



**CMB**

Compagnie Monégasque  
de Banque

Annual Report

2008

# 2008 Annual Report



## Board of Directors as of 29 May 2009

Chairman	Etienne Franzi
Vice-Chairman	Aldo Civaschi
Members	Francesco Carloni, Managing Director Mediobanca
	Gabriele Cavalli, Deputy Co-Director General Banca Esperia
	Evelyne Genta, General Consul of Monaco in London
	Michel-Yves Mourou, President of the Crown Council
	Giampiero Pesenti, Chairman Italcementi
	Marco Piccinini, Company Director
	Alberto Rosati, Managing Director Mediobanca
	Francesco Saverio Vinci, Deputy General Manager Mediobanca
	Marco Vittorelli, Company Director

## Executive Committee

Chairman	Etienne Franzi
Members	Francesco Carloni
	Gabriele Cavalli
	Aldo Civaschi
	Alberto Rosati
	Francesco Saverio Vinci

## Management Team

Vice-Chairman	Aldo Civaschi
Deputy General Manager	Giorgio Muratorio

## Statutory Auditors

André Garino
Delphine Brych

# 29 May 2009 Board of Directors' report to the annual shareholders' meeting

In spite of the extent of the financial crisis, which was further amplified in September, our institution can be satisfied with the recorded results.

The total balance sheet increased by almost 35%, from € 2.23 billion to € 3.01, and above all, in spite of the market downturn, which had a negative impact on the valuation of security portfolios entrusted by our clients, the total resources (deposits and securities) were maintained.

With a net income of € 39.5 million, we were also able to preserve the profitability of our institution, which is now one of the most solid banking institutions in Monaco.

Those results were achieved thanks to a determined action to collect new capital, in addition to the significant contribution from the acquisition of CAPITALIA Monaco's goodwill at the beginning of the year.

This new integration, after ABN AMRO in 2007, was successful, bringing to our institution the expertise and experience of professionals coming from one of the oldest banks in Monaco's financial market.

Clients' deposits increased by more than 43% from € 1.76 billion to € 2.52 billion, showing, given the circumstances, a marked preference of clients for cash assets.

On the other hand, clients' securities have declined, but in a limited way, notably thanks to the quality of our management, which helped mitigate the market drop.

This can be illustrated notably on the institutional side, where it can be noted that among the total funds entrusted by the State as well as by Social Security funds to various professionals in the financial market, those managed by our institution performed best in 2008 in extremely difficult circumstances.

Similarly, the success of our Real Estate Fund in 2007 was repeated in 2008.

As to financings, they are in significant progress (almost 14 %), reaching € 773 million on 31 December 2008 and no significant allocation to provisions was made thanks to the quality and conservatism of our risk analysis teams.

As far as the use of our excess cash is concerned, in light of the delicate situation of the interbanking market, because of difficulties met by several institutions, as in 2007, we gave preference to security investments, with a focus on capital preservation. Thus, our own financial position rose from € 1.32 to € 1.90 billion, remaining highly selective by choosing mainly, as in the past, only MMFs, or very short term bonds issued by States, international organizations or issuers benefiting from a very good rating.

Furthermore, thanks to the quality of this portfolio, we believe we will be able to recover in 2009 at least part of the unrealized capital losses that a certain negative overreaction from the markets imposed on our 2008 income, causing the banking net proceeds to slightly decline (-5,6%), in spite of a satisfying ongoing activity.

Besides the acquisition of CAPITALIA, the financial year was marked by the constitution of an international pool, composed of teams in charge of developing a client base outside our historical target area.

It was also marked by the preparation of the opening of a subsidiary in Lugano, Switzerland called: "CMB Banque Privée (Suisse) SA" which was officially inaugurated in March.

These considerable efforts, essential to our further development, involved of course an increase in general operating costs to which the amortization, on a full-year basis, of ABN AMRO and of the beginning of CAPITALIA must be added.

In total, the gross operating result reaches € 39.9 million, and, as formerly indicated, the net result reaches € 39.5 million after recognition of various exceptional items, largely compensating each other.

The transition to the new Basel II prudential regulations, aimed at making equity consistent with the total risks realistically incurred by financial institutions, has not changed the exceptional level of our prudential ratios which remain significantly higher than the required minimums, notably with a solvency ratio of 24 % for an 8% required minimum and a 163% liquidity ratio compared to a 100% minimum requirement.

In spite of this extremely solid financial structure, continuing its policy of steady reinforcement of shareholders' equity, the Board of Directors proposes the following income allocation:

Net income for 2008	€ 39 501 663,43
Retained earnings	€ 3 097,52
<b>Total distributable earnings</b>	<b>€ 39 504 760,95</b>
Appropriated to the ordinary reserve	€ 39 504 000,00
Retained earnings	€ 760,95
<b>Total appropriations</b>	<b>€ 39 504 760,95</b>

This increased total shareholders' equity to € 385.4 million.

During the year 2008, 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 your property subsidiaries SAM Moulins 700, Monoeci and Compagnie Monégasque Immobilière,
- Provision of administrative and data processing services by CMB to Compagnie Monégasque de Gestion, SMEF and CMB Asset Management SAM,
- Waiver of debt granted to SMEF,
- Waiver of debt granted to CMB Asset Management.

Analysis of the consolidated balance sheet reveals the reclassification of equity interest as fixed assets totalling € 48.9 million. Consolidated income totals € 33.2 million, by virtue of the "neutralisation" of preliminary interest from our property company, Moulins 700 as well as the amortization for works carried out by the Compagnie Monégasque Immobilière, at our Bank's headquarters.

On 31 December 2008, CMB employed 180 persons compared to 148 on 31 December 2007.

The Board is very satisfied with the Bank's performance over the past year and would like to express its sincere thanks to all the CMB management team and employees. The Board also wishes to express its gratitude to its clients for remaining loyal to our institution.

The Board of Directors

# Statutory auditors' general 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 amounted to	€ 3 13 042 562,73
• The income statement showed net income of	€ 39 501 663,43

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 2008, the balance sheet at 31 December 2008, 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. These 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 2008 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 2008 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, 6 May 2009  
THE STATUTORY AUDITORS  
André Garino, Roland Melan



# Statutory auditors' special 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 2007, 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 2008 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 financial year, you met:

- at the Annual Shareholders' Meeting held on 19 May 2008 to approve the accounts for the year ended 31 December 2007;
- at the Extraordinary Annual Shareholders' Meeting held on 16 June 2008, to amend Article 3 of your Articles of Association;
- at the Annual Shareholders' Meeting held on 15 December 2008, gathered on an extraordinary basis, to appoint a new Director.

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, 6 May 2009  
THE STATUTORY AUDITORS  
André Garino, Roland Melan



# Balance sheet as of 31 December 2008 and 2007 before appropriation of net income

In thousands of euros

Assets	2008	2007
Cash, Central banks, Postal accounts	61 849	36 400
Banks and other financial institutions	132 067	84 845
Customer loans	772 847	679 970
Bonds and other fixed income securities	1 279 386	798 333
Equities and other variable income securities	618 529	522 550
Participating interests and other long-term investments	21 097	20 286
Interests in related companies	74 274	61 827
Intangible assets	24 707	6 555
Property	2 429	3 886
Other assets	18 449	13 545
Accruals and other assets	7 409	7 562
<b>Total assets</b>	<b>3 013 043</b>	<b>2 235 759</b>
<b>Liabilities</b>		
Banks and other financial institutions	47 346	81 439
Customer accounts	2 500 011	1 738 959
Debts represented by one security	21 642	24 991
Other liabilities	41 124	30 302
Other accruals	12 954	12 269
Provisions for contingencies and charges	4 568	1 903
Capital stock	111 110	111 110
Additional paid-in capital	4 573	4 573
Reserves	230 210	179 485
Retained earnings	3	2
Net income for the period	39 502	50 726
<b>Total liabilities</b>	<b>3 013 043</b>	<b>2 235 759</b>
<b>Commitments and contingencies</b>		
<b>Commitments given</b>		
Confirmed lines of credit	35 887	68 643
Guarantees given	86 379	73 613
Commitments relating to securities transactions	80 339	17 958
<b>Commitments received</b>		
Confirmed lines of credit		
Guarantees given	17 343	14 261
Commitments relating to securities transactions	42 332	3 059

# Income statement

In thousands of euros

	2008	2007
<b>Banking income and expenses</b>		
Interest income	71 228	52 443
Interest expenses	-85 155	-63 569
Income from variable income securities	11 309	11 508
Commission income	29 519	30 218
Commission expenses	-2 757	-3 416
Net gain (loss) on disposals of trading account securities	56 277	34 340
Net gain (loss) on disposals of securities held for sale	-765	22 765
Other banking income	65	62
Other banking expenses	-521	-482
<b>Net banking income</b>	<b>79 200</b>	<b>83 869</b>
General operating expenses	-35 876	-31 003
Depreciation and other write-downs of fixed assets	-3 434	-1 714
<b>Gross operating income</b>	<b>39 890</b>	<b>51 152</b>
Movement in provisions on loans and off-balance sheet items	-3 674	-2 603
<b>Operating income</b>	<b>36 216</b>	<b>48 549</b>
Gains and releases of provisions on long-term investments	1 130	782
<b>Income before tax and non-operating items</b>	<b>37 346</b>	<b>49 331</b>
Non-operating income	2 156	1 395
<b>Net income</b>	<b>39 502</b>	<b>50 726</b>

# Statement of sources and application of funds

In thousands of euros

	2008	2007	Change	%
Interbank loans	193 916	121 245	72 671	59,94 %
<i>Repayable on demand</i>	169 596	102 634	66 962	65,24 %
<i>Time loans</i>	24 320	18 611	5 709	30,68 %
Customer loans	772 847	679 970	92 877	13,66 %
<i>Commercial loans</i>	19	19 337	-19 318	-99,90 %
<i>Repayable on demand</i>	341 864	372 769	-30 905	-8,29 %
<i>Other loans</i>	430 964	287 864	143 100	49,71 %
Securities portfolio	1 897 915	1 320 883	577 032	43,69 %
<b>Total</b>	<b>2 864 678</b>	<b>2 122 098</b>	<b>742 580</b>	<b>34,99 %</b>
Interbank deposits	47 346	81 439	-34 093	-41,86 %
<i>Repayable on demand</i>	44 321	16 914	27 407	162,04 %
<i>Time deposits</i>	3 025	64 525	-61 500	-95,31 %
Customer deposits	2 521 553	1 763 950	757 603	42,95 %
<i>Repayable on demand</i>	491 920	490 172	1 748	0,36 %
<i>Time deposits</i>	2 003 078	1 244 009	759 069	61,02 %
<i>Special savings accounts</i>	5 013	4 778	235	4,92 %
<i>Certificates of deposit</i>	21 542	24 991	-3 449	-16,01 %
<b>Total</b>	<b>2 568 899</b>	<b>1 845 389</b>	<b>723 510</b>	<b>39,21 %</b>

# Consolidated statement of changes in shareholders' equity

In thousands of euros

	Capital stock	Additional paid-in capital	Reserves	Retained earnings	Income for the period	<b>Total</b>
<b>Balance as of 31 December 2007</b>	<b>111 110</b>	<b>4 573</b>	<b>179 485</b>	<b>2</b>	<b>50 726</b>	<b>345 896</b>
Appropriation of 2007 net income			50 725	1	-50 726	
2008 net income					39 502	<b>39 502</b>
<b>Balance as of 31 December 2008</b>	<b>111 110</b>	<b>4 573</b>	<b>230 210</b>	<b>3</b>	<b>39 502</b>	<b>385 398</b>
Appropriation of 2008 net income			39 504	-2	-39 502	
<b>Balance as of 31 December 2008 after appropriation</b>	<b>111 110</b>	<b>4 573</b>	<b>269 714</b>	<b>1</b>		<b>385 398</b>

# Notes to the financial statements for year ended 31 December 2008

## 1. Ownership structure

As of 31 December 2008, the Bank's capital stock totalled €111 110 000, 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 Provisions for pension costs**

Provisions for statutory retirement bonuses are managed by an insurance company. At 31 December 2008, the cumulative amount paid into the plan was around €0.63 million.

## **2.8 Property and depreciation**

Property is stated at cost and depreciated by the straight-line method over the estimated useful life of the assets. The goodwill amortization is assessed over a ten-year period. The first amortization corresponds to the acquisition of the ABN AMRO bank in Monaco for the amount of € 8 million in November 2006, followed by the acquisition of the private banking activities of the Capitalia Luxembourg in Monaco that took place in March 2008 for the amount of € 18.2 million.

## **2.9 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.

## **2.10 Corporate taxes**

In 2008, the Bank was not liable for corporate income tax.

### 3. Other information

#### 3.1 Fixed assets

As of 31 December 2008, fixed assets could be analysed as follows (in thousands of euros):

	31/12/2007	Consolidated fixed assets in 2007 additions net of disposal		Provisions for impairment	31/12/08
		Additions	Disposal		
<b>At cost</b>					
Intangible assets	5 411	2 179	-534		7 056
Goodwill	8 000	19 118			27 118
Property	9 850	779	-2		10 627
Prepayments to suppliers	1 452	38	-1 452		38
Total fixed assets at cost	24 713	22 114	-1 988		44 839
<b>Depreciation</b>					
Intangible assets	-5 356	-2 666			-8 022
Property (net allowances)	-7 416	-822	2		-8 236
Provisions for impairment of intangible assets	-1 500			55	-1 445
<b>Net value</b>	<b>10 441</b>	<b>18 626</b>	<b>-1 986</b>	<b>55</b>	<b>27 136</b>

#### 3.2 Investments in subsidiaries and participating interests

As of 31 December 2008, investments in subsidiaries and participating interests were as follows (in thousands of euros):

	Capital stock	% interest	At cost	2008 net income	Shareholder provisions loans	Provisions	Net book value 31/12/08
CMI	2 440	99,94%	2 438	-1 167	24 591		27 029
CMG	600	99,92%	592	8 832			592
CMB Asset Management	150	99,40%	150	4	10		160
SMEF	775	99,92%	762	48	110		872
MONOECI	2	99,00%	2	28	991		993
MOULINS 700*	160	99,90%		-6	40 921		40 921
MONACO TELECOM	1 688	6,00%	17 600				17 600
COMOBA**	3 066	100,00%	3 066	-813			3 066
PROPERTY COMPANIES (SCIS)			63				63

\* Indirect holdings

\*\* COMOBA was officially named CMB Private Bank (Switzerland) Ltd. in February 2009.

- 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 SAM, manages 25 mutual funds, in compliance with local legislation.
- CMB Asset Management SAM, a new firm committed to manage funds under discretionary mandate.
- la SMEF, Société Monégasque des Etudes Financières SAM, 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 SAM owns the Bank's branch premises at 2, boulevard des Moulins.
- MONACO TELECOM, CMB has an investment of 6% in its capital stock.
- COMOBA, a financial services company, to become CMB Private Bank (Switzerland) Ltd.

### 3.3 Provisions for contingencies (in thousands of euros)

	Balance at 31/12/07	Allocations	Reversals	Uses	Change in provisions in foreign currency	Balance at 31/12/08	Loans at 31/12/08	% of coverage
Provisions for contingencies								
Public risks	736					736	736	100%
Private risks	1 511	95		-65	20	1 561	2 293	68%
Provisions for contingencies and charges	1 903	2 700	-35			4 568		
<b>Total</b>	<b>4 150</b>	<b>2 795</b>	<b>-35</b>	<b>-65</b>	<b>20</b>	<b>6 865</b>	<b>3 029</b>	

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

	2008			2007		
	Held for sale	Tading account	Total	Held for sale	Tading account	Total
<b>Bonds</b>						
Governments	64		64	121		121
Central authorities	20 046		20 046			
Banks	407 010	758 266	1 165 276	157 081	513 411	670 492
Other financial institutions	30 872	62 970	93 842	74 503	36 958	111 461
Other non-financial institutions	158		158	2 003	14 255	16 258
<b>Subtotal</b>	<b>458 150</b>	<b>821 236</b>	<b>1 279 386</b>	<b>233 708</b>	<b>564 624</b>	<b>798 332</b>
<b>Equities and Other</b>						
Equities	1 040	0	1 040	73	298	371
Mutual funds	93 172	524 217	617 389	447 864	74 316	522 180
Warrants	100		100			
<b>Subtotal</b>	<b>94 312</b>	<b>524 217</b>	<b>618 529</b>	<b>447 937</b>	<b>74 614</b>	<b>522 551</b>
<b>Total</b>	<b>552 462</b>	<b>1 345 453</b>	<b>1 897 915</b>	<b>681 645</b>	<b>639 238</b>	<b>1 320 883</b>
Of which provisions for impairment	-18 808			-1 322		
Of which provisions for contingencies	3 683			9 704		

Securities in the portfolio have been valued with the same valuation principles as applied in previous financial years: listed securities on the basis of their last official close registered on their main exchange, last net asset value per share for mutual funds.

### 3.5 Breakdown of balance sheet items (in thousands of euros)

Assets	Foreign currencies	Euros	Total euro equivalent
Treasury and interbank transactions	36 018	157 898	193 916
Customer loans	98 179	674 668	772 847
Accruals and other assets	2 282	5 127	7 409
Other assets	11 487	6 962	18 449
Participating interests and portfolio securities	475 134	1 518 152	1 993 286
Property		27 136	27 136
<b>Total</b>	<b>623 100</b>	<b>2 389 943</b>	<b>3 013 043</b>
<b>Liabilities</b>			
Treasury and interbank transactions	40 659	6 687	47 346
Customer deposits	567 147	1 932 864	2 500 011
Accruals and other liabilities/provisions for contingencies and charges	296	17 226	17 522
Debts represented by one security	7 642	14 000	21 642
Other liabilities	14 365	26 759	41 124
Shareholders' equity		385 398	385 398
<b>Total</b>	<b>630 109</b>	<b>2 382 934</b>	<b>3 013 043</b>

### 3.6 Forward commitments (in thousands of euros)

	2008	2007
Currency transactions:		
<i>Foreign currencies receivable</i>	835 584	1 667 134
<i>Foreign currencies to be delivered</i>	827 661	1 573 404
Financial futures:		
<i>Interest rate options</i>	110 339	37 454
<i>Currency options</i>	818 594	493 943

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

	Securities due	Securities receivable
Securities awaiting settlement	80 339	42 332
<b>Total</b>	<b>80 339</b>	<b>42 332</b>

### 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	188 800			
Accrued interest	264			
Customer loans	364 315	51 435	257 563	91 069
Accrued interest	8 465			
Bonds	826 312	45 422	407 640	12
<b>Total assets</b>	<b>1 388 156</b>	<b>96 857</b>	<b>665 203</b>	<b>91 081</b>
<b>Liabilities</b>				
Interbank borrowings and deposits	45 302	2 000		
Accrued interest	44			
Customer deposits	2 203 857	285 028		
Accrued interest	11 126			
Debts represented by a security				
<i>Certificates of deposit</i>			21 277	
<i>Accrued interest</i>			365	
<b>Total liabilities</b>	<b>2 260 329</b>	<b>287 028</b>	<b>21 642</b>	
<b>Commitments and contingencies</b>				
		less or equal to 1 year	1 to 5 years	Beyond 5 years
Confirmed lines of credit		6 888	24 598	4 401
Guarantees given			79 590	6 789
Commitments relating to securities transactions		62 739		17 600
<b>Commitments given</b>		<b>69 627</b>	<b>104 188</b>	<b>28 790</b>
Guarantees given		8 998	8 345	
Commitments relating to securities transactions		42 332		
<b>Commitments received</b>		<b>51 330</b>	<b>8 345</b>	

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

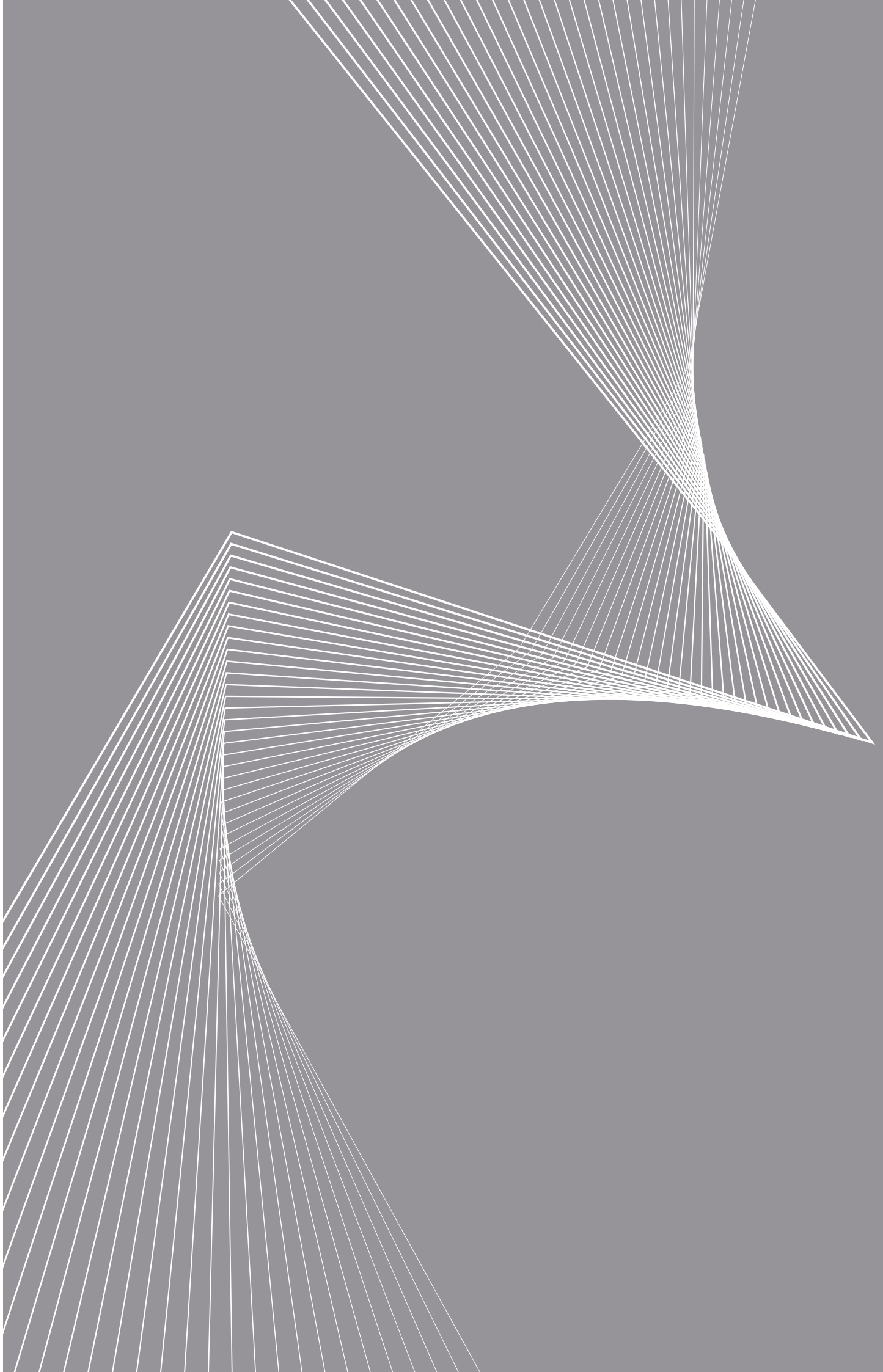
Assets	2008	2007
Accrued interest	14 464	9 100
Interbank loans and deposits	264	161
Customer loans	8 465	6 947
Bonds and other fixed income securities	5 735	1 992
<b>Other accruals</b>	<b>7 409</b>	<b>7 562</b>
Commitments on financial futures	1 894	406
Prepaid charges	315	335
Accrued income	3 624	3 540
Other accruals	1 576	3 281
<b>Total</b>	<b>21 873</b>	<b>16 662</b>
<b>Liabilities</b>		
Accrued interest	11 535	7 564
Interbank borrowings and deposits	44	255
Customer deposits	11 491	7 309
<b>Other accruals</b>	<b>12 954</b>	<b>12 269</b>
Commitments on financial futures	—	863
Deferred income	188	163
Accrued charges	8 643	8 551
Other accruals	4 123	2 692
<b>Total</b>	<b>24 489</b>	<b>19 833</b>

### 3.10 Employees

	2008	2007
Managers	95	78
Supervisors	71	60
Clerical staff	14	10
<b>Total</b>	<b>180</b>	<b>148</b>

### 3.11 Analysis of income and expenses (in thousands of euros)

	Expenses	Income
<b>Interest</b>		
Interbank transactions	-7 637	5 565
Customer transactions	-77 518	45 176
Bonds and other fixed income securities		20 487
<b>Subtotal</b>	<b>-85 155</b>	<b>71 228</b>
<b>Income from variable securities</b>		
Participating interests		11 309
<b>Subtotal</b>		<b>11 309</b>
<b>Commissions</b>		
Customer transactions	-182	7 860
Securities transactions	-2 575	21 659
<b>Subtotal</b>	<b>-2 757</b>	<b>29 519</b>
<b>Trading account securities</b>		
Currency transactions		5 760
Disposals of trading account securities		50 517
<b>Subtotal</b>		<b>56 277</b>
<b>Securities held for sale</b>		
Gains		19 915
Releases of provisions		1 322
Losses	-3 194	
Allowances to provisions	-18 808	
<b>Subtotal</b>	<b>-22 002</b>	<b>21 237</b>
<b>General operating expenses</b>		
Personnel costs	-22 462	
<i>Remuneration</i>	-17 597	
<i>Benefits</i>	-4 865	
Administrative expenses	-13 414	
<b>Subtotal</b>	<b>-35 876</b>	





# Resolutions presented to the annual shareholders' meeting of 29 May 2009

## 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 2008 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 2008, and definitely and fully discharge Mr. Edoardo LOEWENTHAL and Mr. Thierry MANNI, Director, who retired from his functions on 15 December 2008.

## Third Resolution

The shareholders acknowledge that the Board of Directors has reported to them on transactions carried out in 2008 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 2008	€ 39 501 663,43
Retained earnings as of 31 December 2008	€ 3 097,52
<b>Total available for appropriation</b>	<b>€ 39 504 760,95</b>
Appropriation to the ordinary reserve	€ 39 504 000,00
Appropriation to retained earnings	€ 760,95
<b>Total appropriated</b>	<b>€ 39 504 760,95</b>

### **Sixth Resolution**

The shareholders, having noted that all Directors' terms come to expiration at this current Meeting, re-elect the following persons as Directors for a three-year term expiring at the Annual Shareholders' Meeting to be called to approve the 2011 financial statements:

- Mr. Francesco Carloni
- Mr. Gabriele Cavalli
- Mr. Aldo Civaschi
- Mr. Etienne Franzi
- Mrs. Evelyne Genta
- Mr. Michel-Yves Mourou
- Mr. Giampiero Pesenti
- Mr. Marco Piccinini
- Mr. Alberto Rosati
- Mr. Francesco Saverio Vinci
- Mr. Marco Vittorelli

Mrs. Genta, Messrs. Carloni, Cavalli, Civaschi, Franzi, Mourou, Pesenti, Piccinini, Rosati, Vinci, Vittorelli, have individually offered themselves for re-election and confirmed that they were in compliance with the rules in force, limiting the cumulation of Board mandates.

### **Seventh Resolution**

The shareholders, having noted that the term of appointment of the Statutory Auditors expires at this current Meeting, appoint for a three-year term expiring at the Annual Shareholders' Meeting to be called to approve the 2011 financial statements, Mr. André Garino and Mrs. Delphine Brych as Statutory Auditors as well as Mrs. Bettina Ragazzoni and Mr. Roland Melan as Deputy Auditors.

### **Eighth Resolution**

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

# Balance sheet as of 31 December 2008 and 2007 after appropriation of net income

In thousands of euros

Assets	2008	2007
Cash, Central banks, Postal accounts	61 849	36 400
Banks and other financial institutions	132 067	84 845
Customer loans	772 847	679 970
Bonds and other fixed income securities	1 279 386	798 333
Equities and other variable income securities	618 529	522 550
Participating interests and portfolio securities	21 097	20 286
Interests in related companies	74 274	61 827
Intangible assets	24 707	6 555
Property	2 429	3 886
Other assets	18 449	13 545
Accruals and other assets	7 409	7 562
<b>Total assets</b>	<b>3 013 043</b>	<b>2 235 759</b>
<b>Liabilities</b>		
Banks and other financial institutions	47 346	81 439
Customer accounts	2 500 011	1 738 959
Debts represented by one security	21 642	24 991
Other liabilities	41 124	30 302
Accruals and other liabilities	12 954	12 269
Provisions for contingencies and charges	4 568	1 903
Capital stock	111 110	111 110
Additional paid-in capital	4 573	4 573
Reserves	269 714	230 210
Retained earnings	1	3
<b>Total liabilities</b>	<b>3 013 043</b>	<b>2 235 759</b>
<b>Commitments and contingencies</b>		
<b>Commitments given</b>		
Confirmed lines of credit	35 887	68 643
Guarantees given	86 379	73 613
Commitments relating to securities transactions	80 339	17 958
<b>Commitments received</b>		
Guarantees given	17 343	14 261
Commitments relating to securities transactions	42 332	3 059

# Consolidated balance sheet as of 31 December 2008 and 2007 before appropriation of net income

In thousands of euros

Assets	2008	2007
Cash, Central banks, Postal accounts	61 849	36 400
Banks and other financial institutions	132 256	84 845
Customer loans	772 847	679 961
Bonds and other fixed income securities	1 279 803	798 456
Equities and other variable income securities	618 529	522 550
Participating interests and other long-term investments	21 097	20 286
Interests in related companies	643	501
Intangible assets	24 919	6 555
Property	51 291	48 156
Other assets	21 339	15 020
Accruals and other assets	12 437	12 743
<b>Total assets</b>	<b>2 997 010</b>	<b>2 225 473</b>
<b>Liabilities</b>		
Banks and other financial institutions	47 346	81 439
Customer accounts	2 491 222	1 723 605
Debts represented by one security	21 642	24 991
Other liabilities	38 325	30 416
Accruals and other liabilities	16 597	18 233
Provisions for contingencies and charges	4 568	2 903
Capital stock	111 110	111 110
Additional paid-in capital	4 573	4 573
Consolidated reserves - Group share	228 202	181 020
Translation risks	272	-
Net income for the period	33 153	47 183
<b>Total liabilities</b>	<b>2 997 010</b>	<b>2 225 473</b>
<b>Commitments and contingencies</b>		
<b>Commitments given</b>		
Confirmed lines of credit	35 887	68 643
Guarantees given	86 379	73 613
Commitments relating to securities transactions	80 339	17 958
<b>Commitments received</b>		
Guarantees given	17 343	14 261
Commitments relating to securities transactions	42 332	3 059

# Consolidated income statement

In thousands of euros

Banking income and expenses	2008	2007
Interest income	68 207	49 663
Interest expenses	-85 155	-63 569
Income from variable income securities	9	8
Commission income	42 368	46 862
Commission expenses	-3 585	-3 863
Net gain (loss) on disposals of trading account securities	56 278	34 339
Net gain (loss) on disposals of securities held for sale	-755	22 767
Other banking income	158	150
Other banking expenses	-522	-482
<b>Net banking income</b>	<b>77 003</b>	<b>85 875</b>
General operating expenses	-39 642	-35 169
Depreciation and other write-downs of fixed assets	-4 716	-2 482
<b>Gross operating income</b>	<b>32 645</b>	<b>48 224</b>
Movement in provisions on loans and off-balance sheet items	-3 097	-2 861
<b>Operating income</b>	<b>29 548</b>	<b>45 363</b>
Gains and releases of provisions on long-term investments	1 130	782
<b>Income before tax and non-operating items</b>	<b>30 678</b>	<b>46 145</b>
Non-operating income	2 499	1 079
Income tax	-24	-41
<b>Net income for the year</b>	<b>33 153</b>	<b>47 183</b>
Group share	33 153	47 183
<b>Basic earnings per share</b>	<b>0,06</b>	<b>0,08</b>
<b>Diluted earnings per share</b>	<b>0,06</b>	<b>0,08</b>

# 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 2007	111 110	4 573	181 020	47 183	343 886	-58
Adjustment to percentages of holding				-1	-1	58
Appropriation of 2007 net income			47 183	-47 183	0	
+/- Translation risk			272		272	
2008 net income				33 153	33 153	0
Balance as of 31 December 2008	111 110	4 573	228 475	33 152	377 310	0



# Notes to the consolidated financial statements year ended 31 December 2008

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

The principal difference between the parent company and the 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, CMB Asset Management, SMEF, CMI, Monoeci, COMOBA, (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 2.10 of the notes to the parent company financial statement.

## Other information

### a) Consolidated fixed assets in thousands of euros

	31/12/07	Consolidated Fixed Assets in 2008 Additions net of disposal		Provisions for impairment	31/12/08
		Acquisitions	Cessions		
<b>At cost</b>					
Intangible assets	14 216	21 520	-1 236		34 500
Property	36 196	4 451	-77		40 570
Prepayments to suppliers	28 270	5 581	-4 801		29 050
<b>Fixed assets at cost</b>	<b>78 682</b>	<b>31 552</b>	<b>-6 114</b>		<b>104 120</b>
<b>Depreciation</b>					
Intangible assets	-6 161	-2 677	702		-8 136
Property (net allowances)	-16 310	-2 095	76		-18 329
Provisions for impairment of intangible assets	-1 500	0	0	55	-1 445
<b>Net value</b>	<b>54 711</b>	<b>26 780</b>	<b>-5 336</b>	<b>55</b>	<b>76 210</b>

### b) Consolidated provisions for contingencies in thousands of euros

	Balance at 31/12/07	Allocations	Reversals	Uses	Change in provisions in foreign currency	Balance at 31/12/08	Loans at 31/12/08	% Coverage
<b>Provisions for contingencies</b>								
Public risks	736					736	736	100%
Private risks	1 511	95		-65	20	1 561	2 293	68%
<b>Provisions for contingencies and charges</b>	<b>2 903</b>	<b>2 700</b>	<b>-1 035</b>			<b>4 568</b>		
<b>Total</b>	<b>5 150</b>	<b>2 795</b>	<b>-1 035</b>	<b>-65</b>	<b>20</b>	<b>6 865</b>	<b>3 029</b>	

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

Assets	2008	2007
<b>Accrued interest</b>	<b>14 465</b>	<b>9 102</b>
Interbank loans and deposits	264	161
Customer loans	8 465	6 947
Bonds and other fixed income securities	5 736	1 994
<b>Other accruals</b>	<b>12 437</b>	<b>12 743</b>
Commitments relating to financial futures	1 894	406
Prepaid expenses	914	420
Accrued income	5 729	6 335
Other	3 900	5 582
<b>Total</b>	<b>26 902</b>	<b>21 845</b>
<b>Liabilities</b>		
<b>Accrued interest</b>	<b>11 535</b>	<b>7 564</b>
Interbank borrowings and deposits	44	255
Customer deposits	11 491	7 309
<b>Other accruals</b>	<b>16 597</b>	<b>18 233</b>
Commitments relating to financial futures	–	863
Deferred income	189	164
Accrued charges	12 285	14 513
Other	4 123	2 693
<b>Total</b>	<b>28 132</b>	<b>25 797</b>



# Statutory auditor's 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 2008.

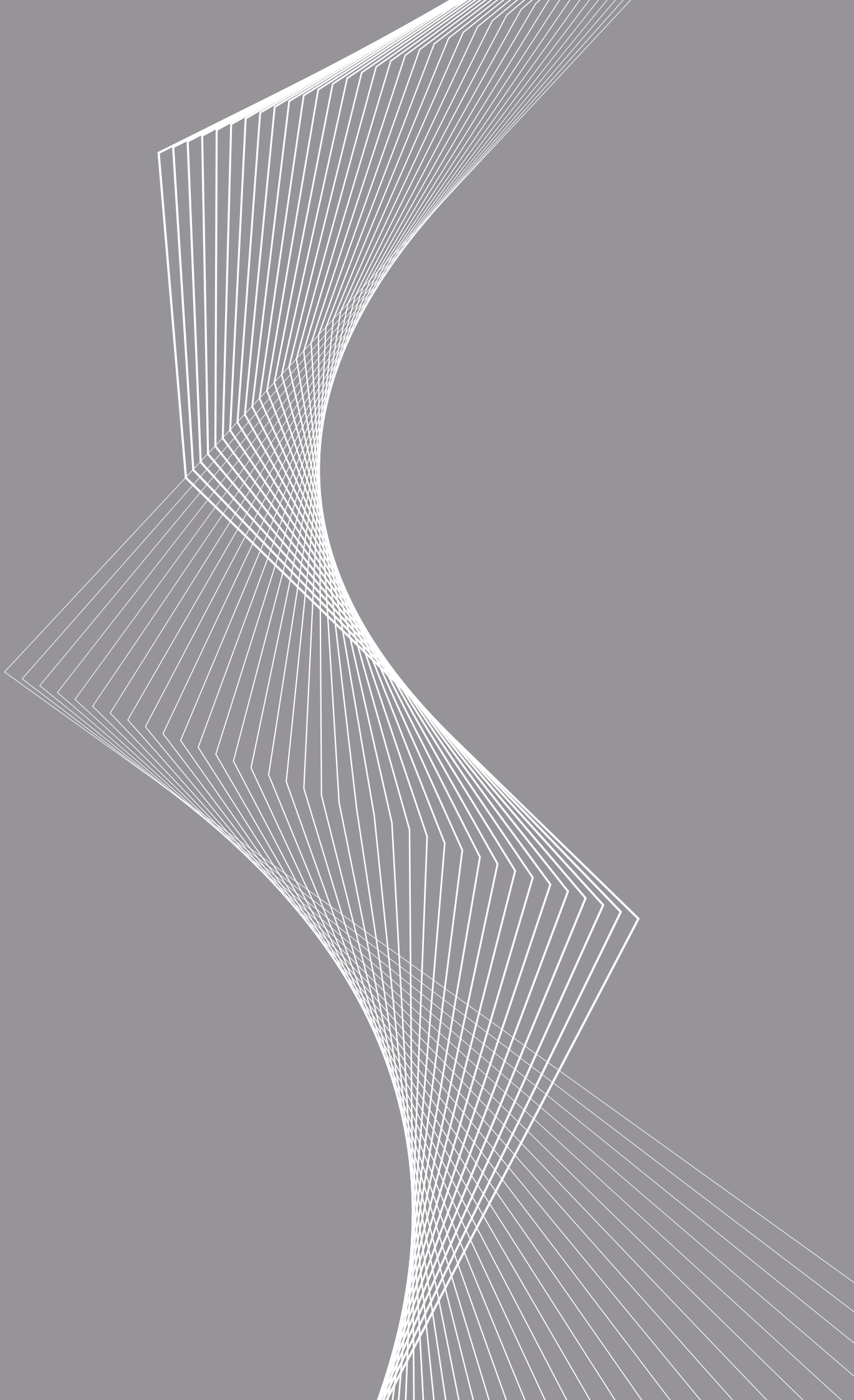
These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 2008 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, 6 May 2009  
THE STATUTORY AUDITORS  
André Garino, Roland Melan



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