



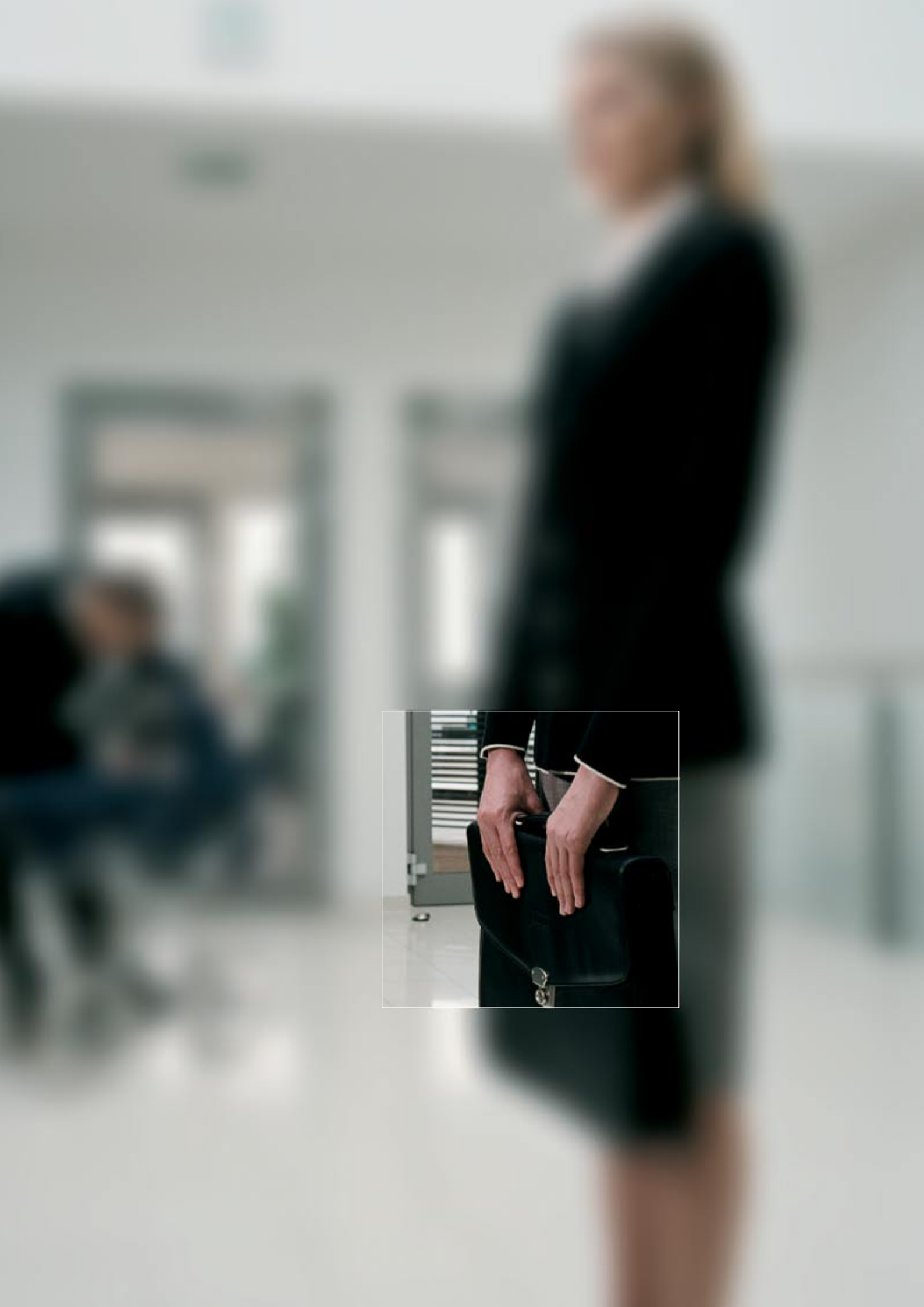
CMB

Compagnie Monégasque
de Banque

Annual Report

2006





Annual Report 2006

The financial statements in English are a faithful translation of the original French version but should not be considered as completely accurate due to the unavailability of English equivalents for certain French accounting terms. Consequently, the English section of this document is intended for general information only.



Board of Directors as of 11/05/2007

Chairman	Etienne Franzi
Vice-President	Aldo Civaschi
CEO	Edoardo Loewenthal
Directors	Raymond Barre, Former Prime Minister of France
	Antoine Bernheim, Chairman Assicurazioni Generali
	Gabriele Cavalli, Deputy Co-Director General Banca Esperia
	Thierry Manni, CEO Mécaplast
	Michel-Yves Mourou, Head of Department Princess Grace Hospital, Member of Crown Council
	Giampiero Pesenti, Chairman Italcementi
	Marco Piccinini, Company Director
	Alberto Rosati, Director Mediobanca
	Carlos Fitz-James Stuart, Company Director
	Daniel Terminet, Chairman of the Management Board of CCR, Commerzbank Group
	Francesco Saverio Vinci, Deputy General Manager Mediobanca
	Marco Vittorelli, Company Director

Executive Committee

Chairman	Etienne Franzi
	Edoardo Loewenthal
	Gabriele Cavalli
	Aldo Civaschi
	Alberto Rosati
	Daniel Terminet
	Francesco Saverio Vinci

Management Team

CEO	Edoardo Loewenthal
Deputy General Manager	Giorgio Muratorio

Statutory Auditors

André Garino
Roland Melan



Board of Directors' report to the 11 May 2007 annual shareholders' meeting

Total assets rose by almost 5% during the year 2006, from 2.0 billion euros to 2.1 billion euros.

This increase results mainly from the development of client deposits, while interbank activity was voluntarily reduced, with interbank deposits falling from €370 million in 2005 to €138 million in 2006. On the assets side, there was an intentional considerable increase in proprietary trading, which is more profitable than interbank transactions. The resulting position in securities mainly consists of very short-dated fixed-rate bonds issued by governments, international organisations or credit institutions. The majority are in euros, whilst the part which is very short-dated and quoted in USD remains entirely backed by client funds in the same currency.

Total client assets (deposits and securities) rose by 8%, benefiting from the assimilation of the clients from the ABN AMRO branch in December 2006. Assets managed on behalf of clients (mutual funds and private banking assets) increased at a more sustained pace, exceeding 42% of total assets as a result of seven new mutual funds, developed in collaboration with our subsidiary Compagnie Monégasque de Gestion, and the launch of structured products.

The growth of client assets is evidence of the reliability of CMB's business, as well as the loyalty of our clients and our asset management performance.

Client loans are secured by significant real collateral. The excellent quality of the loan portfolio as shown by allocations to provisions, limited to 0.01 million euros in 2006, reflects the Bank's strict lending policy. The balance of the cost of risk results from the waiver of debt granted to a subsidiary.

Ratios are far higher than the required minima. The European capital adequacy ratio amounted to 20.5%, compared to the 8% minimum required; similarly the liquidity ratio of 162%, against a minimum 100%. The BIS capital adequacy ratio of 256.2% is 2.5 times above the regulatory requirement.

Net banking income amounted to €82.5 million, up 16.8% on the previous year, giving a net income of €41.8 million (+24.8%). These results were mainly driven by the asset management business, as well as gains on transactions relating to the Bank's own positions, combined with strict control of general operating costs (+2% compared to 2005), together with a non-operating income of €2.7 million, generated in particular by the favourable settlement of a non-commercial dispute.

On this basis, the Board is proposing to appropriate the year's net income as follows:

Net income for 2006	41 850 747,45
Retained earnings	1 522,56
Total distributable earnings	41 852 270,01
Appropriated to the extraordinary reserve	41 850 000,00
Retained earnings	2 270,01
Total appropriations	41 852 270,01

This will increase total shareholders' equity to 295.17€ million.

During the year 2006, the following transactions covered by the provisions of article 23 of the Sovereign Order of 5 March 1895 were carried out:

- Normal banking transactions and reciprocal services with entities that have Directors in common with Compagnie Monégasque de Banque,
- Provision of rental services to CMB by Compagnie Monégasque Immobilière and Monoeci,
- Interest-bearing shareholders' loans to our property subsidiaries Moulins 700 and SMEF,
- Provision of administrative and data processing services by CMB to Compagnie Monégasque de Gestion and SMEF,
- Waiver of debt granted to SMEF.

Analysis of the consolidated balance sheet reveals the reclassification of equity interest as fixed assets totalling 48 million euros.

Consolidated income comes to 40.6 million euros, by virtue of the "neutralisation" of preliminary interest from our property company, Moulins 700.

The seven new mutual funds mentioned above and created in 2006 are:

Monaco Court Terme USD	- Management by fund – Money-market fund
Monaco Eco +	- Multi-currency fund specialising in investment in the securities of companies involved in the environment sector
Monaco Asie	- Multi-currency fund investing in listed Asian equities
Monaction Emerging Markets	- Multi-currency fund investing in securities for the emerging countries
Monaco Court Terme Alternatif	- Alternative fund of funds
Monaco Total Return USD	- Collective fund investing on the futures markets
Monaco Total Return EURO	- Collective fund investing on the futures markets

This brings the number of our funds or subfunds to 28.

To this we can add:

- The creation of a new total return management mandate, entitled Allocation Evolutive and
- The constitution of the mutual fund "Monaco Real Estate Fund", under Jersey law investing in property located in the Principality and on the Côte d'Azur.

As of 31 December 2006, CMB had a workforce of 145 persons against 136 as of 31 December 2005. The Board is very pleased with the Bank's performance over the past year and would like to express its sincere thanks to all employees and CMB's management team.

The Board of Directors



Statutory auditors' report

Dear Shareholders,

In accordance with article 25 of Law 408 of 20 January 1945 and the terms of our appointment at the Annual Shareholders' Meeting on 7 April 2006, we submit our report on the financial statements for the years ended 31 December 2006, 2007, 2008.

The financial statements and other corporate documents approved by the Board of Directors were made available for our audit on a timely basis.

• Total assets at 31 December 2006 amounted to	2 075 610 574,81€
• The income statement shows net income for the year of	41 850 747,45€

Our audit, which was designed to enable us to express an opinion on these financial statements, was performed in accordance with generally accepted auditing standards and the regulations governing the control over banking institutions. It included an examination of the transactions realized by the Company during 2006, the balance sheet at 31 December 2006, the statement of income for the year then ended and the related notes.

These documents were prepared in accordance with legal requirements and applying the same accepted accounting principles and methods as last year.

We examined the various components of assets and liabilities, together with the methods used for their valuation and the separate recognition of income and expenses. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material significant misstatements.

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 management.

In our opinion, the financial statements as of 31 December 2006 attached to this report and submitted for your approval give a true and fair view of the assets and liabilities of the Company at 31 December 2006 and the results of its operations for the twelve months then ended, and comply with legal requirements and generally accepted banking practices.

We also examined the financial information contained in the report of the Board of Directors, the proposed appropriation of net income for the year and compliance with the legal and statutory provisions governing the Company's operations. We have no observations to bring to your attention.

Monaco, 23 April 2007
THE STATUTORY AUDITORS
André Garino, Roland Melan





Statutory special auditors' report

Dear Shareholders,

In accordance with article 25 of Law 408 of 20 January 1945, we submit our report on the transactions governed by article 23 of Sovereign Order dated 5 March 1895, that were carried out during the year ended 31 December 2006, and on the Shareholders' Meetings held in that year.

Transactions governed by Article 23 of the Sovereign Order dated 5 March 1895

The provisions of this article apply to any undertaking or transaction involving successive services (supplies or work) of the same or a similar nature carried out with the company or on its behalf, in which a director of the company has a direct or indirect interest.

The transactions governed by this article and carried out during 2006 are described in the Board of Directors' special report. We have examined the information contained in this report and have no observations to bring to your attention.

Shareholders' Meetings held during the year

During the year, shareholders met:

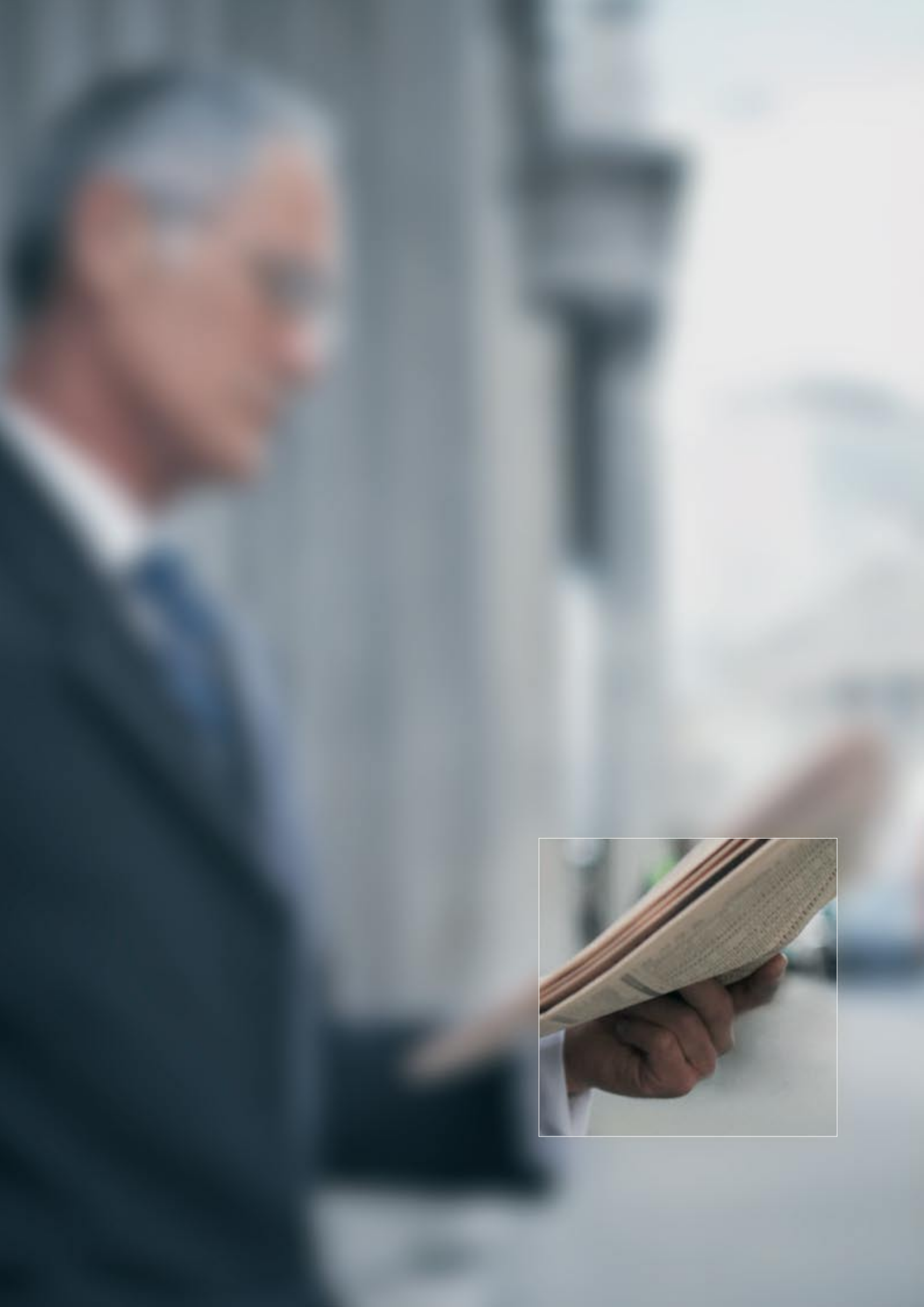
- at the Annual Shareholders' Meeting held on 7 April 2006 to approve the accounts for the year ended 31 December 2005.
- at the Extraordinary Annual Shareholders' Meeting held on the same day to amend Article 1 of the by-laws.

We verified that:

- the meeting had been called and conducted in compliance with all relevant legal and statutory requirements.
- the resolutions adopted at the meeting had been duly implemented.

We did not identify any irregularities.

Monaco, 23 April 2007
THE STATUTORY AUDITORS
André Garino, Roland Melan



Balance sheet as of 31 December 2006 and 2005 before appropriation of net income

In thousands of euros

Assets	2006	2005
Cash, Central Banks, Postal Accounts	38 556	28 778
Banks and other financial institutions	227 706	277 238
Customer loans	501 877	536 896
Bonds and other fixed income securities	799 252	901 300
Equities and other variable income securities	406 774	151 856
Participating interests and other long-term investments	19 504	18 758
Interests in related companies	59 527	58 027
Intangible assets	7 249	645
Property	4 362	4 115
Other assets	5 921	5 207
Accruals and other assets	4 883	4 571
Total assets	2 075 611	1 987 391
Liabilities		
Banks and other financial institutions	138 317	370 295
Customer accounts	1 610 307	1 331 311
Debts represented by one security	1 400	525
Other liabilities	19 996	18 975
Other accruals	9 658	12 219
Provisions for contingencies and charges	763	746
Capital stock	111 110	111 110
Additional paid-in capital	4 573	4 573
Reserves	137 635	104 102
Retained earnings	1	1
Net income for the period	41 851	33 534
Total liabilities	2 075 611	1 987 391
Commitments and contingencies		
Commitments given		
Confirmed lines of credit	25 161	24 003
Guarantees given	95 803	75 638
Commitments relating to securities transactions	18 270	17 672
Commitments received		
Confirmed lines of credit		
Guarantees given	16 206	28 099
Commitments relating to securities transactions	714	1 642

Income statement

In thousands of euros

	2006	2005
Banking income and expenses		
Interest income	62 575	41 052
Interest expenses	-50 558	-28 985
Income from variable income securities	11 107	10 006
Commission income	33 876	32 552
Commission expenses	-3 777	-3 984
Net gain (loss) on disposals of trading account securities	15 848	15 884
Net gain (loss) on disposals of securities held for sale	13 363	4 035
Other banking income	55	58
Other banking expenses	-34	-37
Net banking income	82 455	70 581
General operating expenses	-34 491	-33 785
Depreciation and other write-downs of fixed assets	-2 484	-1 099
Gross operating income	45 480	35 697
Movement in provisions on loans and off-balance sheet items	-7 162	-332
Operating income	38 318	35 365
Gains and releases of provisions on long-term investments	841	1 347
Income before tax and non-operating items	39 159	36 712
Non-operating income	2 692	-3 178
Net income	41 851	33 534

Statement of sources and application of funds

In thousands of euros

	2006	2005	Change	%
Interbank loans	266 262	306 016	-39 754	-12,99%
<i>Repayable on demand</i>	<i>176 308</i>	<i>92 514</i>	<i>83 794</i>	<i>90,57%</i>
<i>Time loans</i>	<i>89 954</i>	<i>213 502</i>	<i>-123 548</i>	<i>-57,87%</i>
Customer loans	501 877	536 896	-35 019	-6,52%
<i>Commercial loans</i>	<i>24 109</i>	<i>19 923</i>	<i>4 186</i>	<i>21,01%</i>
<i>Repayable on demand</i>	<i>224 327</i>	<i>341 760</i>	<i>-117 433</i>	<i>-34,36%</i>
<i>Other loans</i>	<i>253 441</i>	<i>175 213</i>	<i>78 228</i>	<i>44,65%</i>
Securities portfolio	1 206 026	1 053 156	152 870	14,52%
Total	1 974 165	1 896 068	78 097	4,12%
Interbank deposits	138 317	370 295	-231 978	-62,65%
<i>Repayable on demand</i>	<i>36 549</i>	<i>144 682</i>	<i>-108 133</i>	<i>-74,74%</i>
<i>Time deposits</i>	<i>101 768</i>	<i>225 613</i>	<i>-123 845</i>	<i>-54,89%</i>
Customer deposits	1 611 707	1 331 311	280 396	21,06%
<i>Repayable on demand</i>	<i>549 419</i>	<i>439 646</i>	<i>109 773</i>	<i>24,97%</i>
<i>Time deposits</i>	<i>1 055 826</i>	<i>886 820</i>	<i>169 006</i>	<i>19,06%</i>
<i>Special savings accounts</i>	<i>5 062</i>	<i>4 845</i>	<i>217</i>	<i>4,48%</i>
<i>Certificates of deposit</i>	<i>1 400</i>		<i>1 400</i>	
Total	1 750 024	1 701 606	48 418	2,85%

Consolidated statement of changes in shareholders' equity

In thousands of euros

	Capital stock	Additional paid-in capital	Reserves	Retained earnings	Income for the period	Total
Balance as of 31 December 2005	111 110	4 573	104 101	1	33 534	253 319
Appropriation of 2005 net income			33 534		-33 534	
2006 net income					41 851	41 851
Balance as of 31 December 2006	111 110	4 573	137 635	1	41 851	295 170
Appropriation of 2006 net income			41 850	1	-41 851	
Balance as of 31 December 2006 after appropriation	111 110	4 573	179 485	2		295 170



Notes to the financial statements for year ended 31 December 2006

1. Ownership structure

As of 31 December 2006, the Bank's capital stock totalled 111 110 000 million euros, represented by 555 550 shares of common stock with a par value of €200. The ownership structure at that date was as follows:

Mediobanca	99,997 %	with	555 535 shares
Board members	0,003 %	with	15 shares

2. Accounting principles

The financial statements have been prepared in accordance with generally accepted accounting principles applicable to banking institutions and with the rules prescribed by regulation 2000-03 of the Comité de la Réglementation Comptable dated 4 July 2000.

2.1 Provisions for non-performing loans

This item consists primarily of provisions for possible losses on customer loans. Provisions allocated to specific loans are deducted directly from the assets concerned according to the regulation 2002-03 of the Comité de la Réglementation Comptable dated 12 December 2002. The Bank closely monitors customer risks and regularly adjusts provisions as required.

2.2 Interest income and commissions

Interest income is recorded on an accruals basis.

Commissions are recorded on a cash basis, except commissions that represent interest, which are accounted for on an accruals basis.

Provision is made for past-due interest income whose recovery appears unlikely and is not included in net banking income.

2.3 Portfolio income

Portfolio income includes net income from disposals of bonds, equities and other portfolio securities.

Dividends are credited to income when received.

Income from bonds is accounted for on an accruals basis.

2.4 Gains and losses on currency transactions

Assets, liabilities, commitments and contingencies denominated in foreign currencies are converted into euros on the basis of year-end exchange rates.

Forward purchases, sales of foreign currency for hedging purposes are translated at the year-end exchange spot rate. The resulting exchange gains and losses are recorded in the income statement under "gains on financial transactions".

2.5 Interest rate and currency swaps

Swaps are treated as loans and borrowings in the same currency or in two different currencies.

The amounts received or paid under these contracts are recorded in the income statement on an accruals basis.

2.6 Securities transactions

Trading account securities

Trading account securities are securities acquired for a maximum of six months. They are marked to market at each period-end and any gains or losses are recognised in the income statement.

Securities held for sale

Securities held for sale represent securities acquired with the intention of being held for at least six months. They are stated at the lower of cost or market value.

Participating interests

Participating interests are stated at their historical cost. At the year-end the valuation of these securities is the lower of cost or fair value.

2.7 Asset management

Assets under management rose to €7.75 billion, up 8.00% on 2005, comprising €1.62 billion in customer deposits and €6.13 billion in securities held in custody on behalf of customers.

2.8 Provision for pension costs

Provisions for statutory retirement bonuses are managed by an insurance company. At 31 December 2006, the cumulative amount paid into the plan was €1.79 million.

2.9 Property and depreciation

Property is stated at cost and depreciated by the straight-line method over the estimated useful life of the assets.

2.10 Commitments and contingencies

Financial instruments included in off-balance sheet commitments have been acquired primarily as a hedge for interest rate risks. Gains and losses on these instruments are recognised in the income statement on an accruals basis. Gains and losses on currency options are recognised in the income statement on a cash basis.

2.11 Corporate taxes

In 2006, the Bank was not liable for corporate income tax.

3. Other information

3.1 Fixed assets

Fixed assets can be analysed as follows as of 31 December 2006 in thousands of euros:

	31/12/2005	Consolidated Fixed Assets in 2006 Additions net of disposal		Provisions for impairment	31/12/06
		Additions	Disposal		
At cost					
Intangible assets	4 786	314			5 100
Goodwill		8 000			8 000
Property	9 376	670	-429		9 617
Prepayments to suppliers	1 001	481	-31		1 451
Total fixed assets at cost	15 163	9 465	-460		24 168
Depreciation					
Intangible assets	-4 141	-210			-4 351
Property (net allowances)	-6 262	-774	330		-6 706
Provisions for impairment of intangible assets				-1 500	-1 500
Net value	4 760	8 481	-130		11 611

3.2 Investments in subsidiaries and participating interests

As of 31 December 2006, investments in subsidiaries and participating interests were as follows in thousands of euros:

	Capital stock	% interest	At cost	2006 net income	Shareholder provisions loans	Provisions	Net book value 31/12/06
C.M.I.	2 440	99,94%	2 438	366	17 791		20 229
C.M.G.	160	99,70%	152	11 568			152
S.M.E.F.	775	99,90%	762	49	250		1 012
MONOECI	2	99,00%	2	30	991		993
MOULINS 700*	160	99,90%		-18	37 142		37 142
MONACO TELECOM	1 688	6,00%	17 600				17 600
PROPERTY COMPANIES (SCIS)			63				63

*Indirect holdings

- CMI, Compagnie Monégasque Immobilière, is a property company (société civile immobilière) that owns the Bank's head office building and adjacent premises.
- la CMG, Compagnie Monégasque de Gestion S.A.M., manages 28 mutual funds, in compliance with local legislation.
- la SMEF, Société Monégasque des Etudes Financières S.A.M., is an organisation used by the Bank to carry out financial transactions and to supply corporate advisory services, particularly with respect to financing pleasure craft.
- MONOECI, is a property company (société civile immobilière) that owns the Bank's branch premises at 4, rue Grimaldi.
- MOULINS 700 S.A.M. owns the Bank's branch premises at 2, boulevard des Moulins.
- MONACO TELECOM, CMB has an investment of 6% in its capital stock.

3.3 Provisions for contingencies in thousands of euros

	Balance at 31 Dec. 2005	Allocations	Reversals	Uses	Change in provisions in foreign currency	Balance at 31 Dec. 2006	Loans at 31 Dec. 2006	% of coverage
Provisions for contingencies								
Public risks	736					736	736	100%
Private risks	2 085	1	-392	-184	-88	1 422	3 763	38%
Provisions for contingencies and charges	746	17				763		
Total	3 567	18	-392	-184	-88	2 921	4 499	

3.4 Trading account securities and securities held for sale in thousands of euros

	2006			2005		
	Held for sale	Tading account	Total	Held for sale	Tading account	Total
Bonds						
Governments	135		135	21 314	57	21 371
Central authorities	5 182		5 182	10 493	10	10 503
Multilateral development banks				4 783	855	5 638
Banks	568 047	108 784	676 831	856 199	3 251	859 450
Other financial institutions	29 761	26 500	56 261	3 216	1 122	4 338
Other non-financial institutions	45 094	15 749	60 843			
Sub-Total	648 219	151 033	799 252	896 005	5 295	901 300
Equities and Other						
Equities				23 673	628	24 301
Mutual funds	405 029	1 745	406 774	124 536	3 019	127 555
Sub-Total	405 029	1 745	406 774	148 209	3 647	151 856
Total	1 053 248	152 778	1 206 026	1 044 214	8 942	1 053 156
Of which provisions for impairment	-329			-2 108		
Of which provisions for contingencies	7 226			5 357		

3.5 Breakdown of balance sheet items at 31 December 2006 in thousands of euros

Assets	Foreign currencies	Euros	Total euro equivalent
Treasury and interbank transactions	117 132	149 130	266 262
Customer loans	48 081	453 796	501 877
Accruals and other assets		4 883	4 883
Other assets	66	5 855	5 921
Participating interests and portfolio securities	433 315	851 742	1 285 057
Property		11 611	11 611
Total	598 594	1 477 017	2 075 611
Liabilities			
Treasury and interbank transactions	30 329	107 988	138 317
Customer deposits	609 852	1 000 455	1 610 307
Accruals and other liabilities/provisions For contingencies and charges	8	10 413	10 421
Debts represented by one security		1 400	1 400
Other liabilities	177	19 819	19 996
Shareholders' equity		295 170	295 170
Total	640 366	1 435 245	2 075 611

3.6 Forward commitments in thousands of euros

	2006	2005
Currency transactions:		
<i>Foreign currencies receivable</i>	1 863 777	2 415 949
<i>Foreign currencies to be delivered</i>	1 854 315	2 417 939
Financial futures:		
<i>Interest rate options</i>	13 550	
<i>Currency options</i>		3 159

3.7 Securities due and receivable under delayed delivery transactions in thousands of euros

	Securities due	Securities receivable
Securities awaiting settlement	18 270	714
Total	18 270	714

3.8 Analysis of assets and liabilities by maturity in thousands of euros

Assets	Less or equal to 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years
Interbank loans and deposits	262 964	369		
Accrued interest	382			
Customer loans	256 388	48 826	119 019	71 776
Accrued interest	5 868			
Bonds	741 026	25 010	33 199	17
Total assets	1 266 628	74 205	152 218	71 793
Liabilities				
Interbank borrowings and deposits	119 956	10 750	7 000	
Accrued interest	611			
Customer deposits	1 587 099	18 072		
Accrued interest	5 136			
Debts represented by a security <i>Certificates of deposit</i>			1 400	
<i>Accrued interest</i>				
Total liabilities	1 712 802	28 822	7 000	

3.9 Accrued interest and other accruals included in balance sheet items in thousands of euros

Assets	2006	2005
Accrued interest	8 061	15 658
Interbank loans and deposits	382	336
Customer loans	5 868	4 826
Bonds and other fixed income securities	1 811	10 496
Other accruals	4 883	4 571
Commitments on financial futures	27	
Prepaid charges	362	366
Accrued income	3 271	2 442
Other accruals	1 223	1 763
Total	12 944	20 229
Liabilities		
Accrued interest	5 747	2 776
Interbank borrowings and deposits	611	225
Customer deposits	5 136	2 551
Other accruals	9 658	12 219
Commitments on financial futures	169	
Deferred income	439	35
Accrued charges	7 466	11 180
Other accruals	1 584	1 004
Total	15 405	14 995

3.10 Staff

	2006	2005
Managers	80	72
Supervisors	57	52
Clerical staff	8	12
Total	145	136

3.11 Analysis of income and expenses in thousands of euros

	Expenses	Income
Interest		
Interbank transactions	-12 453	4 987
Customer transactions	-38 105	21 439
Bonds and other fixed income securities		36 149
Sub-Total	-50 558	62 575
Income from variable securities		
Participating interests		11 107
Sub-Total		11 107
Commissions		
Customer transactions	-135	4 413
Securities transactions	-3 642	29 463
	-3 777	33 876
Trading account securities		
Currency transactions		7 883
Disposals of trading account securities		7 965
Sub-Total		15 848
Securities held for sale		
Gains		16 044
Releases of provisions		1 920
Losses	-4 272	
Allowances to provisions	-329	
Sub-Total	-4 601	17 964
General operating expenses		
Personnel costs	-21 141	
<i>Salaries</i>	-16 982	
<i>Benefits</i>	-4 159	
Administrative expenses	-13 350	
Sub-Total	-34 491	



Resolutions presented to the annual shareholders' meeting of 11 May 2007

First Resolution

The shareholders, having heard the reports of the Board of Directors and the Statutory Auditors, approve the balance sheet as of 31 December 2006 and the income statement for the year then ended, together with the transactions reflected in the financial statements.

Second Resolution

The shareholders discharge the Directors from any liability arising from the exercise of their functions during 2006, and definitively discharge the Directors who retired in 2006.

Third Resolution

The shareholders acknowledge that the Board of Directors has reported to them on transactions carried out in 2006 that are governed by the provisions of Article 23 of the Sovereign Order dated 5 March 1895. The shareholders approve these transactions.

Fourth Resolution

The shareholders authorise the Directors to enter into transactions encompassed by Article 23 of the Sovereign Order of 5 March 1895, subject to rendering account thereof to the Annual Shareholders' Meeting.

Fifth Resolution

The shareholders approve the appropriation of net income proposed by the Board of Directors:

Net income for 2006	41 850 747,45
Retained earnings as of 31 December 2006	1 522,56
Total available for appropriation	41 852 270,01
Appropriation to the ordinary reserve	41 850 000,00
Appropriation to retained earnings	2 270,01
Total appropriated	41 852 270,01

Sixth Resolution

The shareholders resolve to set the Statutory Auditors' remuneration in accordance with the current fee scales.

Balance sheet as of 31 December 2006 and 2005 after appropriation of net income

In thousands of euros

Assets	2006	2005
Cash, Central Bank, Postal Accounts	38 556	28 778
Banks and other financial institutions	227 706	277 238
Customer loans	501 877	536 896
Bonds and other fixed income securities	799 252	901 300
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Accruals and other liabilities	9 658	12 219
Provisions for contingencies and charges	763	746
Capital stock	111 110	111 110
Additional paid-in capital	4 573	4 573
Reserves	179 485	137 635
Retained earnings	2	2
Total liabilities	2 075 611	1 987 391
Commitments and contingencies		
Commitments given		
Confirmed lines of credit	25 161	24 003
Guarantees given	95 803	75 638
Commitments relating to securities transactions	18 270	17 672
Commitments received		
Guarantees	16 206	28 099
Commitments relating to securities transactions	714	1 642

Consolidated balance sheet as of 31 December 2006 and 2005 before appropriation of net income

In thousands of euros

Assets	2006	2005
Cash, Central Bank, Postal Accounts	38 556	28 778
Banks and other financial institutions	227 706	277 238
Customer loans	501 867	536 884
Bonds and other fixed income securities	799 362	901 412
Equities and other variable income securities	406 791	151 873
Participating interests and other long-term investments	19 504	18 758
Intangible assets	7 250	685
Property	47 964	48 450
Other assets	6 711	5 906
Accruals and other assets	6 558	8 836
Total assets	2 062 269	1 978 820
Liabilities		
Banks and other financial institutions	138 317	370 295
Customer accounts	1 590 811	1 317 136
Debts represented by one security	1 400	525
Other liabilities	20 021	19 007
Accruals and other liabilities	14 313	14 051
Provisions for contingencies and charges	763	1 746
Capital stock	111 110	111 110
Additional paid-in capital	4 573	4 573
Consolidated reserves - Group share	140 376	105 198
Consolidated reserves - Minority interests	-	2
Net income for the period	40 585	35 177
Net income for the period - Group share	40 585	35 144
Net income for the period - Minority interests	-	33
Total liabilities	2 062 269	1 978 820
Commitments and contingencies		
Commitments given		
Confirmed lines of credit	25 161	24 003
Guarantees given	95 803	75 638
Commitments relating to securities transactions	18 270	17 672
Commitments received		
Guarantees	16 206	28 099
Commitments relating to securities transactions	714	1 642

Consolidated income statement

In thousands of euros

Banking income and expenses	2006	2005
Interest income	60 413	39 293
Interest expenses	-50 558	-28 985
Income from variable income securities	6	6
Commission income	48 082	47 587
Commission expenses	-3 809	-3 984
Net gain (loss) on disposals of trading account securities	15 839	15 887
Net gain (loss) on disposals of securities held for sale	13 362	4 035
Other banking income	290	61
Other banking expenses	-34	-37
Net banking income	83 591	73 863
General operating expenses	-44 212	-37 527
Depreciation and other write-downs of fixed assets	-3 277	-1 927
Gross operating income	36 102	34 409
Movement in provisions on loans and off-balance sheet items	978	570
Operating income	37 080	34 979
Gains and releases of provisions on long-term investments	832	2 812
Income before tax and non-operating items	37 912	37 791
Non-operating income	2 697	-2 592
Income tax	-24	-22
Net income for the year	40 585	35 177
Group share	40 585	35 144
Minority interests	-	33
Basic earnings per share	0,07	0,06
Diluted earnings per share	0,07	0,06

Consolidated statement of changes

In thousands of euros

	Capital stock	Additional paid-in capital	Consolidated reserves and retained earnings	Income for the period	Total	Minority interests
Balance as of 31 December 2005	111 110	4 573	105 198	35 144	256 025	35
Adjustment to percentages of holding			34		34	-35
Appropriation of 2005 net income			35 144	-35 144	0	
2006 net income				40 585	40 585	0
Balance as of 31 December 2006	111 110	4 573	140 376	40 585	296 644	0



Notes to the consolidated financial statements year ended 31 December 2006

The consolidated financial statements of the CMB Group have been prepared in accordance with generally accepted accounting principles applicable to banking institutions in France.

The principal difference between the parent company and consolidated balance sheets is due to property assets, reflecting the size of the real estate portfolio owned by the Bank. In addition, consolidated net income differs from parent company net income due to the profit reported by Compagnie Monégasque de Gestion.

Consolidated accounting treatment

The Group complies with the provisions of regulation No. 00-04 of the Comité de la Réglementation Comptable relating to the consolidated accounting treatment applicable to companies governed by the Comité de la Réglementation Bancaire et Financière.

Consolidation methods

- Full consolidation

All companies over which the Group exercises exclusive control are fully consolidated, including those companies with a different financial statement structure which are involved in activities related to banking and finance, such as real estate and services.

The Group exercises exclusive control, through a direct or indirect majority holding in the voting rights of the following consolidated companies: Moulins 700, CMG, SMEF, CMI, MONOECI (percentage holdings are indicated in table 3.2. entitled "Investments in subsidiaries and participating interests", in the notes to the parent company financial statements).

Other participating interests are carried at cost, as CMB does not exercise significant influence over them.

Consolidation rules

All transactions between fully consolidated companies having a material impact on the consolidated financial statements are eliminated.

Significant accounting policies

See paragraphs 2.1 to 2.11 of the notes to the parent company financial statement.

Other information

a) Consolidated fixed assets in thousands of euros

	31/12/2005	Consolidated Fixed Assets in 2006 Additions net of disposal		Provisions for impairment	31/12/2006
		Acquisitions	Cessions		
At cost					
Intangible assets	5 590	8 317	-1		13 906
Property	35 021	833	-454		35 400
Prepayments to suppliers	27 077	481	-160		27 398
Fixed assets at cost	67 688	9 631	-615		76 704
Depreciation					
Intangible assets	-4 905	-252	1		-5 156
Property (net allowances)	-13 648	-1 532	346		-14 834
Provisions for impairment of intangible assets				-1 500	-1 500
Net value	49 135	7 847	-268	-1 500	55 214

b) Consolidated provisions for contingencies in thousands of euros

	Balance at 31 Dec. 2005	Allocations	Reversals	Uses	Change in provisions in foreign currency	Balance at 31 Dec. 2006	Loans at 31 Dec. 2006	% Coverage
Provisions for contingencies								
Public risks	736					736	736	100%
Private risks	2 085	1	-392	-184	-88	1 422	3 763	38%
Provisions for contingencies and charges	1 746	17	-1 000			763		
Total	4 567	18	-1 392	-184	-88	2 921	4 499	

c) Consolidated accrued interest and other accruals included in balance sheet items in thousands of euros

Assets	2006	2005
Accrued interest	8 063	15 657
Interbank loans and deposits	382	336
Customer loans	5 868	4 826
Bonds and other fixed income securities	1 813	10 495
Other accruals	6 558	8 836
Commitments relating to financial futures	27	-
Prepaid expenses	448	518
Accrued income	4 860	4 925
Other	1 223	3 393
Total	14 621	24 493
Liabilities		
Accrued interest	5 747	2 776
Interbank borrowings and deposits	611	225
Customer deposits	5 136	2 551
Other accruals	14 313	14 051
Commitments relating to financial futures	169	-
Deferred income	439	35
Accrued charges	12 121	13 012
Other	1 584	1 004
Total	20 060	16 827



Statutory auditors' report on the consolidated financial statements

Dear Shareholders,

We have examined the annual consolidated financial statements of Compagnie Monégasque de Banque for the year ended 31 December 2006.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with professional standards. Those standards required that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free from material significant misstatements. 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 in the preparation of the financial statements, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We certify that the consolidated financial statements present fairly and accurately the results of operations for the year ended 31 December 2006 and the financial position and assets of the group of consolidated companies at that date.

We also examined the financial information relating to the group contained in the report of the Board of Directors. We have no observation concerning their accuracy or consistency with the consolidated statements.

Monaco, 23 April 2007
THE STATUTORY AUDITORS
André Garino, Roland Melan





Agences de la Compagnie Monégasque de Banque

Société Anonyme Monégasque
Capital 111 110 000 euros

Banque Monégasque
Autorisée par Arrêté Ministériel n. 076 116 du 19 mars 1976; R.C. 76 S 1557

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