairments

IAS 39 requires impairment losses to be recognized for portfolios of similar loans presenting objective evidence of collective impairment without it being possible to individually identify the impaired receivables.

The Group neutralized provisions for country risks and general or sector provisions that no longer met IAS 39 qualification criteria. On the other hand, it set aside collective impairments on a portfolio basis.

Valuation of financial instruments at fair value through profit and loss

Revaluation of financial assets and liabilities recognized under the fair value through profit and loss option

IXIS Corporate & Investment Bank has used the fair-value option to value some of its financial assets and liabilities, as provided for in amended IAS 39.

The designation of certain financial instruments under the fair value through profit and loss option involves revaluing these instruments and their related hedge derivatives.

The option was used in particular to value portfolios in a uniform manner and to significantly reduce the inconsistencies that would otherwise result from their classification in separate categories.

Adjustments to the fair value of positions resulting from financial instruments traded on active and inactive markets

Valuation adjustment according to bid-ask prices

IAS 39 recommends valuing positions on the basis of bid or ask prices depending on the direction of the position.

This valuation method is geared to quantifying the risk in the event of a reversal of the Bank's positions.

The bid-ask adjustment was already integrated into the valuation models in French standards and was therefore maintained as a valuation adjustment in accordance with IFRS principles.

Other adjustments

The notion of adjustment does not exist in the amended standard.

A number of adjustments employed in French accounting standards are considered as valuation adjustments owing to the non-inclusion of certain risk factors in models, and which therefore comply with IFRS recommendations.

Adjustments whose calculation methods in French standards were not sufficiently convergent with IFRS criteria were not maintained. The main ones concerned here were the adjustments for future management costs and for financial model risks.

Restatement of day-one profit

Financial instruments used in trading activities are measured at fair value through profit and loss. These valuations are based on market prices when the instruments are listed on active markets, or on valuation techniques, especially those using market parameters, when they are not.

In the absence of observable prices or parameters with which to value instruments, their initial fair value is deemed to be trading price; day-one profit (gross margin) has to be eliminated on transaction date in order to be recognized over the instrument's life-span or over the period during which it is not expected that prices or parameters will be observable. In compliance with the retrospective application of IAS 39, day-one profit was restated for all trades with non-observable characteristics and which were active at January 1, 2005 and initiated from October 25, 2002.

Net unrealized capital gains on the securities portfolio

The categories of securities specified in French accounting standards – held-for-sale, equity interests, other long-term securities and some held-to-maturity securities – and accounted for at the lower of cost price or market price, are now classified as "available-for-sale securities" and recognized at fair value.

Financial instruments subject to fair-value hedges

Financial instruments subject to fair-value hedges are revalued at fair value with respect to the risk hedged and symmetrically to the derivative used as a hedge. These hedges did not impact the Group's consolidated reserves as at January 1, 2005.

Other adjustments to loans

Fees and commissions

The methods of time-apportioning certain fees and commissions received as part of financing activities required us to restate the revenues recognized under French standards when the loans were initiated, in order to record them at the effective interest rate of these loans in accordance with IAS 18.

Off-market transactions

The difference between the amount lent and the fair value of some loan transactions was accounted for as a discount then amortized via the effective interest method.

Distinction between liabilities and equity

Two deeply subordinated issues subscribed by the CNCE were classified as equity capital under the provisions of IAS 32 concerning the distinction between liabilities and equity.

Analysis of the two issues revealed the absence of a contractual obligation to repay principal and interest. The lack of these two obligations represents a key factor for classification under equity capital.

The interest expenses arising from these two issues have been restated as dividends.

Notes to the consolidated balance sheet

Note 1 - Financial assets at fair value through profit and loss

These assets and liabilities comprise transactions undertaken for trading purposes (including derivatives) and certain assets and liabilities that the Group has opted to value according to the fair-value method, from the date of their acquisition or issue.

The financial assets in the trading portfolio comprise securities transactions undertaken for the Group's own account, together with repurchase agreements and derivatives traded for the purposes of managing the Group's position.

On the liability side, the trading portfolio comprises borrowings of securities and short-selling transactions, repurchase agreements and derivatives.

Financial assets valued according to the fair-value option especially comprise assets with embedded derivatives, such as certain structured loan contracts. Financial liabilities valued according to the fair-value option especially comprise structured issues comprising significant embedded derivatives. The fair-value option has also been applied to portfolios of financial assets and liabilities managed and valued on a fair-value basis within the scope of the Group's capital markets activities.

The value of the financial assets measured on a fair-value basis does not take account of the variation due to IXIS Corporate & Investment Bank's issuer risk, given that this risk is deemed to be non-material.

	31.12.06			31.12.05		
(millions of euros)	Trading	Under option	Total	Trading	Under option	Total
Treasury bills and money-market instruments	17,532	870	18,402	18,355	1,496	19,851
Bonds	26,011	1,160	27,171	16,339	2,086	18,425
Subordinated securities	0	0	0	5	0	5
Securitized debt funds	5,082	2,648	7,730	2,833	5,224	8,057
Negotiable loan notes and interbank instruments	4,175	215	4,390	2,849	320	3,169
Bonds and other fixed-income securities	**52,800**	**4,893**	**57,693**	**40,381**	**9,126**	**49,507**
Equities and other variable-income securities	23,174	1,805	24,979	21,234	1,829	23,063
Equities and other variable-income securities	**23,174**	**1,805**	**24,979**	**21,234**	**1,829**	**23,063**
Loans to financial institutions	52	17	69	0	0	0
Loans to customers	0	8,928	8,928	0	6,656	6,656
Loans	**52**	**8,945**	**8,997**	**0**	**6,656**	**6,656**
Repurchase transactions		**0**	**0**			
Trading derivatives (Note 3)	**45,544**		**45,544**	**43,981**		**43,981**
Financial assets at fair value through profit and loss	**121,570**	**15,643**	**137,213**	**105,596**	**17,611**	**123,207**

Note 2 - Financial liabilities at fair value through profit and loss

(millions of euros)	31.12.06	31.12.05
Securities sold short	18,467	27,677
Repurchase transactions	8,749	8,647
Other financial liabilities	159	82
Financial liabilities held for trading	**27,375**	**36,406**
Trading derivatives (Note 3)	**47,098**	**44,632**
Term accounts and loans from customers	1	0
Debt securities	46,858	45,995
Financial liabilities at fair value through profit and loss under option	**46,859**	**45,995**
Financial liabilities through profit and loss	**121,332**	**127,033**
The repayment value of financial liabilities accounted for by the fair-value option amounts to:	45,704	44,546

Note 3 - Trading derivatives

The notional amount of derivatives merely provides an indication of the volume of activity and does not reflect the market risks associated with these instruments. The positive or negative fair values represent the replacement value of these instruments. These values may vary widely according to changes in market parameters.

	31.12.06			31.12.05		
(millions of euros)	Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value
Futures contracts	**4,230,021**	**35,684**	**38,040**	**3,804,469**	**37,913**	**38,486**
Interest rates	3,972,283	32,844	33,798	3,584,128	36,447	36,193
Equities	6,617	0	78	760	0	40
Forex	244,639	2,837	2,886	212,905	1,455	1,930
Other	6,482	3	1,278	6,676	11	323
Options contracts	**2,267,645**	**7,774**	**7,137**	**1,154,908**	**5,474**	**5,542**
Interest rates	2,162,253	1,556	1,846	1,069,664	1,106	2,266
Equities	60,508	3,856	3,698	55,324	2,964	2,990
Forex	16,409	875	794	12,485	249	194
Other	28,475	1,487	799	17,435	1,155	92
Credit derivatives	**407,952**	**2,086**	**1,921**	**171,594**	**594**	**604**
Total trading derivatives	**6,905,618**	**45,544**	**47,098**	**5,130,971**	**43,981**	**44,632**

Note 4 - Hedging derivatives

In accordance with IAS 39, each hedging relationship is subject to formal documentation describing the strategy, the hedged instrument and the hedging instrument, as well as the method for assessing effectiveness.

	31.12.06			31.12.05		
(millions of euros)	Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value
Fair-value hedges	**1,206**	**256**	**102**	**13,219**	**322**	**260**
Futures contracts	1,009	256	102	13,219	322	260
Option contracts	197	0	0	0	0	0
Cash-flow hedges	**0**	**0**	**0**	**0**	**0**	**0**
Net hedges of investments in foreign currencies	**78**	**0**	**2**	**75**	**0**	**3**
Credit derivatives	**264**	**22**	**4**	**0**	**0**	**0**
Total hedging derivatives	**1,548**	**278**	**108**	**13,294**	**322**	**263**

Note 5 - Available-for-sale financial assets

(millions of euros)	31.12.06	31.12.05
Fixed-income securities	3,360	7,376
Customer loans	57	55
Equities and other variable-income securities	1,195	591
Doubtful loans and receivables	0	0
Gross available-for-sale financial assets	**4,612**	**8,022**
Impairment	-33	0
Net available-for-sale financial assets	**4,579**	**8,022**

Note 6 - Loans and receivables with financial institutions

(millions of euros)	31.12.06	31.12.05
Current accounts	1,042	2,163
Overnight deposits and loans	32	86
Securities purchased under resale agreements	2,731	1,475
Receivables with financial institutions - demand	**3,805**	**3,724**
Term deposits and loans	9,206	9,497
Securities purchased under resale agreements	61,067	60,752
Receivables with financial institutions - term	**70,273**	**70,249**
Other receivables	**0**	**0**
Doubtful receivables	**0**	**0**
Gross loans and receivables with financial institutions	**74,078**	**73,973**
Impairment	0	0
Net loans and receivables with financial institutions	**74,078**	**73,973**
The fair value of loans and receivables with financial institiutions amounts to:	74,089	73,973

Note 7 - Loans and receivables with customers

(millions of euros)	31.12.06	31.12.05
Loans to financial customers	5,031	2,681
Short-term loans	7,500	3,986
Equipment loans	364	961
Other loans	1,389	3,392
Securities purchased under resale agreements	16,201	13,926
Subordinated loans	1	8
Other loans to customers	**30,486**	**24,954**
Insurance receivables	10	0
Unlisted securities	548	542
Other receivables	**558**	**542**
Doubtful receivables	**150**	**145**
Gross loans and receivables with customers	**31,194**	**25,641**
Impairment	-95	-116
Net loans and receivables with customers	**31,099**	**25,525**
The fair value of loans and receivables with customers amounts to:	31,094	25,525

Note 8 - Accrued income and other assets

(millions of euros)	31.12.06	31.12.05
Prepaid expenses	31	27
Accrued income	1,902	1,447
Other accruals	1,463	1,982
Accruals - assets	**3,396**	**3,456**
Settlement accounts on securities transactions	662	342
Miscellaneous debtors	9,887	10,139
Other assets	**10,549**	**10,481**
Accrued income and other assets	**13,945**	**13,937**

Note 9 - Tangible fixed assets

(millions of euros)	Gross value as at 01.01.06	Acquisitions	Divestments	Changes in scope of consolidation and other movements	Gross value as at 31.12.06	Total depreciation and impairments as at 01.01.06	Allocations	Reversals	Changes in scope of consolidation and other movements	Total depreciation and impairments as at 31.12.06	**Net value as at 31.12.06**	**Net value as at 31.12.05**
Land and buildings												
Leases												
Equipment, fixtures & fittings and other tangible fixed assets	162	50	(32)	(3)	177	(76)	(20)	0	4	(92)	**85**	**86**
Tangible fixed assets	**162**	**50**	**(32)**	**(3)**	**177**	**(76)**	**(20)**	**0**	**4**	**(92)**	**85**	**86**

Note 10 - Intangible fixed assets

(millions of euros)	Gross value as at 01.01.06	Acquisitions	Divestments	Changes in scope of consolidation and other movements	Gross value as at 31.12.06	Total depreciation and impairments as at 01.01.06	Allocations	Reversals	Changes in scope of consolidation and other movements	Total depreciation and impairments as at 31.12.06	**Net value as at 31.12.06**	**Net value as at 31.12.05**
Lease rights		1			1	-					**1**	**-**
Software	25	17	(3)	(1)	38	(14)	(5)		(1)	(20)	**18**	**11**
Other intangible fixed assets	46			3	49	(43)	(3)			(46)	**3**	**3**
Intangible fixed assets	**71**	**18**	**(3)**	**2**	**88**	**(57)**	**(8)**	**-**	**(1)**	**(66)**	**22**	**14**

Note 11 - Goodwill

(millions of euros)	31.12.06	31.12.05
Acquisitions	37	
Divestments		
Value impairments booked during the period		
Translation differences		
Other changes		
Gross value at closing	**37**	**0**
Cumulative value impairments at closing		
Net book value at closing	**37**	**0**

The goodwill recognized as at December 31, 2006 follows the takeover of Nexgen Financial Solutions in March 2006.
The total acquisition cost amounted to €137 million and Nexgen Financial Solutions posted net income of €75 million as at December 31, 2006.
In view of the work undertaken in the area, there was no need to recognize any impairment as at December 31, 2006.

Note 12 - Debts and payables with financial institutions

(millions of euros)	31.12.06	31.12.05
Demand deposits	17,372	6,124
Repurchase agreements	2,559	3,625
Related payables	4	60
Debts and payables with financial institutions - demand	**19,935**	**9,809**
Borrowings and term deposits	32,800	29,891
Repurchase agreements	39,683	26,914
Related payables	596	183
Debts and payables with financial institutions - term	**73,079**	**56,988**
Debts and payables with financial institutions	**93,014**	**66,797**
The fair value of debts and payables with financial instutions amounts to:	92,990	66,797

Note 13 - Debts and payables with customers

(millions of euros)	31.12.06	31.12.05
Demand	1,981	410
Term	12,525	13,472
Related debts and payables	71	102
Other demand and term accounts	**14,577**	**13,984**
Demand	3,748	6,131
Term	7,223	8,852
Related debts and payables	20	7
Repurchase transactions	**10,991**	**14,990**
Insurance debts and payables	**0**	**0**
Debts and payables with customers	**25,568**	**28,974**
The fair value of debts and payables with customers amounts to:	25,604	28,974

Note 14 - Debt securities

(millions of euros)	31.12.06	31.12.05
Interbank instruments, money-market instruments and CDs	6,900	6,042
Other debt securities	195	189
Debt securities	**7,095**	**6,231**
The fair value of debt securities amounts to:	7,095	6,231

Note 15 - Accrued expenses and other liabilities

(millions of euros)	31.12.06	31.12.05
Accrued expenses	250	850
Unearned income	50	45
Suspense accounts	88	9
Other accruals and similar accounts	200	18
Accruals - liabilities	**588**	**922**
Settlement accounts on securities transactions	323	720
Other items	7,043	7,914
Other liabilities	**7,366**	**8,634**
Accrued expenses and other liabilities	**7,954**	**9,556**

Note 16 - Provisions

(millions of euros)	31.12.05	Allocations	Reversals	Uses	Other movements*	31.12.06
Social commitments	**9**	**3**	**(1)**		**2**	**13**
Other provisions						
Signature commitments	**166**		(111)	(3)	(1)	**51**
Restructuring provisions	**8**			(5)		**3**
Provisions for legal disputes, fines and penalties	**42**	35	(11)	(1)	(2)	**63**
Other provisions	**1**			(1)		**0**
Provisions	**226**	**38**	**-123**	**-10**	**-1**	**130**

* including changes in scope of consolidation and exchange rates

Note 17 - Subordinated debt

(millions of euros)	31.12.06	31.12.05
Fixed-term subordinated debt	1,941	1,941
Related debt	45	54
Revaluation of hedged items	16	72
Subordinated debt	**2,002**	**2,067**
The fair value of subordinated debt amounts to:	2,002	2,067

Issuer	Issuing currency	Issue date	Maturity date	Interest rate	Amount 31.12.06
Fixed-term subordinated debt at variable rates					
IXIS Corporate & Investment Bank	EUR	August 2000	August 2010	3-month Euribor	250
IXIS Corporate & Investment Bank	EUR	September 2002	September 2022	6-month Euribor	20
IXIS Corporate & Investment Bank	EUR	November 2002	November 2027	3-month Euribor	46
IXIS Corporate & Investment Bank	EUR	January 2003	January 2033	3-month Euribor	53
IXIS Corporate & Investment Bank	EUR	March 2003	April 2023	3-month Euribor	22
IXIS Corporate & Investment Bank	EUR	April 2003	Janvier 2033	3-month Euribor	7
IXIS Corporate & Investment Bank	EUR	April 2003	April 2015	3-month Euribor	77
IXIS Corporate & Investment Bank	EUR	June 2003	March 2018	6-month Euribor	10
IXIS Corporate & Investment Bank	EUR	July 2003	July 2018	3-month Euribor	500
IXIS Corporate & Investment Bank	EUR	November 2004	July 2016	3-month Euribor	480
IXIS Corporate & Investment Bank	EUR	Novembre 2004	October 2016	3-month Euribor	476
Total					**1,941**

Notes to the consolidated income statement

Note 18 - Interest and similar income and expenses

This line uses the effective interest method to recognize interest income and expenses on financial assets and liabilities measured at amortized cost, namely loans and borrowings related to interbank and customer transactions, the portfolio of held-to-maturity assets, debt securities and subordinated debt.

It also recognizes accrued and matured coupons on fixed-income securities accounted for in the portfolio of available-for-sale securities and hedging derivatives, bearing in mind that accrued interest on cash-flow hedging derivatives are booked in the income statement symmetrically to the accrued interest on the hedged item.

	31.12.06			31.12.05		
(millions of euros)	Income	Expenses	Net	Income	Expenses	Net
Available-for-sale assets	**335**		**335**	**229**		**229**
Interest on fixed-income securities	319		319	229		229
Interest on loans	16		16	0		0
Interbank transactions	**4,399**	**-5 249**	**-850**	**3,048**	**-2,934**	**114**
Customer transactions	**1,962**	**-992**	**970**	**942**	**-995**	**-53**
Debt securities and subordinated debt		**-376**	**-376**		**-255**	**-255**
Expenses on certificates of deposit and other securities		-283	-283		-178	-178
Expenses on equity loans and subordinated debt		-93	-93		-77	-77
Others		**-194**	**-194**	**0**	**-131**	**-131**
Hedging derivatives	**0**	**0**	**0**	**303**	**-352**	**-49**
Interest on fair-value hedges	0	0	0	303	-352	-49
Interest and similar income and expenses	**6,696**	**-6,811**	**-115**	**4,522**	**-4,667**	**-145**

Note 19 - Fees and commissions

Fees and commissions are recognized according to the type of services rendered and the method of accounting for the financial instruments relating to the service.
This line comprises fees and commissions received for continuous services (commissions on payment services, custody fees for securities), fees and commissions received for one-off services (commissions on fund movements, penalties on payment incidents), and fees and commissions for executing important tasks.
However, fees and commissions treatable as additional interest and representing an integral part of the effective interest rate on contracts are recorded under interest income or expense.

	31.12.06			31.12.05		
(millions of euros)	Income	Expenses	Net	Income	Expenses	Net
Interbank and money-market transactions	7	-1	6	3	-1	2
Customer transactions	21	-16	5	0	0	0
Financial services	214	-48	166	177	-48	129
Securities transactions	199	-60	139	103	-52	51
Foreign-exchange and arbitrage transactions		-1	-1	0	0	0
Off-balance sheet transactions	47	-2	45	22	0	22
Other fees and commissions	1		1	0		0
Total net fees and commissions	**489**	**-128**	**361**	**305**	**-101**	**204**

Note 20 - Results on financial instruments at fair value through profit and loss

This line records gains and losses on financial assets and liabilities employed for trading purposes or accounted for under the fair-value through profit and loss option, including the interest generated by these instruments. The line "Results on hedging transactions" comprises the revaluation of fair-value hedging derivatives on an accrued coupon interest basis, as well as the symmetrical revaluation of the hedged item, the contra-entry of the fair-value revaluation of the macro-hedged portfolio and the ineffective portion of cash-flow hedges.

(millions of euros)	31.12.06	31.12.05
Results on financial assets (non-derivatives) employed for trading purposes	3,283	-106
Results on financial assets according to the fair value option	-1,681	-153
Results on trading derivatives	337	2,144
Results on hedging transactions		
Ineffectiveness of fair-value hedges	19	-122
Change in fair value of hedging instruments	*29*	*-119*
Change in fair value of hedged items attributable to hedged risks	*-10*	*-3*
Results on foreign-exchange transactions	-443	-680
Gains or losses on financial instruments at fair value through profit and loss	**1,515**	**1,083**

Note 21 - Net gains or losses on available-for-sale financial assets

This line recognizes dividends on variable-income securities, results on divestments of available-for-sale assets and losses on variable-income securities resulting from permanent impairments in value.

(millions of euros)	31.12.06	31.12.05
Fixed-income securities	**30**	**111**
Results on divestments	30	111
Equities and other variable-income securities	**50**	**47**
Results on divestments	4	27
Dividends received	79	20
Value impairments	-33	0
Gains or losses on available-for-sale financial assets	**80**	**158**

Note 22 - Income and expenses from other activities

This line notably includes income and expenses from investment real estate (rent and expenses, results from divestments, depreciation/amortization and provisions), income and expenses linked to insurance business (especially premiums received, service costs and changes in technical provisions for insurance policies) and income and expenses on operational lease transactions.

	31.12.06			31.12.05		
(millions of euros)	Income	Expenses	Net	Income	Expenses	Net
Total income and expenses from investment real estate	**0**	**0**	**0**	**0**	**0**	**0**
Premium income	11		11	0	0	0
Other changes in provisions		-6	-6	0	0	0
Income and expenses from insurance	**11**	**-6**	**5**	**0**	**0**	**0**
Total income and expenses from operational lease transactions	**0**	**0**	**0**	**0**	**0**	**0**
Share of income and expenses in joint transactions	38	-52	-14	46	-48	-2
Costs recovered and revenues ceded	2		2	2	0	2
Other operating income and expenses	18	-6	12	15	-10	5
Allocations to/reversals of provisions for other operating income and expenses	0		0	0	-10	-10
Other operating income from banking	**58**	**-58**	**0**	**63**	**-68**	**-5**
Income and expenses from other activities	**69**	**-64**	**5**	**63**	**-68**	**-5**

Note 23a - Operating expenses

(millions of euros)	31.12.06	31.12.05
Payroll expenses	**-725**	**-554**
Taxes	-27	-12
Bought-in services	-339	-254
Other administrative expenses	**-366**	**-266**
Operating expenses	**-1,091**	**-820**

Note 23b - Payroll expenses

(millions of euros)	31.12.06	31.12.05
Wages and salaries	-555	-422
Costs on defined benefit and contribution schemes	-24	-18
Other social insurance and tax costs	-125	-99
Incentive plans and profit sharing	-21	-15
Payroll expenses	**-725**	**-554**

Fully consolidated entities employed 2,194 staff including 786 outside France as at December 31, 2006, versus 1,943 and 642, respectively, as at December 31, 2005.

Note 24 - Employee benefits - Social commitments

A - Analysis of balance-sheet assets and liabilities

(millions of euros)	31.12.06 Pensions	31.12.06 Other commitments	31.12.06 Total	31.12.05 Pensions	31.12.05 Other commitments	31.12.05 Total
Net present value of funded commitments	18		18	11		11
Fair value of scheme assets	-11		-11	-8		-8
Net present value of unfunded commitments	2	5	7	6	2	8
Items not yet recognized (actuarial differences and past service cost)	-1		-1	-1		-1
Net balance in balance sheet	**8**	**5**	**13**	**8**	**2**	**10**
Balance sheet liabilities	8	3	11	8	2	10
Balance sheet assets						

B - Changes in amounts booked in the balance sheet

(millions of euros)	31.12.06 Pensions	31.12.06 Other commitments	31.12.06 Total	31.12.05 Pensions	31.12.05 Other commitments	31.12.05 Total
Change in actuarial liability						
Actuarial liability at start of period	*17*	*2*	*19*	*13*	*2*	*15*
Cost of services rendered	4	1	5	2		2
Financial cost	1		1			0
Benefits paid	0		0			0
Actuarial differences and past service cost for the year	0		0	1		1
Others (translation differences, changes in the scope of consolidation, others)	-2	2	0	1		1
Actuarial liability at end of period	*20*	*5*	*25*	*17*	*2*	*19*
Change in covering assets						
Fair value of assets at start of period	*-8*		*-8*	*-6*		*-6*
Expected return on assets	-1		-1	-1		-1
Contributions received	-3		-3	-1		-1
Benefits paid			0			0
Actuarial differences for the year			0	1		1
Others (translation differences, changes in the scope of consolidation, others)	1		1	-1		-1
Fair value of assets at end of period	*-11*	*0*	*-11*	*-8*	*0*	*-8*
Net balance of commitments	9	5	14	9	2	11
Actuarial differences and past service cost not recognized at end of period	-1		-1	-1		
Net balance in balance sheet	8	5	13	8	2	11

C - Breakdown of costs on defined benefit schemes

(millions of euros)	31.12.06 Pensions	31.12.06 Other commitments	31.12.06 Total	31.12.05 Pensions	31.12.05 Other commitments	31.12.05 Total
Current service cost	2		2	1		1
Financial cost	1		1	1		1
Expected return on scheme assets	-1		-1	-1		-1
Expected return on reimbursement rights			0			0
Actuarial differences and past service cost			0			0
Exceptional events			0			0
Total costs on defined benefit schemes	**2**	**0**	**2**	**1**	**0**	**1**

D - Main actuarial assumptions

(%, unless mentioned otherwise)	Pensions 31.12.06	Pensions 31.12.05	Other commitments 31.12.06	Other commitments 31.12.05
Discount rate	5.75%	5.50%		
Expected return on scheme assets	7.00%	7.00%		
Expected return on reimbursement rights				

Note 25 - Employee benefits - Equity compensation

Main characteristic

In December 2000, IXIS Capital Markets North America Inc. (“ICMNA”) introduced a stock-based incentive plan - the “equity plan” - which provides for the allocation of non-qualified stock options and restricted stock to selected staff. The plan is valued via an intrinsic value method developed by ICMNA.

The stock awards are vested over 3 years and the stock-option awards over 5 years. Staff participating in the plan may ask ICMNA to repurchase their shares after they have owned the shares for a minimum of 6 months.
In 2004, ICMNA introduced a tax unit program that enables equity-plan participants to satisfy certain fiscal obligations.

As at December 31, 2006:
- ICMNA had granted 69,490 restricted shares, of which 23,163 had been vested,
- there were no issued or exerciseable options.

The cost of the plan amounted to €12 million in 2006 (versus €6.3 million in 2005) and represented the impact of the rights vested during the year and the cost relating to tax units.

Note 26 - Allocations to/reversals from depreciation, amortization and provisions for operating fixed assets

(millions of euros)	31.12.06	31.12.05
Net allocations to depreciation and amortization	-26	-24
Net allocations to provisions	-1	0
Net allocations to depreciation, amortization and provisions for fixed assets	**-27**	**-24**

Note 27 - Cost of risk

This line recognizes impairment charges in respect of credit risk on customer transactions, whether such provisions are constituted on an individual basis or for portfolios of similar loans.

(millions of euros)	31.12.06	31.12.05
Allocations to provisions	-9	-33
Reversals from provisions	145	27
Losses on irrecoverable loans	-12	-11
Cost of risk	**124**	**-17**

Note 28 - Income tax

A - Breakdown of tax expense

(millions of euros)	31.12.06	31.12.05
Current tax expense (income)	-220	-158
Deferred tax expense (income)	-44	28
Change in tax provisions	-18	-1
Others	-4	-3
Recognized tax expense (income)	**-286**	**-134**

B - Calculation of tax expense

(millions of euros)	31.12.06	31.12.05
Net income	573	302
Goodwill impairment		0
Minority interests	-4	0
Net income from subsidiaries and affiliates accounted for by the equity method	-3	-1
Tax expense (income)	286	134
Income before tax and goodwill impairment (A)	**852**	**435**
French standard tax rate (B)	**34.43%**	**34.93%**
Theoretical tax expense (income) based on French standard tax rate (A*B)	**293**	**152**
Effect of tax credits	-3	-23
Effect of permanent differences	0	4
Effect of transactions taxed at reduced rate or exempt from tax	-28	-5
Effect of reduction in deferred tax assets	6	
Effect of foreign tax rates	-5	15
Change in tax provisions	18	1
Other items	5	-10
Recognized tax expense (income)	**286**	**134**
Effective tax rate (recognized tax expense/income relative to taxable income)	33.55%	30.72%

Following their recognition within net banking income, tax credits no longer lead to a reduction in the effective tax rate. As at December 31, 2005, however, their impact amounted to a 5.2-point reduction in the effective tax rate.

C - Breakdown of deferred taxation in the balance sheet

(millions of euros)	31.12.06	31.12.05
Current tax receivables	95	63
Deferred tax assets		
on balance-sheet items	221	254
on items debited or credit to equity in respect of unrealized gains or losses	0	0
Total	**316**	**317**

(millions of euros)	31.12.06	31.12.05
Current tax payables	56	90
Deferred tax liabilities		
on balance-sheet items	0	0
on items debited or credit to equity in respect of unrealized gains or losses	10	21
Total	**66**	**111**

		Changes during the year			
(millions of euros)	31.12.05	Changes impacting net income	Changes impacting reserves	Other changes	31.12.06
Provisions for social commitments	0				
Provisions for contingencies and losses	98	-27		-3	68
Provisions deducted from assets	0				
Other temporary differences	84	-18		-3	63
Deferred tax assets linked to temporary differences arising from the application of tax rules	**182**	**-45**	**0**	**-6**	**131**
Financing transactions carried by inter-company partnerships	-5			5	0
Other temporary differences	0				
Deferred tax liabilities linked to temporary differences arising from the application of tax rules	**-5**	**0**	**0**	**5**	**0**
Deferred tax assets linked to loss carryforwards	**1**	**10**		**5**	**16**
Change in fair value of available-for-sale assets	-21		10		-11
Change in fair value of cash-flow hedges	0				0
Equity component of issued hybrid instruments	0	-10	10		0
Other items revalued in the balance sheet	76	-1			75
Other deferred taxes	**55**	**-11**	**20**	**0**	**64**
Non-recognized deferred tax assets	**0**				**0**
Net position	**233**	**-46**	**20**	**4**	**211**
Assets	233	-46	20	4	211
Liabilities	0	0	0	0	0

Other information

Note 29 - Credit risk

Note 29 a - Overall credit risk exposure

(millions of euros)	Performing loans	Doubtful loans	Gross 31.12.06	Gross 31.12.05
Loans and receivables at fair value under option	8,945		8,945	6,656
Interbank transactions	74,078	0	74,078	73,973
Customer transactions	31,044	150	31,194	25,641
Other financial assets	3,417		3,417	7,431
Signature commitments	65,185	36	65,221	62,632
Overall exposure	**182,669**	**186**	**182,855**	**176,333**

Note 29 b - Credit risk provisions

(millions of euros)	31.12.05	Allocations	Reversals	Uses	Other changes*	31.12.06
Interbank transactions	**0**	**0**	**0**	**0**	**0**	**0**
Customer transactions	**116**	**9**	**-22**	**-6**	**-2**	**95**
On individual basis	*35*	*9*	*-22*	*-6*	*-2*	*33*
On portfolio basis	*81*		*-19*			*62*
Provisions deducted from assets	**116**	**9**	**-22**	**-6**	**-2**	**95**
Signature commitments	**166**	**0**	**-111**	**-3**	**-1**	**51**
On individual basis	*8*			*-3*	*-1*	*4*
On portfolio basis	*158*		*-111*			*47*
Provisions booked to liabilities	**166**	**0**	**-111**	**-3**	**-1**	**51**
Credit risk provisions	**282**	**9**	**-133**	**-9**	**-3**	**146**

(*) including changes in exchange rates and scope of consolidation

Note 29 c - Credit risk on derivatives

	OECD governments and central banks	OECD financial institutions	Other counterparties	Total 31.12.06	Total 31.12.05
Non-weighted CRE before netting and collateralization agreements	10,737	59,335	12,191	82,263	73,421
Of which positive net replacement cost	*5,587*	*6,405*	*3,624*	*15,616*	*15,340*
Effect of netting agreements	-1,879	-45,764	-5,247	-52,890	-45,050
Effect of collaterization	-47	-2,817	-516	-3,380	-4,270
Non-weighted CRE after netting and collateralization agreements	8,811	10,754	6,428	25,993	24,101
Weighted CRE after netting and collateralization agreements	0	2,151	3,214	5,365	5,213

Note 30 - Commitments

(millions of euros)	31.12.06	31.12.05
Commitments given		
Financing commitments		
to financial institutions	694	1,130
to customers	17,106	15,636
Guarantee commitments		
to financial institutions	1,111	6,714
to customers	46,310	39,152
Commitments on securities		
securities to be delivered	4,292	1,918
Spot foreign-exchange transactions		
foreign currencies to be delivered	16,417	14,829
Commitments received		
Financing commitments		
from financial institutions	3,472	9,305
from customers	205	59
Guarantee commitments		
from financial institutions	10,980	9,859
from customers	373	375
Commitments on securities		
securities to be received	3,552	1,734
Spot foreign-exchange transactions		
foreign currencies to be received	16,918	14,779
Total commitments given/received	**121,430**	**115,490**

Note 31 - Information concerning related parties

Note 31 a - Relations with main directors and corporate officers

Compensation

(millions of euros)	31.12.06	31.12.05
Short-term benefits	4.7	3.7
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Equity compensation		
Total	**4.7**	**3.7**

The management report contains a detailed description of the compensation and benefits accorded to IXIS Corporate & Investment Bank's directors and corporate officers.

Note 31 b - Related entities

	31.12.06			31.12.05
(millions of euros)	Natixis Group	Caisse d'Epargne Group	Banques Populaires Group	Caisse d'Epargne Group
Loans	2,970	6,202	3,662	10,021
Other financial assets	189	1,907	212	731
Other assets	1	2,233	5	2,479
Total assets with related entities	**3,160**	**10,342**	**3,879**	**13,231**
Debts	3,460	15,007	2,723	7,927
Other financial liabilities	215	2,753	257	2,628
Other liabilities	17	115	20	330
Total liabilities with related entities	**3,692**	**17,875**	**3,000**	**10,885**
Interest and similar items	-100	-153	-62	-101
Fees and commissions	-10	-1	-15	0
Net result on financial transactions	-74	401	-61	-356
Net income fom other activities	1	0	0	7
Total NBI with related entities	**-183**	**247**	**-138**	**-450**
Commitments given	400	2,798	382	1,302
Commitments received	397	1,410	401	7,632
Commitments on derivatives	42,147	158,861	47,390	151,258
Total commitments with related entities	**42,944**	**163,069**	**48,173**	**160,192**

Note 32 - Sources and uses of funds by term to maturity

(millions of euros as at December 31, 2006)	< 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	> 5 years	Perpetual	Total
Cash, central banks, post-office banks	1							1
Financial assets at fair value through profit and loss	74,629	1,766	4,745	7,512	12,718	35,843		137,213
Hedging derivatives	25	23	20	21	58	131		278
Available-for-sale financial assets	440	72	416	488	1,593	1,067	503	4,579
Loans and receivables with financial institutions	39,397	8,088	16,380	957	2,192	7,064		74,078
Loans and receivables with customers	6,577	5,068	2,983	5,665	2,315	8,490	1	31,099
Valuation difference on portfolios hedged for interest-rate risk								0
Held-to-maturity financial assets								0
Financial assets by maturity	**121,069**	**15,017**	**24,544**	**14,643**	**18,876**	**52,595**	**504**	**247,248**
Central banks, post-office banks								0
Financial liabilities at fair value through profit and loss	69,566	2,404	6,108	5,008	14,065	24,181		121,332
Hedging derivatives	67	1	2	4	12	22		108
Debts and payables with financial institutions	53,604	13,224	17,377	467	2,861	5,481		93,014
Debts and payables with customers	10,883	3,977	1,710	1,886	2,381	4,731		25,568
Debt securities	3,175	2,692	326	620		282		7,095
Subordinated debt	63				250	1,689		2,002
Valuation difference on portfolios hedged for interest-rate risk	34							34
Financial liabilities by maturity	**137,392**	**22,298**	**25,523**	**7,985**	**19,569**	**36,386**	**0**	**249,153**

Note 33 - Net foreign currency positions

	31.12.06			
(millions of euros)	Assets	Liabilities	Currencies to be received	Currencies to be delivered
EUR	181,686	167,850	5,154	6,635
USD	57,557	58,906	7,311	6,330
GBP	8,085	9,148	1,665	510
JPY	604	488	1,645	1,357
Other currencies	13,721	25,261	1,143	1,585
Total	**261,653**	**261,653**	**16,918**	**16,417**

Note 34 - Sector data - Consolidated income by business line

(millions of euros)	Financing	Fixed Income	Equities	Corporate and unallocated	Total Consolidated
Net banking income	**241**	**916**	**585**	**104**	**1,846**
Operating expenses	(85)	(407)	(266)	(360)	(1,118)
Gross operating income	**156**	**509**	**319**	**(256)**	**728**
Cost of risk	(5)	0	0	129	124
Operating income	**151**	**509**	**319**	**(127)**	**852**
Net income from subsidiaries and affiliates accounted for by the equity method			3		3
Net gains or losses on other assets					0
Pre-tax income	**151**	**509**	**322**	**(127)**	**855**
Income tax	(64)	(181)	(79)	38	(286)
Minority interests			(15)	19	4
Net income	**87**	**328**	**228**	**(70)**	**573**

Note 35 - Sector data

Note 35a - Sector data - Consolidated income by geographic region

(millions of euros)	Europe	USA	Asia	Rest of world	Total consolidated 31.12.06
Net banking income	**1,286**	**507**	**52**	**1**	**1,846**
Operating expenses	(759)	(317)	(42)	0	(1,118)
Gross operating income	**527**	**190**	**10**	**1**	**728**
Cost of risk	126	(2)	0	0	124
Operating income	**653**	**188**	**10**	**1**	**852**
Net income from subsidiaries and affiliates accounted for by the equity method	3	0	0	0	3
Net gains or losses on other assets	0	0	0	0	0
Pre-tax income	**656**	**188**	**10**	**1**	**855**
Income tax	(203)	(80)	(3)	0	(286)
Minority interests	0	4	0	0	4
Net income	**453**	**112**	**7**	**1**	**573**

Note 35b - Consolidated balance sheet by geographic region

(millions of euros)	Europe	USA	Asia	Rest of world	Total consolidated 31.12.06
Assets					
Cash, central banks and post-office banks	1	0	0	0	1
Financial assets at fair value through profit and loss	112,790	23,233	1,190	0	137,213
Hedging derivatives	27	251	0	0	278
Available-for-sale financial assets	4,448	131	0	0	4,579
Loans and receivables with financial institutions	67,826	5,974	278	0	74,078
Loans and receivables with customers	23,555	7,467	77	0	31,099
Current and deferred tax assets	194	123	-1	0	316
Accrued income and other assets	12,725	1,218	2	0	13,945
Investments in subsidiaries and affiliates accounted for by the equity method	0	0	0	0	0
Tangible fixed assets	47	38	0	0	85
Intangible fixed assets	18	4	0	0	22
Goodwill	37	0	0	0	37
Total assets	**221,668**	**38,439**	**1,546**	**0**	**261,653**
Liabilities					
Financial liabilities at fair value through profit and loss	111,309	6,151	1,157	2,715	121,332
Hedging derivatives	61	46	0	1	108
Debts and payables with financial institutions	81,645	11,153	216	0	93,014
Debts and payables with customers	13,454	12,088	26	0	25,568
Debt securities	881	6,214	0	0	7,095
Valuation difference on portfolios hedged for interest-rate risk	0	34	0	0	34
Current and deferred tax liabilities	13	53	0	0	66
Accrued expenses and other liabilities	6,217	1,613	122	2	7,954
Technical reserves on insurance policies	6	0	0	0	6
Provisions for contingencies and losses	103	26	1	0	130
Subordinated debt	2,002	0	0	0	2,002
Shareholders' equity					
Capital and associated reserves	*2,903*	*0*	*0*	*0*	*2,903*
Consolidated reserves	*668*	*-60*	*-4*	*0*	*604*
Net income for the period	*453*	*112*	*7*	*1*	*573*
Total capital, consolidated reserves and net income for the period (attributable to Group)	4,024	52	3	1	4,080
Unrealized or deferred gains/losses	170	15	0	0	185
Total attributable to Group	**4,194**	**67**	**3**	**1**	**4,265**
Minority interests	1	78	0	0	79
Total consolidated equity	**4,195**	**145**	**3**	**1**	**4,344**
Total liabilities	**219,886**	**37,523**	**1,525**	**2,719**	**261,653**

Note 36 - IXIS Corporate & Investment Bank scope of consolidation as at December 31, 2006

COMPANY	Country	Method[1]	% Control 31.12.06	% Interest 31.12.06	% Control 31.12.05	% Interest 2005
IXIS CORPORATE & INVESTMENT BANK	**France**	**PAR**	**-**	**-**	**-**	**-**
Branches:						
Frankfurt						
London						
Tokyo						
Milan						
Madrid						
IXIS SECURITIES	France	FULL	100.00%	100.00%	100.00%	100.00%
CLEA2	France	FULL	100.00%	100.00%	100.00%	100.00%
ICMOS Pangaea	Ireland	-	-	-	100.00%	100.00%
IXIS SP S.A. - Compartiment Prévie	Luxembourg	FULL	100.00%	100.00%	100.00%	100.00%
SNC TOLBIAC FINANCE	**France**	**FULL**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
IXIS ENVIRONNEMENT & INFRASTRUCTURES	**France**	**FULL**	**100.00%**	**100.00%**		**-**
NATIXIS INNOV	France	FULL	100.00%	100.00%	100.00%	100.00%
IXIS LUXEMBOURG INVESTISSEMENTS	Luxembourg	FULL	100.00%	100.00%	100.00%	100.00%
NATIXIS BELGIQUE INVESTISSEMENTS	**Belgium**	**FULL**	**100.00%**	**100.00%**		**-**
FILI SA	**Luxembourg**	**FULL**	**100.00%**	**100.00%**		**-**
IXIS STRUCTURED PRODUCTS LTD	Jersey	FULL	100.00%	100.00%	100.00%	100.00%
IXIS FINANCIAL INSTRUMENTS LTD	Cayman Islands	-	-	-	100.00%	100.00%
NATIXIS ASIA LTD	Hong Kong	FULL	100.00%	100.00%	100.00%	100.00%
IXIS ALTERNATIVE HOLDING LIMITED	**UK**	**FULL**	**100.00%**	**100.00%**		
IXIS ALTERNATIVE INVESTMENTS LIMITED	**UK**	**FULL**	**100.00%**	**100.00%**	**-**	**-**
NEXGEN SUB-GROUP						
NEXGEN FINANCIAL HOLDINGS Ltd	Ireland	FULL	100.00%	100.00%	38.70%	38.70%
NEXGEN RE Ltd	Ireland	FULL	100.00%	100.00%	38.70%	38.70%
UNIVERSE HOLDINGS Ltd	Cayman Islands	FULL	100.00%	100.00%	38.70%	38.70%
NEXGEN MAURITIUS Ltd	Maurice Islands	FULL	100.00%	100.00%	38.70%	38.70%
NEXGEN CAPITAL Ltd	Ireland	FULL	100.00%	100.00%	38.70%	38.70%
NEXGEN FINANCIAL SOLUTIONS Ltd	Ireland	FULL	100.00%	100.00%	38.70%	38.70%
NEXGEN FINANCIAL SOLUTIONS (ASIA) Pte Ltd	Singapore	FULL	100.00%	100.00%	38.70%	38.70%
MANGO CDO Ltd	Jersey	FULL	100.00%	100.00%	38.70%	38.70%
LIME CDO Ltd	Jersey	FULL	100.00%	100.00%	38.70%	38.70%
LIME 2 CDO Ltd	Jersey	-	-	-	38.70%	38.70%
PAPAYA CDO Ltd	Jersey	-	-	-	38.70%	38.70%
PAPAYA 2 CDO Ltd	Jersey	-	-	-	38.70%	38.70%
GUAVA CDO Ltd	Jersey	FULL	100.00%	100.00%	38.70%	38.70%
IXIS CAPITAL MARKETS SUB-GROUP						
IXIS NORTH AMERICA INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS INVESTMENT MANAGEMENT CORP.	USA	FULL	100.00%	98.67%	100.00%	98.67%
IXIS CAPITAL MARKETS NORTH AMERICA SUB-GROUP						
IXIS CAPITAL MARKETS NORTH AMERICA INC	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS FUNDING CORP.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS COMMERCIAL PAPER CORP.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS SECURITIES NORTH AMERICA INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS FINANCIAL PRODUCTS INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS DERIVATIVES INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%

COMPANY	Country	Method[1]	% Control 31.12.06	% Interest 31.12.06	% Control 31.12.05	% Interest 2005
IXIS REAL ESTATE CAPITAL INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS SECURITIZATION CORP.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS CAPITAL ARRANGER CORP.	USA	FULL	100.00%	100.00%	100.00%	100.00%
CDC HOLDING TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS STRATEGIC INVESTMENTS CORP.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS LOAN FUNDING I LLC	USA	FULL	100.00%	100.00%	100.00%	100.00%
BEDFORD OLIVER FUNDING LLC	USA	FULL	100.00%	100.00%	100.00%	100.00%
BLOOM ASSET HOLDINGS FUND PLC	Ireland	FULL	100.00%	100.00%	100.00%	100.00%
IXIS HAWAI SPECIAL MEMBER LLC	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
MASTER FINANCIAL INC.	**USA**	**FULL**	**90.00%**	**0.00%**	-	-
ROSE MORTGAGE INC.	**USA**	**FULL**	**49.00%**	**0.00%**	-	-
IXIS ASSET FINANCE INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS PARTICIPATIONS HOLDING INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS PARTICIPATIONS N°1 INC.	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS CMNA INTERNATIONAL HOLDINGS INC.	**USA**	**FULL**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
IXIS CMNA ACCEPTANCES LLC	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS CMNA INTERNATIONAL PARTICIPATIONS (N°1) LLC	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS CMNA IP ASSETS HOLDINGS (LUXEMBOURG) SCA	Luxembourg	FULL	100.00%	100.00%	100.00%	100.00%
IXIS CMNA (Australia) HOLDINGS INC.	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) PARTICIPATIONS (N°1) INC.	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) ACCEPTANCES (N°1) INC.	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) FUNDING (N°1) PTY LTD.	**Australia**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) HOLDINGS (N°2) INC.	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) PARTICIPATIONS (N°2) INC.	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) ACCEPTANCES (N°2) INC.	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) FUNDING (N°2) PTY LTD.	**Australia**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) (No. 2) LLC	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
IXIS CMNA (Australia) (No. 2) SCA	**Luxembourg**	**FULL**	**100.00%**	**100.00%**	-	-
PAR FUND GP LLC	**USA**	**FULL**	**100.00%**	**100.00%**	-	-
PARALLEL ABSOLUTE RETURN MASTER FUND LP	**Cayman Islands**	**FULL**	**74.88%**	**74.88%**	-	-
PARALLEL ABSOLUTE RETURN FUND LP	**USA**	**FULL**	**94.06%**	**94.06%**	-	-
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-1 TRUST	**USA**	**FULL**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-2 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-3 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-4 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-5 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-6 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-7 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-8 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-9 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2004-10 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-1 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-2 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-3 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-5 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-6 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-7 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-8 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-9 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-10 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-11 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-12 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-13 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%

COMPANY	Country	Method[1]	% Control 31.12.06	% Interest 31.12.06	% Control 31.12.05	% Interest 2005
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-14 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-15 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-16 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-17 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-18 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-19 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-20 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-21 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-22 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-23 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-24 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-25 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-26 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-27 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-28 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%
IXIS MUNICIPAL PRODUCTS INC. SARATOGA SERIES 2005-29 TRUST	USA	FULL	100.00%	100.00%	100.00%	100.00%

(1) Consolidation methods - PAR: Parent company, FULL: Fully consolidated, PROP: Proportionally consolidated, EQUI: Accounted for by the equity method

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2006

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and 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 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
75013 Paris

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, 2006.

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. These financial statements have been prepared for the first time in accordance with IFRSs as adopted by the EU. They include comparative information restated in accordance with the same standards in respect of financial year 2005.

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 presentation of the financial statements. 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 IFRS rules as adopted in the European Union.

II - Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

The provisioning of credit risks and the valuation of financial instruments are areas that entail significant accounting estimates.

> As indicated in notes 4.6 and 4.7 relating to the valuation rules and presentation employed in preparing the consolidated financial statements, the Group records provisions to cover the financing and guarantee commitments it issues as well as impairment provisions for the credit risks inherent to its business. We examined the control procedures implemented by management for monitoring credit risks and assessing the risks of non-recovery as well as the coverage of such risks by provisions on an individual or portfolio basis;

> As indicated in note 4.4 relating to the valuation rules and accounting principles employed in preparing the consolidated financial statements, the Group uses internal models to value its positions on financial instruments not traded on active markets. We examined the control procedures implemented by management for verifying these models and for 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 relating to the Group in the Management Report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, April 20, 2007.

The Statutory Auditors

PricewaterhouseCoopers Audit

Patrice Morot

Mazars & Guérard

Michel Barbet-Massin

Charles de Boisriou

Equities

Financing

Capital markets

Research

IXIS CORPORATE
& INVESTMENT BANK

PARENT COMPANY FINANCIAL STATEMENTS (EXTRACTS)

Credit

Structuring

Fixed income

This chapter contains the most significant extracts from IXIS Corporate & Investment Bank's 2006 parent company financial statements

The full 2006 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.

CONTENTS

Balance sheet of IXIS Corporate & Investment Bank S.A.

Assets

(millions of euros)	Notes	31.12.06	31.12.05	31.12.04
Interbank and money market transactions				
Cash, central banks and post-office banks		1	-	-
Treasury bills and money-market instruments		23,106	21,311	9,729
Due from financial institutions		71,483	70,052	79,640
Customer transactions				
Commercial loans		-	59	531
Other credits to customers		34,683	23,288	21,607
Bonds, equities, other fixed- and variable-income securities				
Bonds and other fixed-income instruments		41,782	37,340	39,563
Equities and other variable-income securities		20,938	14,984	11,941
Investments in subsidiaries, affiliates and other long-term securities	1	1,879	1,306	583
Tangible and intangible fixed assets		65	66	68
Accrued income and other assets		28,607	24,083	16,311
Total		**222,544**	**192,489**	**179,973**

Liabilities

(millions of euros)	Notes	31.12.06	31.12.05	31.12.04
Interbank and money-market transactions				
Due to financial institutions		88,149	60,617	65,969
Customer transactions				
Current account deposits		-	-	-
Other amounts due to customers		16,777	17,101	20,567
Debt securities				
Interbank and money-market instruments		37,779	36,482	34,704
Bonds and similar debt instruments		6,974	7,794	7,163
Accrued expenses and other liabilities		66,583	64,123	45,409
Provisions		171	296	303
Subordinated debt		2,564	2,581	2,540
Fund for general banking risks (FGBR)		-	-	-
Shareholders' equity (excl. FGBR)	2	**3,547**	**3,494**	**3,318**
Common stock		1,909	1,909	1,909
Additional paid-in capital		994	994	994
Other reserves		222	222	217
Retained earnings		144	144	143
Interim dividends		(279)	(106)	(140)
Net income		556	331	195
Total		**222,544**	**192,489**	**179,973**

Off-balance sheet items of IXIS Corporate & Investment Bank S.A.

Off-balance sheet items

(millions of euros)	31.12.06	31.12.05	31.12.04
Commitments given			
Financing commitments			
to financial institutions	709	996	1,285
to customers	11,697	10,585	12,062
Guarantee commitments			
to financial institutions	1,111	6,714	5,967
to customers	13,611	8,468	9,415
Commitments on securities			
securities to be delivered	1,463	1,129	709
Commitments received			
Financing commitments			
from financial institutions	1,194	7,686	4,023
from customers	96	75	-
Guarantee commitments			
from financial institutions	2,433	2,471	2,269
from customers	373	375	314
Commitments on securities			
securities to be received	2,003	1,095	3,580
Other commitments			
Other commitments given	8,798	5,569	3,823
Other commitments received	6,784	22,356	18,354

Income statement of IXIS Corporate & Investment Bank S.A.

Income statement

(millions of euros)	31.12.06	31.12.05	31.12.04
Interest and similar income			
From treasury and interbank transactions	4,616	2,641	1,231
From customer transactions	1,298	708	341
From bonds and other fixed-income securities	1,112	1,070	300
Other interest and similar income	469	37	418
Interest and similar expenses			
From treasury and interbank transactions	(4,978)	(2,229)	(1,591)
From customer transactions	(868)	(579)	(316)
From bonds and other fixed-income securities	(1,375)	(945)	(612)
Other interest and similar expenses	(48)	(109)	(352)
Income on equities and other variable-income securities	214	242	47
Fee and commission income	104	88	54
Fee and commission expenses	(112)	(49)	(76)
Net income on trading portfolios	1,098	548	1,581
Net income (expenses) on available-for-sale securities	(293)	(473)	(331)
Other net operating income (expenses)	6	6	(26)
Net banking income	**1,243**	**956**	**668**
Operating expenses			
Payroll expenses	(404)	(314)	(236)
Other administrative expenses	(282)	(224)	(184)
Intra-group transactions	29	33	24
Depreciation and impairment charges on tangible and intangible fixed assets	(19)	(19)	(16)
Gross operating income	**567**	**432**	**256**
Cost of risk	126	(21)	(6)
Operating income	**692**	**411**	**250**
Gains or losses on long-term investments	(4)	20	(2)
Ordinary income before tax	**689**	**431**	**249**
Extraordinary income	-	-	-
Income tax	(133)	(100)	(53)
Net changes in the fund for general banking risks	-	-	-
Net income	**556**	**331**	**195**
Net income per share (euros)[1] [2]	**4.44**	**2.64**	**4.24**

(1) IXIS Corporate & Investment Bank 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 presentation principles

1. Introduction

The annual parent company 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 parent company financial statements as at December 31, 2005, except for the points mentioned below.

2. Significant events during the period

2.1 Creation of Natixis

On June 6, 2006, Groupe Banque Populaire and Groupe Caisse d'Epargne signed a memorandum of understanding setting out the terms for the creation of a jointly-owned subsidiary, Natixis, combining their activities in the fields of corporate banking, investment banking and services.

As part of the process of setting up Natixis, CNCE transferred the following assets to Natexis Banques Populaires for the sum of €10.7 billion:

- all of its stakes in the following companies: Compagnie 1818, CACEIS, GCE Garanties, Gestitres, IXIS CIB, IXIS AM Group, CIFG, CEFI, GCE Affacturage, GCE Bail, Foncier Assurance (with the exception of the 40% held directly by Crédit Foncier) and GCE Financial Services (for €9.2 billion);
- some of the cooperative investment certificates (CICs) issued by the Caisses d'Epargne in 2004 (€1.5 billion).

The remainder of the CICs issued by the Caisses d'Epargne were sold to Groupe Banque Populaire for €3 billion and transferred to Natexis Banques Populaires in order to balance the percentages owned in Natexis Banques Populaires by the two Groups.

The partnership between the two shareholders in Natixis is sealed by an initial 15-year shareholders' agreement, tacitly renewable for successive 5-year periods, which includes a commitment by the two shareholders to keep their stakes stable for at least 10 years.

The creation of Natixis was formally ratified by the Natexis Banques Populaires Shareholders' Meeting of November 17, 2006. The resolutions approved by the Meeting permitted the adoption of new corporate statutes, the new registered company name and a new form of corporate governance, which involved setting up Executive and Supervisory Boards.

The market operation launched following the shareholders' meeting enabled Groupe Banque Populaire and Groupe Caisse d'Epargne to both reduce their stakes to 34.4% following the respective asset transfers.

As at December 2006, IXIS CIB's registered share capital was fully owned by Natixis.

2.2 Acquisition of shares in Nexgen Financial Holdings, Ltd.

On March 24, 2006, IXIS Corporate & Investment Bank acquired all the shares it did not already own in Nexgen Financial Holdings, Ltd., from its co-shareholders. This acquisition enabled it to become the sole shareholder in Nexgen.

2.3 New branch in Spain

IXIS CIB continued to expand its international operations by opening a branch in Madrid, which was registered with the Spanish authorities on July 1, 2006.

3. Changes in accounting regulations

The following changes in accounting methods and account presentation have been applied relative to the previous year:

- IXIS CIB applied in advance French Accounting Committee rule CRC n° 2005-01 concerning the method of accounting for securities transactions, as from January 1, 2006. This rule notably amends French Banking Commission rule CRB n° 90-01 and the appendix to CRC rule n° 2000-03 relating to parent company financial statements, and is aimed at achieving convergence between certain clauses contained in these rules with those of IAS 39, notably those relating to trading and held-to-maturity securities;
- IXIS CIB adopted the following CRC rules on January 1, 2006:
  - CRC n° 2005-03 of November 3, 2005, which amended CRC n° 2002-03 of December 12, 2002, concerning credit risk accounting.
  - CRC n° 2005-04 of November 3, 2005, which amended CRC n° 2000-03 concerning parent company financial statements.

IXIS Corporate & Investment Bank opted to maintain the current rules regarding the methods of accounting and provisioning for interest on doubtful loans in its parent company accounts.

The application of these changes in accounting methods had no impact on equity capital in the 2006 opening balance sheet nor on 2006 income.

4. Accounting principles and valuation methods

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 4.11).

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 Customer loans

Customer loans are recorded in the balance sheet at their nominal value. Loans that have been granted and signed, but which have yet to be released, are recorded off-balance sheet in the "Financing commitments" category. A distinction is made between performing loans and doubtful loans (see section 4.11 concerning the treatment of credit risk).

4.4 Securities transactions

Securities are valued in accordance with the regulations defined in CRBF regulation 90-01, as amended by CRC regulations 2000-02 and 2005-01.

The provisions of CRC regulation 2002-03 concerning the accounting treatment of credit risk (see section 4.11 below), also 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 via an impairment.

Trading securities

Trading securities comprise all variable and fixed-income securities that are:

- either purchased or sold with the intention at the outset of being resold or repurchased in the short term;
- either held by IXIS CIB in its role of market maker, provided that the stock of securities is subject to effective rotation and that the volume of transactions is significant relative to market opportunities;
- either purchased or sold within the framework of a specialized management strategy geared to hedging instruments recognized at market value.

At the time of acquisition, the securities are recorded at acquisition price. At each period-end, they are valued at their market value for the most recent day. The overall balance of valuation differences is taken to the income statement.

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.

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 yield-to-maturity method over the residual life of the security. At period-end, the securities are valued at their closing price. An impairment 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. Impairments are recognized 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. Impairments are recognized for 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 specific impairment.

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.

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 yield-to-maturity 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.

Held-to-maturity securities are recorded at the date of purchase for their purchase price, excluding costs. The difference between purchase price and redemption price is apportioned over the residual life of the security.

At period-end, any unrealized losses do not automatically trigger an impairment, 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.

4.5 Futures and options

IXIS CIB performs transactions using the entire spectrum of financial futures instruments on fixed-income, foreign-exchange and equity markets. These interventions are undertaken in order to hedge transactions or as part of 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 4.11 below).

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

Fixed-income and currency swaps

In accordance with CRBF regulation No. 90-15 (as amended by CRC regulation 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 relating to 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 4.6).

4.6 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 internal 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.

4.7 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.

4.8 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 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. A provision is booked when the overall market value of a complex transaction is negative;

> 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.

4.9 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, respectively.

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

> transactions carried out for hedging purposes are valued in the same way as the hedged item;

> the results of isolated open position transactions which are executed in the context of a long-term holding, are valued 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 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,
- recognizing an impairment or provision where appropriate.

4.10 Provisions

This heading includes:

> Provisions in respect of staff-related commitments (retirement indemnities, “long-service medals”, etc.);

> Provisions not linked to banking transactions and which are set aside according 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;

- Provisions for country risks, determined by reference to IXIS CIB's risk exposure to the countries concerned or to borrowers in these countries. The criteria used are based generally on an evaluation of the country's economic, financial and socio-political situation. These provisions are calculated globally with provisions for general risks and are identified in the accounts based on the amount deductible from income tax.

4.11 Credit risk

Since January 1, 2003, credit risk has been accounted for in accordance with CRC rule 2002-03 of December 12, 2002, concerning the treatment of credit risk, and which has subsequently been amended by CRC rules 2005-03 and 2005-04.

Doubtful receivables are receivables of any kind, that may or may not be accompanied by guarantees, and which present proven credit risk corresponding to one of the following situations:

- one or more missed payments have existed for at least three months (six months for sums receivable from homebuyers and real-estate lease holders, and nine months for sums receivable from local government counterparties) ;
- the counterparty's situation is such that a proven risk can be deemed to exist, irrespective of the existence of any missed payments;
- dispute procedures exist between the Bank and the counterparty.

In the event that a loan (or loans) to a given counterparty is (are) classified as doubtful, in line with the contagion principle, all other loans and commitments relating to that counterparty are also classified as doubtful. IXIS CIB makes a distinction between impaired doubtful receivables and non-impaired doubtful receivables as follows:

- impaired doubtful receivables are doubtful receivables for which the prospects of recovery have greatly deteriorated and for which recognition in loss is envisaged;
- Non-impaired doubtful receivables are doubtful receivables to which the definition of impaired doubtful receivables does not apply.

This 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 reclassified as doubtful once credit risk is proven on the counterparty. Doubtful receivables are subject to impairment 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.

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

4.12 Long-term equity investments and subsidiaries

Long-term equity investments are securities whose long-term ownership is deemed to be useful for the Bank's business, notably by allowing the Bank to exert influence on, or exercise control over, the company that issued the security.

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. Impairments are recognized in the event of a permanent loss of value.

4.13 Foreign branches

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

4.14 Fixed assets

Since fiscal year 2005, IXIS CIB has applied CRC rule 2002-10 of December 12, 2002, relating to the amortization and depreciation of assets and CRC rule 2004-06 of November 23, 2004, concerning the definition, accounting treatment and valuation of 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 as follows:

Components	Depreciation/amortization term	Method
Software and IT projects	3 years	straight-line
Fixtures and fittings	5-10 years	straight-line
Office furniture and equipment	3-5 years	straight-line
IT hardware	3 years	straight-line

4.15 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.

4.16 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.

4.17 Social liabilities and pension commitments

IXIS CIB applies French National Accounting Council (CNC) recommendation n°2003-R-01 of April 1, 2003, concerning the treatment and valuation of pension commitments and similar employee benefits. In accordance with this recommendation, the Bank provisions for pension commitments and similar employee benefits relating to defined-benefit schemes.

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 personnel, the mortality rate, the probability of personnel remaining in service within 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.

4.18 Exceptional result

This line item represents the balance of expenses and income arising from transactions not forming part of IXIS CIB's recurrent activities.

4.19 Income tax

Tax expense for the fiscal year equates to the tax payable according to the French standard tax rate of 34.43% and the rates prevailing locally for foreign subsidiaries.

Note 1a: Investments in subsidiaries, affiliates and other long-term securities

(millions of euros)	31.12.06 Book value of securities	Advances	Impairments	Net book value	Share of equity %	31.12.05 Book value of securities	Advances	Impairments	Net book value	Share of equity %	31.12.04 Book value of securities	Share of equity %
Companies in which IXIS Corporate & Investment Bank holds a significant net investment												
IXIS North America	413	-	-	413	100%	413	-	-	413	100%	413	100%
SNC Tolbiac Finance	328	-	-	328	100%	225	-	-	225	100%	-	-
IXIS CMNA International Inc.	281	-	-	281	21%	301	-	-	301	21%	-	-
Nexgen	230	-	-	230	38%	93	-	-	93	38%	93	38%
IXIS Innov	150	-	-	150	100%	-	-	-	-	-	-	-
ICMNA Australia Holding Inc - Macquarie	144	-	-	144	23%	-	-	-	-	-	-	-
ESU LAZARD Ltd (*)	114	-	-	114	34%	127	-	-	127	34%	-	-
ICMNA Australia Holding Inc - St Georges	78	-	-	78	3%	-	-	-	-	-	-	-
LAZARD Ltd* (1)	38	-	-	38	2%	42	-	-	42	2%	-	-
NATIXIS Asia limited	21	-	-	21	100%	12	-	-	12	100%	3	100%
IXIS Securities	19	-	-	19	100%	19	-	-	19	100%	19	100%
IXIS Corporate & Investment Bank Participations n°1	13	-	-	13	100%	-	-	-	-	-	-	-
Fidepp FCPR	8	-	(4)	5	30%	-	-	-	-	-	-	-
Cepar 1	7	-	-	7	57%	7	-	-	7	57%	7	57%
Fideme	6	-	-	6	21%	5	-	-	5	21%	4	14%
M5 (AKA)	4	-	-	4	NA	4	-	-	4	NA	4	NA
Captiva	4	-	-	4	100%	9	-	-	9	100%	5	100%
Informatique CDC	-	16	-	16	NA	-	16	-	16	NA	-	-
Other investments in non-consolidated securities	6	1	(0)	6	-	17	17	(1)	33	-	18	-
Advances on other non-consolidated securities												
Total investments in subsidiaries, affiliates and long-term securities	**1,866**	**17**	**(4)**	**1,879**	**-**	**1,274**	**33**	**(1)**	**1,307**	**-**	**566**	**-**
* Including listed securities(2)	152	-	-	152	-	169	-	-	169	-	12	-

(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 €259.5 million as at December 31, 2006.

Note 1b: Table of subsidiaries and affiliates

A) Subsidiaries (equity ownership exceeding 50%) and affiliates (equity ownership of 10-50%) whose book value exceeds 1% of IXIS Corporate & Investment Bank's capital

	Millions of currency					Millions of euros				
(millions of euros)	Currency denomi-nation	Registered share capital	Share-holders' equity other than capital	Net income for most recent fiscal year	Equity interest %	Gross value of shares owned	Net value of shares owned	Dividends received during fiscal year	Loans and advances granted (1)	NBI or sales (ex-tax) for most recent fiscal year
IXIS North America	USD	0	213	124	100%	413	413	87		637
SNC Tolbiac Finance(2)	EUR	328	-	14	100%	328	328	8		14
IXIS CMNA International Inc.	USD	1,761	-61	62	21%	281	281	10		96
NEXGEN	EUR	100	15	75	100%	230	230	67	67	138
IXIS Innov	EUR	150	-13	0	100%	150	150			-8
IXIS CMNA Australia Holding Inc. - Macquarie	USD	870	183	47	23%	144	144	5		73
IXIS CMNA Australia Holding Inc. - St Georges	USD	472	99	13	3%	78	78	3		20
NATIXIS Asia Limited	HKD	200	-38	-64	100%	21	21			55
IXIS Securities	EUR	2	21	1	100%	19	19	1		55
Total						**1,665**	**1,665**	**181**	**67**	**1,080**

(1) This item does not include loans granted as part of recurrent banking activity.

(2) All of SNC Tolbiac Finance's net income in 2006 was allocated to IXIS Corporate & Investment Bank's accounts.

B) Subsidiaries and affiliates with book value not exceeding 1% of IXIS Corporate & Investment Bank's capital

(millions of euros)	Gross value of shares owned	Net value of shares owned	Dividends received during fiscal year
Subsidiaries not covered by paragraph A			
FRENCH COMPANIES	0	0	0
NON-FRENCH COMPANIES	14	14	0
Affiliates not covered by paragraph A			
FRENCH COMPANIES	38	34	0
NON-FRENCH COMPANIES	165	165	23

Note 2- Changes in FGBR and shareholders' equity

(millions of euros)	Fund for general banking risks	Capital[1]	Additional paid-capital	Retained earnings	Legal reserve	Other reserves	Interim dividend[2]	Net income[3]	Share-holders' equity (excl. FGBR)	Total share-holders equity'
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**
Appropriation of 2005 net income				225			106	(331)	**0**	**0**
2006 dividend in respect of 2005 net income				(224)					**(224)**	**(224)**
Other changes							(279)		**(279)**	**(279)**
2006 net income								556	**556**	**556**
Shareholders' equity as at December 31, 2006	**-**	**1,909**	**994**	**144**	**191**	**31**	**(279)**	**556**	**3,547**	**3,547**

(1) Share capital comprises 125,207,265 shares with nominal value of €15.25 and representing total capital of €1,909,410,791.25.

(2) The Company paid an interim dividend of €279m in 2006.

(3) Income after tax, employee profit-sharing and depreciation, amortization and provisions amounts to €4.44 per share.

Table of results for the last five years

Description of item *(Euros)*	2002	2003	2004	2005	2006
Capital at year-end					
Registered capital	457,500,000	457,500,000	1,909,410,791	1,909,410,791	1,909,410,791
Number of ordinary shares outstanding	30,000,000	30,000,000	125,207,265	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)	471,909,637	601,379,604	668,169,425	955,836,287	1,243,476,268
Income before tax, profit sharing, depreciation/amortization and provisions	181,929,851	261,791,881	280,550,769	402,126,694	561,717,948
Income tax	48,179,877	72,038,563	52,785,754	100,390,471	133,053,746
Income after tax, profit sharing, depreciation/amortization and provisions	90,614,206	87,841,485	195,215,034	330,620,581	556,379,776
Dividends distributed	0	46,500,000	189,290,338	330,121,004	555,857,986
Data per share					
Income after tax and profit sharing, but before depreciation/amortization and provisions	4.41	6.06	4.77	2.30	3,36
Income after tax, profit sharing depreciation/amortization and provisions	3.02	2.93	4.24	2.64	4,44
Dividend per share	0.00	1.55	1.51	2.64	4,44
Staff					
Average employees during the year	817	812	934	1,294	1,468
Total payroll for the year	114,389,908	118,892,818	159,852,274	208,823,750	271,319,035
Social charges (social security and social welfare projects, etc.)	32,854,968	38,772,046	51,702,203	67,128,835	87,111,746

Additional information

1. General information on the issuer

1.1 Corporate name and registered office

Corporate name:
IXIS Corporate & Investment Bank

Commercial name: Natixis

Registered office: 47, quai d'Austerlitz,
75648 Paris Cedex 13
Tel: (00-33) (0) 1 58 55 15 15

1.2 Legal form

Société anonyme (French limited corporation) with Executive and Supervisory Boards in accordance with article L.210-1 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:

- 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, 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
RCS: 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, dividends are levied as a priority on the year's distributable income.

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

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

1.8 Shareholders' Meetings

Shareholders' Meetings are convened in accordance with the law.

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

All shareholders have the right to attend meetings upon presentation of proof of identity, providing 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 incentive plan and profit sharing

Incentive plan

IXIS Corporate & Investment Bank's latest employee incentive plan was signed on

June 30, 2005 for a period of three years and is based on a single performance criterion, namely the Company's consolidated net income reported under IFRS.

The overall sum allocated to the incentive plan is calculated as a percentage of the overall payroll for the year.

This percentage depends on the degree to which objectives are achieved and varies within a range of 0 to 8.5%.

The amounts allocated within the scope of the incentive plan in respect of the last three fiscal years (and paid in the following fiscal years) are as follows:

- 2003: €5.361 million
- 2004: €5.832 million
- 2005: €9.220 million
- 2006: €11.0 million (provision)

Profit sharing

The latest Group profit-sharing agreement (IXIS Corporate & Investment Bank, IXIS Midcaps and IXIS Securities), was signed for an indefinite term on June 30, 2005 and applies a special formula for calculating the special reserve for 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 net income.

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

- €2.752 million in respect of fiscal 2003
- €2.274 million in respect of fiscal 2004
- €4.624 million in respect of fiscal 2005
- €8.18 million (Group provision) in respect of fiscal 2006.

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

3.1 Person responsible for the reference document

Dominique Ferrero
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 fiscal year 2005 presented in the reference document filed with the AMF on May 9, 2006 under the number D.06-0373 was certified with observations by the Statutory Auditors in a report appearing on pages 160-161 of the said document.

Paris, April 23, 2007
Dominique Ferrero

3.3. Information policy

Person responsible for information:
Bernard Migus
Tel.: (00-33) (0)1 58 55 17 01

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.

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, 2005, the Statutory Auditors' report on the said financial statements and the management report of IXIS Corporate & Investment Bank, appearing on pages 116-159, pages 160-161 and pages 16-113 of the reference document filed with the AMF on May 9, 2006, under the number D.06-0373;
- 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 26, 2005, under the number D.05-0547.

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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